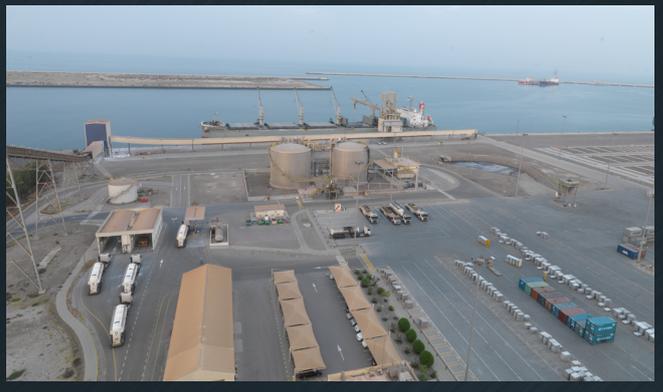
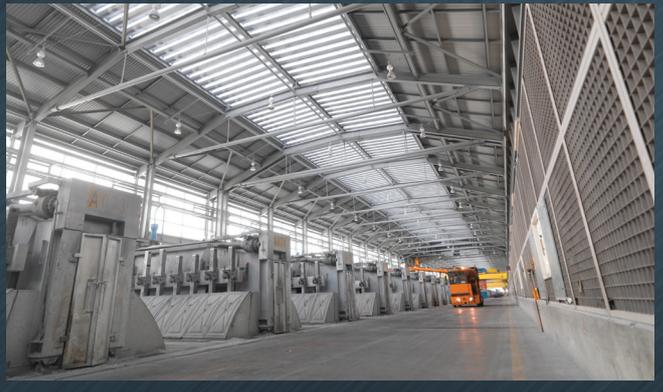




2019

SUSTAINABILITY REPORT





MILESTONES

Formation of Sohar Aluminium
September 2004

**Commencement of construction of the smelter
and associated facilities**
January 2006

Start of first pot operating at 350 kA
June 2008

First export shipment
July 2008

Achieved full capacity for phase 1
February 2009

Official inauguration
April 2009

**ISO 9001 Certification for
manufacturing of Primary Aluminium**
December 2009

Ramp-up to 375kA was achieved
December 2010

Cumulative 1 million tonne of aluminium produced
August 2011

**Formation of the social responsibility Foundation,
Jusoor by Sohar Aluminium, Orpic and Vale**
December 2011

Commencement of Amperage Creep Project
February 2014

Received ISO 14001 and OHSAS 18001 Certification
February 2016

**Sohar Industrial Training Institute certified
by Ministry of Manpower**
July 2016

**Agreement signed with a new downstream customer allowing SA to
meet its goal of supplying 60% of its hot metal production to local
downstream customers**
May 2018

**Celebrations commemorating the 10th Anniversary
since its official Inauguration**
April 2019



HIS MAJESTY
SULTAN HAITHAM BIN TARIK



HIS MAJESTY LATE
SULTAN QABOOS BIN SAID

VISION



Maximise shareholder and social value by responsible and sustainable operation of our business.

SOHAR ALUMINIUM OBJECTIVES

Environment, Health and Safety

Enable an effective, committed and interdependent culture of safety across the organization to proactively mitigate risks and eliminate injuries and occupational illnesses.

Reduce our overall environment footprint through protection of the environment, prevention of pollution and responsible use of natural resources.

People and Community

Build competent, engaged and empowered workforce to drive technical and leadership excellence across the organization.

Integrate and engage our stakeholders to contribute to Oman's sustainable development and maximize positive impact in the community.

Customers

Meet the highest customer expectations through quality products, supply reliability and responsive employees.

Maximize revenue growth opportunities, support downstream industry development, and expand company's operations through a diverse product portfolio.



Productivity and Incremental Improvements

Progressive and safe increase of productive capacity and technical capabilities to operate at high amperage.

Implement continuous improvements and develop internal resources to optimize process efficiency.

Innovation and Growth

To be a state-of-the-art mega smelter producing over 1 M tons of green aluminium annually.

Lead development of breakthrough innovations and growth in aluminium smelting and power generation aiming for long-term sustainability.

Financial Strength

Retain strong position in the 1st quartile on the cost curve in aluminium and power generation through ensuring return on investment and cost management.

Maximize the shareholders economic welfare and support the company's future growth.

Resource efficiency, waste elimination and sustainability in the supply chain of raw materials.

VALUES

Honesty

Integrity

Respect

Trust

Empowerment

Team Work

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▶ ABOUT THIS REPORT

This is Sohar Aluminium's (SA) 11th Sustainability Report highlighting the initiatives undertaken during the year 2019 and presenting environmental, social and governance performance of the company. This report has been prepared in accordance with the GRI Standards: Core option. Being the first and most widely adopted framework for sustainability reporting, GRI Sustainability Reporting Standards offers globally recognised GRI standards and benchmarking opportunities.

In the attempt to track our contribution to global sustainability commitments, in 2019, Sohar Aluminium conducted an in-depth exercise to align its business strategy with the UN's Sustainable Development Goals.

Sohar Aluminium's Approach to Sustainability Reporting

Sohar Aluminium believes in transparency, accuracy and the availability of reliable self-reported information on various issues related to its operations. The report provides a detailed overview of the company's environmental, social and economic, contributions and performance.

The report can be accessed publicly on the company's website: www.sohar-aluminium.com and for the printed version, SA used recycled FSC certified paper using soy-based ink to minimize the footprint on the environment.

We welcome your feedback on this report and our performance through the following channels: Email: hotline@sohar-aluminium.com



MESSAGE FROM CHAIRMAN



I am honoured to introduce the 11th edition of Sohar Aluminium's Sustainability Report by thanking our late Leader, His Majesty Sultan Qaboos bin Said, may his soul rest in eternal peace, for his leadership and wise guidance throughout the past glorious 50 years, that brought about the development of our beloved country. Thanks to his long-term sustainable vision, our country's profile has risen to new heights internationally. During his reign, Sohar Aluminium became a major Aluminium Smelter on a global scale. Today, our country continues its glorious and successful journey of development and growth under the leadership of His Majesty Sultan Haitham bin Tarik, whom we pledge allegiance to.

Steered by his Majesty Sultan Haitham's guidance, Oman Vision 2040 was developed as a comprehensive strategy that seeks to catapult the Sultanate into the ranks of the world's most developed nations. It covers all aspects of diversified development aligned with an ambitious work system that defines the action plan and implementation mechanisms until 2040.

Sohar Aluminium is proud to continue its role as a key player in the metals sub-sector under the manufacturing sector to achieve some of the objectives of Vision 2040 by creating additional jobs in the capital-intensive industry while increasing the total sector GDP. We reiterate our pledge to actively contribute towards the achievement of Oman Vision 2040.

As always, we stand committed to our efforts and contribution to the progress and bright future of Oman and prosperity of its people, while preserving our traditional values.

2019, the year that marked the first decade since the commencement of our operations, has been a strong and sustainable year at Sohar Aluminium, in which a new business strategy was developed and launched. During the first 10 years the focus was on stabilising operations, standardising work, Environment, Health and Safety procedures as well as product quality. In 2019 the company took the steps to evolve from strengthening its roots in the local, regional and global industry, towards reaching the skies and looking towards a very bright future, through growth and sustainability.

Sohar Aluminium's commitment towards implementing and disclosing Environmental, Social and Governance (ESG) performances, today more than ever, is an added value for the stability of the company. Stakeholders on regional and global levels, are becoming more and more aware of the impact of business on the society and the environment. As one of the biggest companies in the Sultanate, we have a defined vision and mission towards our people and our environment. In line with the effort to contribute to sustainable development, in this report, we showcase

an exercise conducted to align our Sustainability Report with the United Nation's Sustainable Development Goals (SDGs). The exercise highlighted 8 SDGs to which Sohar Aluminium is and will be actively contributing to in the future.

Sohar Aluminium is determined to continue playing a leading role through our contribution to employment, economic diversification, community development and environmental management. We are also grateful for the support we have received from all our stakeholder groups, and our partners in the region.

Finally, I would like to thank all our people and their families, without whom we would not have reached the results that are showcased in this report. I would also like to reiterate our unwavering commitment to developing the long-term prosperity of Oman. This will continue to be fundamental to our ambitions.

Mulham bin Basheer Al Jarf
Chairman of the Board,
Sohar Aluminium



MESSAGE FROM CEO



Welcome to Sohar Aluminium's 11th Sustainability Report highlighting the Environmental, Social and Governance (ESG) performance for the year 2019 and presenting data from 2017 and 2018 for clarity and comparison.

The development and launch of the new business strategy in 2019, has been an important milestone for SA that signalled a turning point from the focus on stabilising operations over the past 10 years to the growth of the company looking forward to sustaining our operations and business. The new strategy forms pieces strongly held together in a circle which runs in motion - it is live and in action to represent the circle of progressive and dynamic improvement and sustainability.

In 2019 following the improvements in place from 2018, SA hit the record of 390,449 tonnes of finished goods production with an energy consumption intensity of 13.99 MWh per tonne of aluminium. Moreover, The PFC emissions intensity decreased drastically by 72.7% compared to 2018 due to significant Anode

Effect rate improvement showing a renovated efficiency and productivity following the shut-down in 2017 and as a result of the maintenance and improvements carried in 2018 and 2019.

At Sohar Aluminium we use a systematic approach of lean manufacturing principles and capital improvement projects to significantly improve our productivity through waste reduction efforts, process efficiency improvement, cycle time and material costs. In 2019 Sohar Aluminium re-introduced and started the foundations to deploy the Lean Six Sigma methodology with the objectives of empowering our people, increasing efficiency, decreasing cost and increasing revenue.

From a human resource perspective, in 2019 Sohar Aluminium reduced the turnover rate down to 2.7% from the 3% in 2018 and we will continue to strive in this direction by maintaining our specialised workforce and keep offering growing opportunities. The number of Omani nationals is steady at 76% of the total workforce and will continue to be one of our major focus in the future years. The Health & Safety of our people as in the previous years is the most important topic for the sustainability of Sohar Aluminium and we are thrilled to announce that in 2019 all the Health & Safety indicators showcase a decreased rate of incidents across all our operations.

We continue to enjoy excellent relationships with our community and are proud of our record of engagement, particularly in North Al Batinah. Sohar Aluminium's Corporate Social Responsibility includes community events, volunteering, sponsorship, education

support, partnership for sustainable projects and Jusoor. All these projects play a key role to be recognized as a socially responsible company in Oman and in the World.

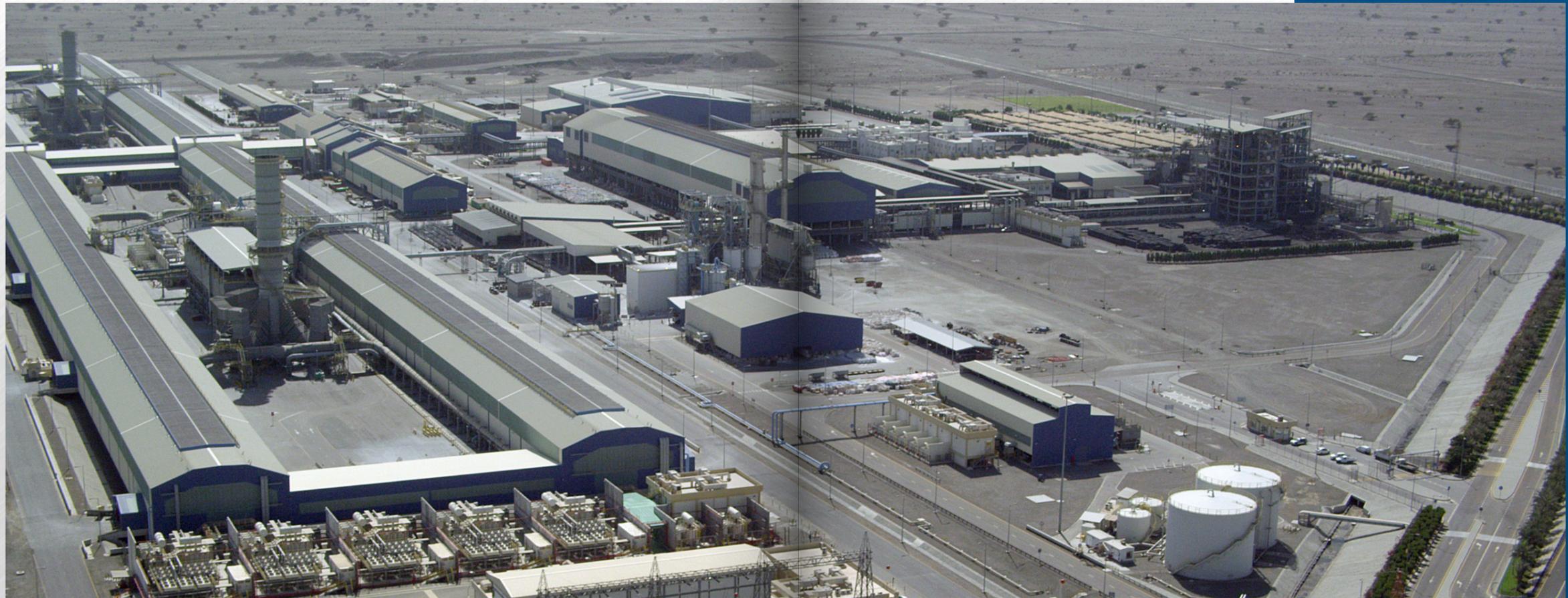
While we face some challenges, we look at these as opportunities for the business to grow and to generate national prosperity for Oman. Naturally all the achievements mentioned above and in the following pages of this report would not have been possible without the outstanding effort of our entire workforce and once again I want to thank each and every one for their dedication and professionalism.

Eng. Said bin Mohamed Al Masoudi

Chief Executive Officer,
Sohar Aluminium



Corporate Profile



Corporate Profile

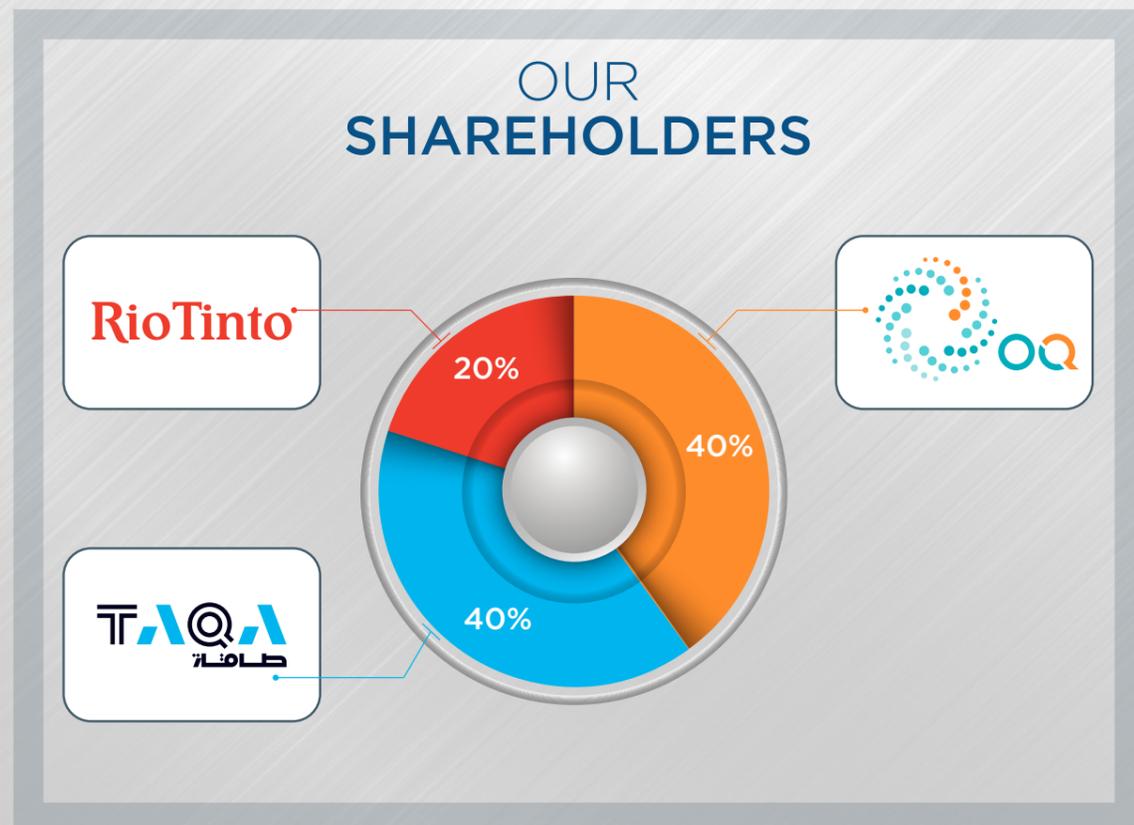
About Sohar Aluminium

Founded in 2004 as the Sultanate of Oman's first Greenfield aluminium smelter, Sohar Aluminium Company LLC is a landmark industrial development project and key contributor to Oman's sustainable development ambitions and long-term prosperity.

Founded in 2004 as the Sultanate of Oman's first Greenfield aluminium smelter, Sohar Aluminium Company LLC is a landmark industrial development project and key contributor to Oman's sustainable development ambitions and long-term prosperity. It has an annual capacity of 390,000 tonnes of high-quality aluminium, a 1,000 MW dedicated Power Plant and Port facilities in Oman.

Jointly owned by OQ SAOC, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto, Sohar Aluminium has won global acclaim for its superior, environmentally friendly technology. By implementing decades of industry insight in its design, specification and construction, Sohar Aluminium has been created to ensure efficiency, environmental protection and the utmost safety of its workforce.

Sohar Aluminium has a diverse workforce which is 76% Omanised and its own internationally recognised training centre. 60% of the annual production is committed to its local downstream industries.

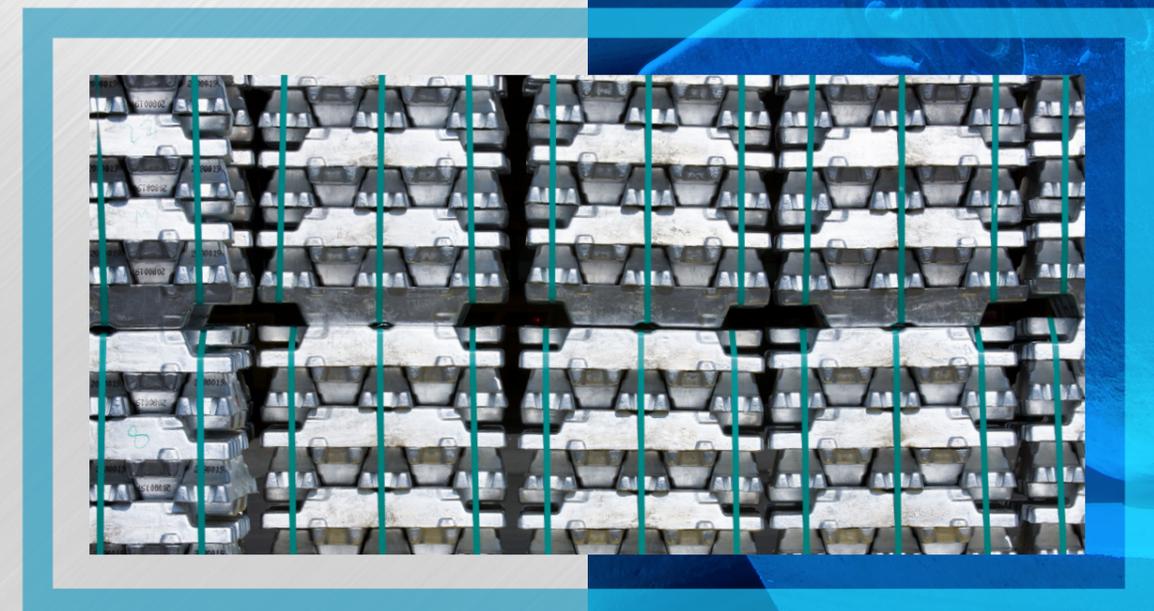


Aluminium is a vital material that keeps the modern world moving. At Sohar Aluminium, we take pride in producing one of the most sustainable metals, and we focus greatly on limiting the environmental impact of producing primary aluminium. As a lightweight, strong, versatile and highly recyclable material, aluminium products are a solution to the world's energy needs and a symbol of a more fuel-efficient future.

Aluminium products are used but rarely fully consumed during their lifetime, which means these products are infinitely recyclable. Recycling aluminium can be done without any loss of its inherent properties while requiring up to 95% less energy than producing the primary metal - which means significantly less emissions.

Sohar Aluminium continues to be the only Greenfield Aluminium smelter in the Sultanate of Oman and intends to become a benchmark smelter while contributing to the sustainable development of Oman.

“Aluminium is a vital material that keeps the modern world moving. At Sohar Aluminium, we take pride in producing one of the most sustainable metals, and we focus greatly on limiting the environmental impact of producing primary aluminium.”



▼ Facilities

SMELTER

Sohar Aluminium has a single 1.2 km long potline and was the first smelter in the world to implement Rio Tinto Alcan's benchmark AP36 smelting technology - one of the most energy efficient and productive smelting technologies commercially available. With an operating current of above 390kA Sohar Aluminium produces around 390,000 metric tons of high purity aluminium per annum. The Smelter has on onsite Anode Plant producing anodes to ensure maximum efficiency to the Smelter.

The Casthouse has a state-of-the-art ingot and sow caster technology, casting 27mt per hour and 25mt per hour respectively.

POWER-PLANT

The Sohar Aluminium Power Plant is a state-of-the-art 1,000 MW combined cycle, captive power plant. The Power Plant achieves close to 50% efficiency in converting gas energy into electricity while meeting the stringent requirements set out by the local Ministry of Environment and Climate Affairs (MECA).

Strategically positioned to maximize access to the region's plentiful natural gas reserves whilst accessing the Gulf of Oman for cooling purposes, Sohar Aluminium Power Plant excels by achieving high levels of efficiency, reliability and availability of power whilst ensuring low emissions, operating costs and environmental impact. In addition to the power plant facility,



there is also a seawater pumping station for delivering cooling water for steam condensing as well as desalination facilities to supply water to the smelter and power plant sites.

PORT

Situated within the Sohar Industrial Port Complex, a joint venture between the Government of Oman and the Port of Rotterdam, Sohar Aluminium has its own

dedicated port facility that supports vessels with a capacity of up to 75,000 mt for receiving raw materials and for exporting primary aluminium.

The port facility includes a bulk material ship unloader with connecting conveyors and a range of silos for storing alumina (2 x 60,000mt), petroleum coke (2 x 15,000mt) and liquid pitch (2 x 5,000mt).



▼ Celebrating 10th Anniversary

Sohar Aluminium celebrated its 10th Anniversary during 2019 by holding special events that involved the families of its employees and contractors as well as the community in North Al Batinah. During these events, the company, had the opportunity to express its thanks and gratitude to the families of its workforce by inviting them to visit the smelter and tour its facilities.

Throughout the days of celebrations, the people involved had the opportunity to get a closer look at the company's operations and processes and get to know more about the various departments and sections' functions and achievements. The Community Event was attended by more than 1000 people whom children had the opportunity to take part in several fun games about issues related to health, safety and environment.

A special event was also held for Sohar Aluminium's key stakeholders in North Al Batinah in the form of an iftar during the month of Ramadan, where the CEO thanked all parties of interest for their support in the past decade. The company's 10th annual Sustainability Report was also unveiled during this event.

A video commemorating Sohar Aluminium 10 years' anniversary was published on Social Media and SA Website shedding lights on SA's various achievements throughout the past decade and the great value it has brought to the Sultanate of Oman and its contribution to the international aluminium industry. The video can be viewed on this link: <https://www.youtube.com/watch?v=OfMXWWHczxA>.



▼ Governance Structure

Board of Directors

The Board of Directors consists of five directors representing the shareholding companies. Board members have fixed terms and compensation, as defined in the shareholders' agreement. Sohar Aluminium's Executive Committee Members attend quarterly board meetings in order to ensure excellent

communication between the governance and executive teams. In November 2019 Mr Abdulaziz Al Obaidii and Mr Omar AL Hashmi were appointed as new members of the Board, substituting H.E. Abdulaziz Al Hemaidi and H.E. Saeed Al Dhaheri.



Mulham Al Jarf
Chairman



Kumail Said
Member



H.E. Abdulaziz Al Hemaidi
Member



H.E. Saeed Hamad Al Dhaheri
Member



Matt Liddy
Member



Said Mohamed Al Masoudi
Chief Executive Officer



Jerry Van Alphen
Chief
Financial Officer



Agnello Borim
Chief
Operating Officer



Ahmed Al Kharusi
Human Resources
and Corporate Affairs
General Manager



Ali Al Shamsi
Special Mandate
General Manager



▼ Governance Structure

Executive Committee (ExCo)

Sohar Aluminium Executive Committee (ExCo) is responsible for the daily management of the company's operations. After the retirement of the 6th member of our ExCo, Mr Dinesh Sangar (General Manager of Services and Maintenance), at the end of 2019, the Committee is currently composed of five members: Chief Executive Officer (CEO), Chief

Financial Officer (CFO), Chief Operating Officer (COO), General Manager of Human Resources and Corporate Affairs, and General Manager of Special Mandate. The ExCo meets on a regular basis to discuss the company's progress, with attention paid to Sohar Aluminium's Business Strategy. In this regard, the ExCo has acute engagement with sustainability topics.

Committees of the Board

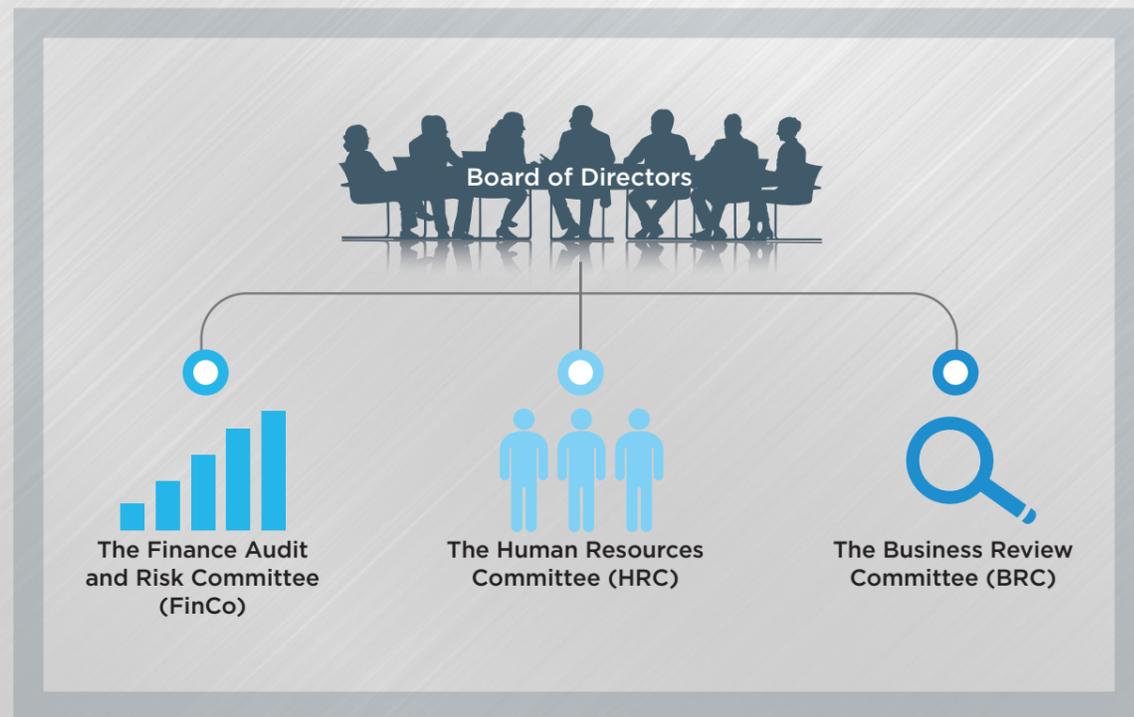
The Finance Audit and Risk Committee (FinCo), represented by one member from each Shareholder, the Chief Financial Officer and the Internal Audit and Compliance Manager of Sohar Aluminium, considers and reviews all finance, risk and audit related matters which are to be presented to the Board for approval and indicates its support or otherwise in regard to such matters. The Committee also acts as the Audit Committee of the company. The FinCo meets every quarter.

The Human Resources Committee (HRC) is represented by one member from each Shareholder and the Chief Executive Officer, General Manager Human Resources and Corporate Affairs, Human Resources Administration Manager and Talent and Organizational Effectiveness Manager of Sohar Aluminium. In addition, the Human Resources Administration Manager of Sohar Aluminium serves as the Secretary to the meeting. The Committee

supports and advises the Board on all Human Resources related matters. The HRC meets twice a year.

The Business Review Committee (BRC) is represented by a minimum of one member from each Shareholder, together with the SA Management team supported by ExCo. The Committee meets prior to the scheduled Board meetings, to consider and review significant capital expenditure, proposed capital planned items, technical review and plant operational performance. As output, the Committee prepares a paper for the Board's consideration indicating its support, or otherwise, regarding such matters. The BRC meets twice a year face to face and organizes two telephone conferences in between.

Please visit our website to learn more: <https://www.sohar-aluminium.com/en/content/corporate-governance>



▼ Corporate Audits and ISO Certifications

Sohar Aluminium has both structured and periodic audits, supplemented by independent audits, ensuring that its objectives are both met and surpassed. Objectives include product quality and sound operational and financial performance. Audits are conducted on an annual and ad hoc basis, and they ensure that Sohar Aluminium maintains the effectiveness and efficiency of its operations, reliability in financial reporting and compliance with laws, regulations and standards.

There is a pool of trained internal auditors who conduct regular internal audits across the organization which ensure thorough compliance to management systems adherence.

Sohar Aluminium is certified for ISO 9001 from its inception in 2009 for the finished product operations in metal casting area and has been subject to periodic external audits conducted annually by certification bodies such as DNV-GL and TUV Rheinland. Zero non-conformities have been found in the ISO 9001 audit conducted during 2019 by TUV Rheinland

and this has been the trend since 2012 when DNV-GL, the then certification body for ISO 9001 called the quality management systems implementation as mature.

Sohar Aluminium is also certified for ISO 14001 (Environment) and OHSAS 18001 (Occupational Health & Safety) management systems for the entire smelter, including power plant.

Since 2015, there have been no major non-conformities, and only some minor non-conformities were reported during the 2019 audit. This is significant considering the size and nature of operation.

2019 Corporate Audit

Shareholder General Controls Review - performed by TAQA Internal Audit.

2019 ISO and Operation Audit

Risk-based Internal Audits driven by the FINCO approved audit plan for the year -performed in accordance to the Institute of Internal Auditors Standards.



▼ Compliance, Ethics and Integrity

Our Code of Conduct and Compliance programme is named "Amanah," which translated into English means fulfilling or upholding trust. Amanah highlights our shared responsibility in protecting the company and its stakeholders from potential harm caused by illegal, dubious, and unethical acts.

Please visit our website to learn more: <https://www.soharaluminium.com/en/content/compliance-and-code-conduct>

Whistleblowing

The Whistleblowing Policy encourages and provides a means for employees and third parties to share their genuine concerns regarding potential code violations.

It provides multiple channels to report incidents that includes 'Amanah' helpline that can be used by all stakeholders, employees, business associates and the general public.

Amanah reporting channels:

Tel: 80026262

Email:

amanah@sohar-aluminium.com

Website:

sohar-aluminium.ethicspoint.com



Code of Conduct

أمانة
Amanah



At Sohar Aluminium, our ethical standards illustrate the way we bring integrity into our business practices. Sohar Aluminium's Code of Conduct sets clear expectations of behaviour at the workplace.

The Code of Conduct details the responsibilities that Sohar Aluminium and its employees have towards each other, to our business partners and to the wider community. The code summarises relevant policies and procedures that allow us to conduct ourselves and our business in an ethical and legal manner.

▼ Sustainability at Sohar Aluminium

Sohar Aluminium continues to integrate sustainability into its structure and daily operations through investments in comprehensive management systems, a continued commitment to local economic and social development and promise of transparent and accountable governance.

Transparency and Reach

Sohar Aluminium believes in transparency, accuracy and the availability of reliable self-reported information on various issues related to its operations.

Sohar Aluminium Social Media Platforms

Customers and Community members are encouraged to interact with Sohar Aluminium on social media by adhering to the company's guidelines. The success of our efforts to communicate with our stakeholders is reflected in our rising social media presence.

Our Social Media followers consistently increased throughout the year 2019:

Our Social Media followers consistently increased throughout the year 2019.



+10%



+33%

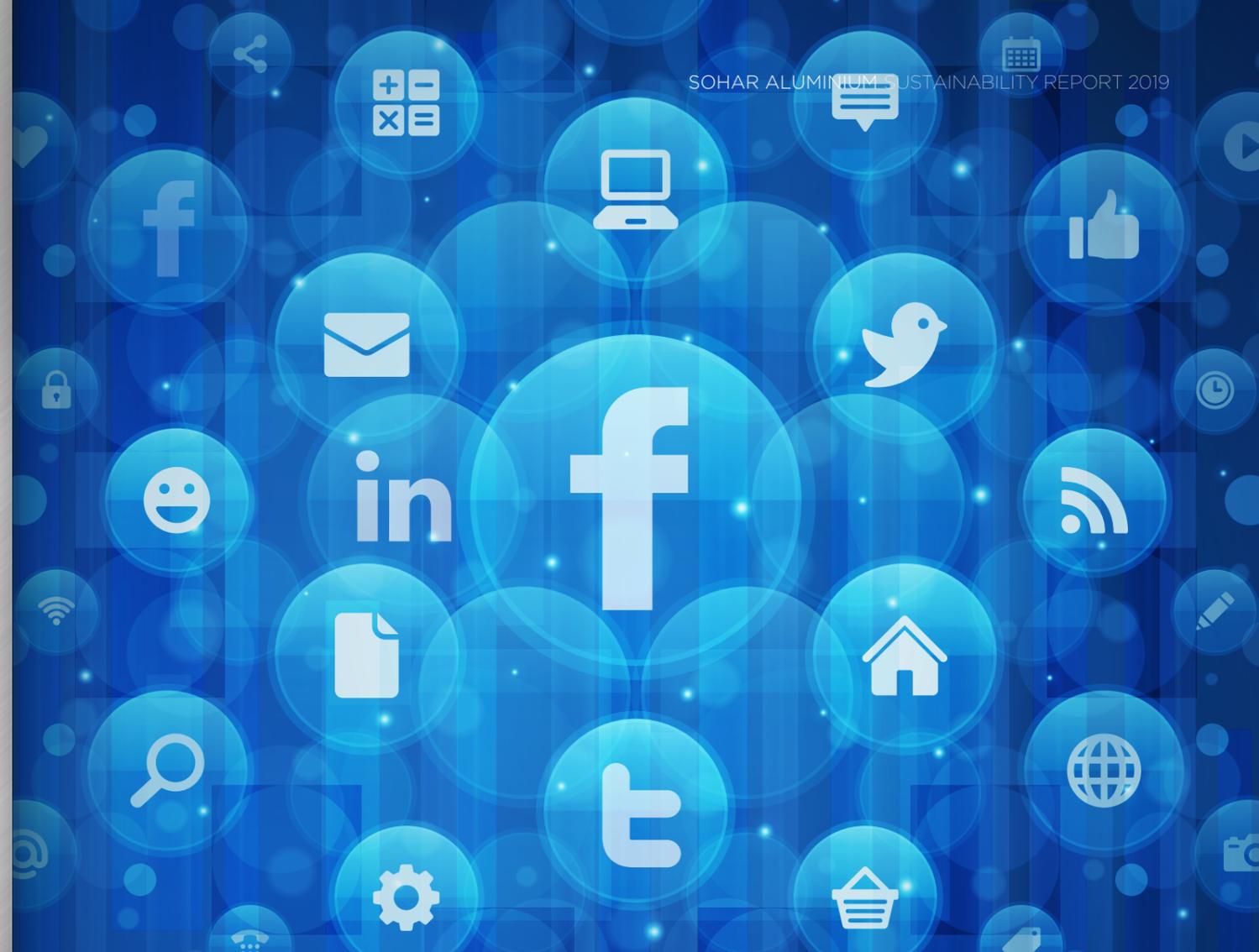


+26%

Online Platforms

SA website features details of the recruitment, procurement teams as well as the Hotline details. This facilitates communication with SA and provides visitors with a pleasant experience and ease of functionality. Visitors can quickly find the required information and communicate easily with the right party.

The page is also linked to our corporate social media accounts on Twitter, Facebook, and LinkedIn to give visitors a way to engage with our business. Tender announcements are also published on SA Website. A full description of the tender is usually featured along with a link to the Vendors Registration Page.



▼ New Business Strategy

Sohar Aluminium's Business strategy since 2013 was visually represented by a strong fort symbolizing the Omani heritage. It conveyed strength, confidence and integrity. These are all values that we stand by and we will continue to have.

Following 10 years of focus on stabilizing operations, standardizing work, Environment, Health and Safety procedures as well as product quality, in 2019 the company took the step to evolve from building its strong roots towards reaching the skies and looking towards a very bright future, through growth and sustainability.

Hence, following months of building its new Vision and setting its new objectives through discussions with and between its interested parties, including the

aspirations of its Board of Directors, Shareholders, ExCo Members, Management Team and Employees, Sohar Aluminium announced in March 2019 its new and revamped Business Strategy to take the organisation forward.

The new strategy forms pieces strongly held together in a circle which runs in motion - it is live and in action to represent the circle of progressive and dynamic improvement and sustainability. The development phase of the strategy focused on the adoption of a 3-phases method; Quick Wins, mid-term planning (2020-2023) and the long-term planning (2023 onwards). The latter represents a quantum leap towards the company's aspirations to be an international market leader in Aluminium using potential renewable sources of energy.



VISION

Maximise shareholder and social value by responsible and sustainable operation of our business.

Environment, Health and Safety
Enable an effective, committed and interdependent culture of safety across the organization to proactively mitigate risks and eliminate injuries and occupational illnesses.
Reduce our overall environment footprint through protection of the environment, prevention of pollution and responsible use of natural resources.



Productivity and Incremental Improvements
Progressive and safe increase of productive capacity and technical capabilities to operate at high amperage. Implement continuous improvements and develop internal resources to optimize process efficiency.

People and Community
Build competent, engaged and empowered workforce to drive technical and leadership excellence across the organization. Integrate and engage our stakeholders to contribute to Oman's sustainable development and maximize positive impact in the community.

Innovation and Growth
To be a state-of-the-art mega smelter producing over 1 M tons of green aluminium annually. Lead development of breakthrough innovations and growth in aluminium smelting and power generation aiming for long-term sustainability.

Financial Strength
Retain strong position in the 1st quartile on the cost curve in aluminium and power generation through ensuring return on investment and cost management. Maximize the shareholders economic welfare and support the company's future growth. Resource efficiency, waste elimination and sustainability in the supply chain of raw materials.

VALUES

Honesty Integrity Respect Trust Empowerment Team Work

▼ Corporate Performance

Environment, Health and Safety



The lowest Recordable Injury Frequency Record (RIFR) in our history: **0.17**

The lowest number of First Aid Treatments in our history dropping from an average of 80/year to **37 in 2019.**



Productivity and Incremental Improvements



Highest production record in our history **390,449 Tonnes** of Aluminium.

Average lower than **600 ppm** Iron (Fe) in metal (best record in recent years)



People and Community



Competency assessment **348 employees** assessed from different departments.

Volunteering Hours: **1,632 Man-hours**

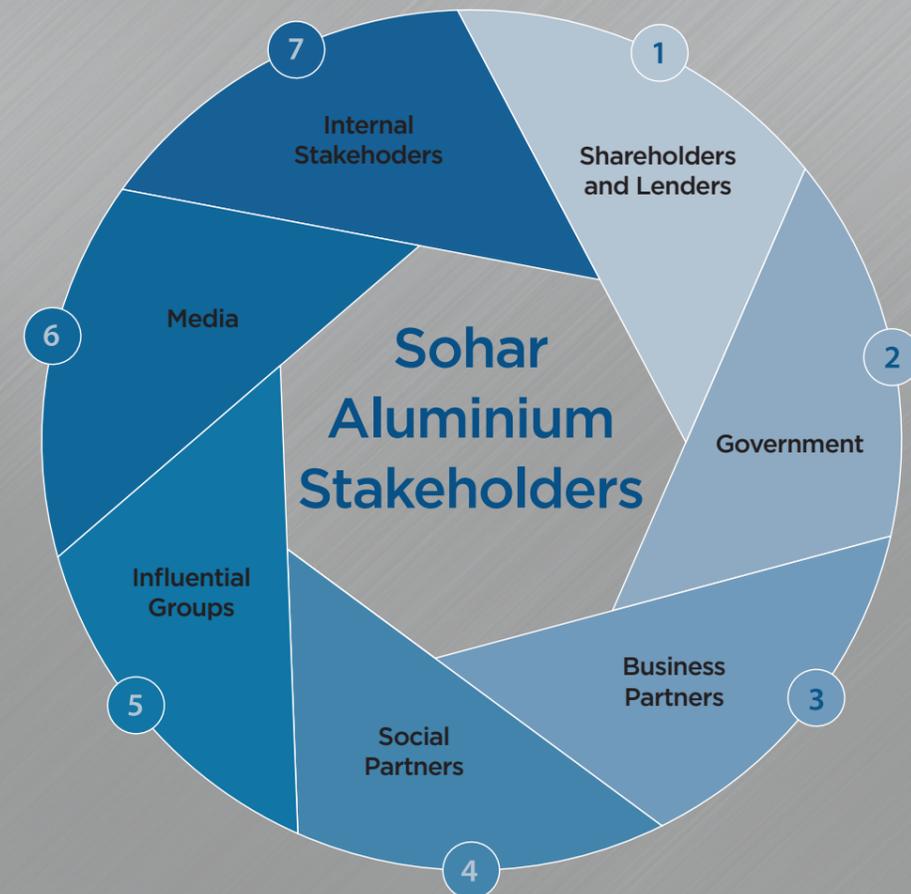


▼ Stakeholders, Materiality and Sustainable Development Goals

Sohar Aluminium has several stakeholders, each forming an integral part of its success and strategy. Understanding and engaging with the stakeholders is crucial to our commitment to sustainability. The relationships and partnerships the company builds with its stakeholders strengthen its business and create new opportunities to realise shared goals and priorities.

the following table were categorized under a different area in alignment with the external boundaries. In addition, to the materiality analysis, in 2019, Sohar Aluminium conducted an internal exercise to define the alignment of its projects and sustainability initiatives with the United Nations Sustainable Development Goals. The 17 SDGs adopted by the UN in 2015 represents a set of goals for the year 2030 that cover different areas of social and environmental development and a framework to help industries around the World to align their contribution on a global level. Sohar Aluminium identified 8 main Goals towards which it is actively contributing through its core and non-core business.

In this Sustainability Report, Sohar Aluminium refers to the material topics highlighted in the Sustainability Report 2018. As the business strategy was updated in 2019 and the objectives (previously referred to as Pillars) rearranged, some of the topics listed in



Innovation and Growth

Completion of **ALPSYS V15** installation.

Lean Six Sigma deployment: **730** certified Yellow Belts, **17** certified Green Belts (64 trained), **15** Black Belts Trained



Customers

Reached **60%** of hot metal delivery to local downstream customers in **May/June 2019**.



Financial Strength

Re-launch of "**Value Creation**" programme and several "**Cost Saving**" initiatives implemented.

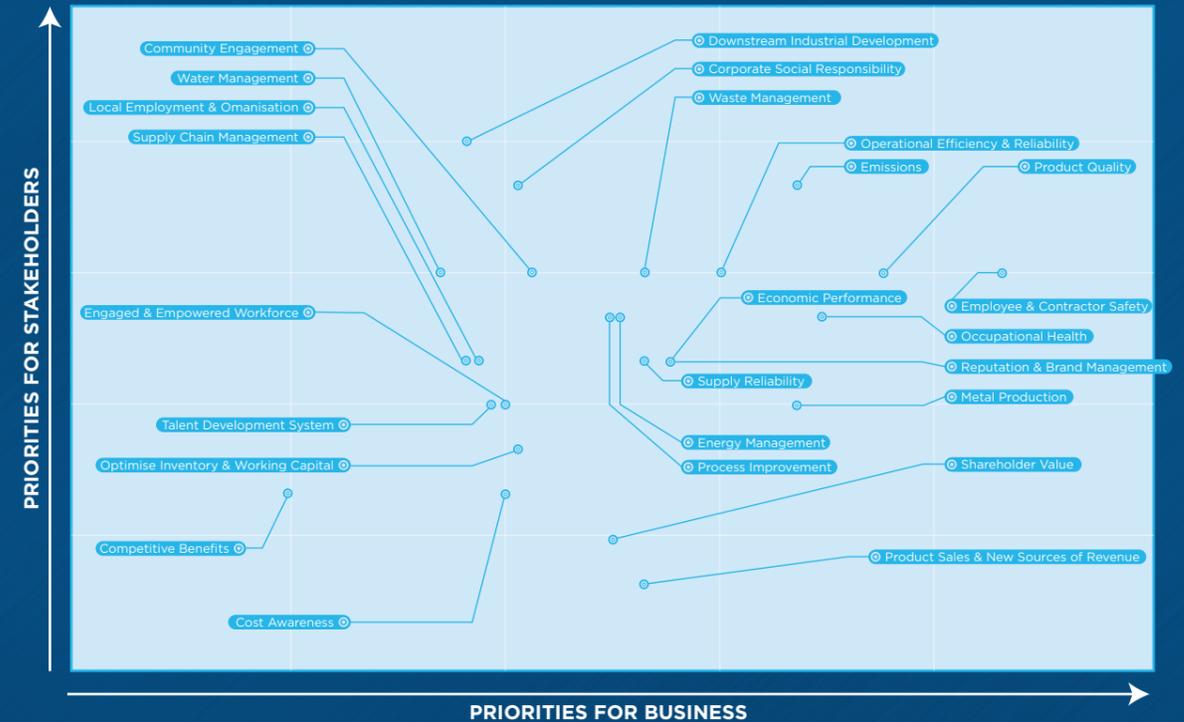


Additionally, Sohar Aluminium conducted an in-depth exercise to understand the priority level given by every stakeholders'

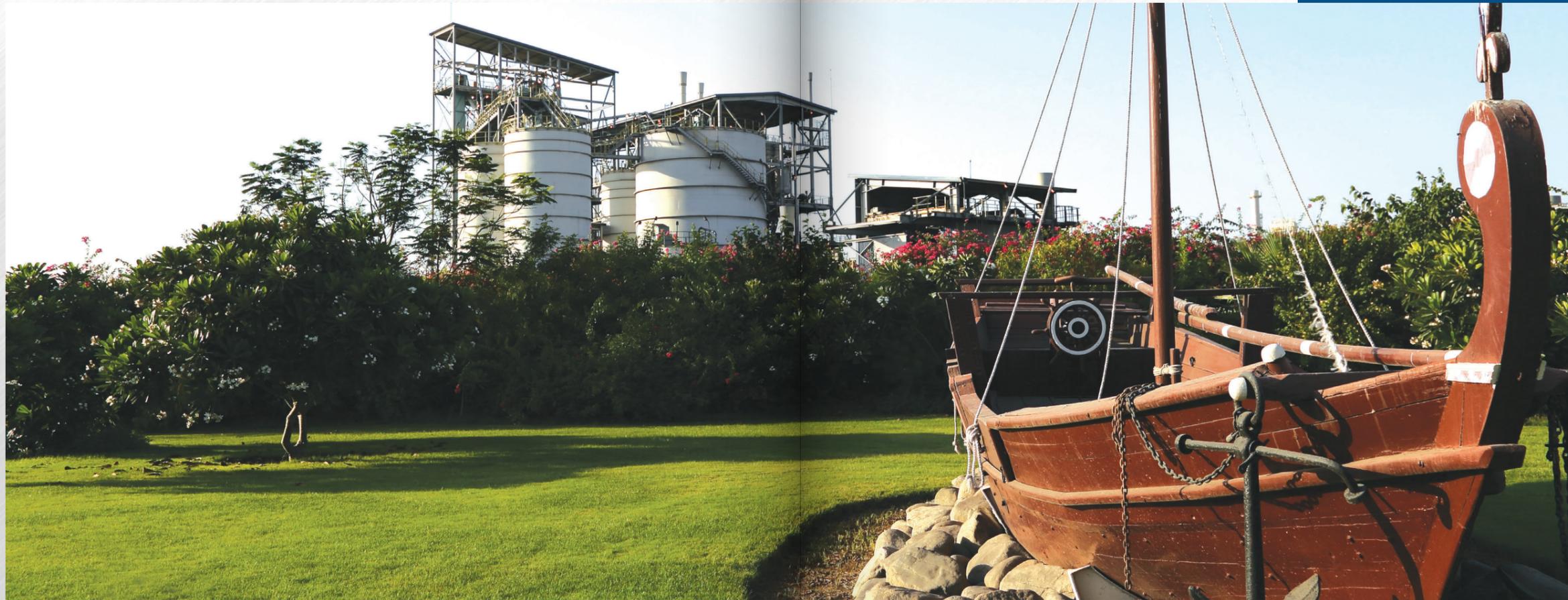
group to the highlighted material topics. The results are showcased in the below materiality matrix.

Sohar Aluminium Objectives	Sustainable Development Goals	Material Issues	External Boundaries
Environment, Health and Safety	  	<ul style="list-style-type: none"> Employee and Contractor Safety Occupational Health Energy Management Emissions Water Management Waste Management 	<ul style="list-style-type: none"> Suppliers and contractors (local) Neighbouring communities (local)
Productivity and Incremental Improvements	 	<ul style="list-style-type: none"> Metal Production Process Improvement Operational Efficiency & Reliability 	<ul style="list-style-type: none"> Suppliers and contractors (international) Shareholders and Lenders (international)
People and Community	    	<ul style="list-style-type: none"> Local Employment and Omanisation Engaged & Empowered Workforce Talent Development System Competitive Benefits Corporate Social Responsibility Community Engagement 	<ul style="list-style-type: none"> Suppliers and contractors (local) Neighbouring Communities (local) Business Partners (local) Social Partners (local) Media (International)
Innovation and Growth	 	<ul style="list-style-type: none"> Downstream Industrial Development Reputation and Brand Management 	<ul style="list-style-type: none"> Customers (international) Suppliers and contractors (international)
Customers		<ul style="list-style-type: none"> Product Quality Supply Reliability Product Sales & New Sources of Revenue Supply Chain Management 	<ul style="list-style-type: none"> Shareholders (international) Customers (international) Suppliers and contractors (international)
Financial Strength		<ul style="list-style-type: none"> Economic Performance Optimise Inventory & Working Capital Cost Awareness Shareholder Value 	<ul style="list-style-type: none"> Shareholders (international) Shareholders and Lenders (international)

MATERIALITY MATRIX



Environment, Health and Safety



Environment, Health and Safety



Ensure healthy lives and promote well-being for all at all ages



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impacts

“Enable an effective, committed and interdependent culture of safety across the organization to proactively mitigate risks and eliminate injuries and occupational illness.”

“Reduce our overall environmental footprint through protection of the environment, prevention of pollution and responsible use of natural resources.”



smelter and port operations decrease by 1% reaching 13.99 MWh per tonne of aluminium. Sohar Aluminium energy consumption intensity (13.99 MWh/t Al) for 2019.

efficiency of the Power Plant. However, total energy consumption intensity decreased by 0.6% to reach 101.4 GJ per tonne of aluminium produced and the energy consumption intensity from the

Sohar Aluminium operates its own 1,000 MW capacity power plant to ensure reliable electricity supply for the smelting process. The power plant also supports the Oman National Grid as part of a cooperative electricity sharing agreement whereby electricity is imported in the winter months and exported in the summer months, which enables the grid to keep water producing plants in service during the winter period.

Maintaining a strong integrated Environment, Health and Safety (EHS) Management System is critical to Sohar Aluminium’s success. Our customers and other stakeholders expect us to deliver

quality products with no harm done to individuals or to the environment. Therefore, we seek to fully integrate EHS into our core business, creating a culture that is recognised throughout the industry.

Environmental Management

Energy is a critical resource for Sohar Aluminium’s operations, particularly its energy-intensive refining and smelting processes. Sohar Aluminium recognises it has a responsibility to improve energy efficiency within its Operations, to not only reduce its Carbon footprint and emissions, but costs as well.

The primary form of energy consumption at Sohar Aluminium is fuel, which refers to the natural gas supplied through a long-term contract with Oman Gas Company. In 2019, our total energy consumption increased by 2.8% compared to the year 2018 due to major maintenance operations conducted throughout the year to ensure the

Energy Indicators	2017	2018	2019
Power Plant Natural Gas Consumption (mmbtu)	27,904,148	36,510,560	37,528,634
Power Plant Fuel Oil / Diesel Usage (litres)	21,498	229,765	263,582
Total Power Generated by Power Plant (MWh)	4,072,941	5,403,186	5,491,977
Smelter and Port Operations Energy Consumption (MWh)	3,826,323	5,344,905	5,461,448
Smelter and Port Operations Energy Consumption Intensity (MWh/t Al)	15.14	14.13	13.99
Total Energy Consumption (Gj)	29,429,039	38,520,685	39,594,810
Total Energy Consumption Intensity (Gj/t Al)	116	102.0	101.4

GHG Emissions	2017	2018	2019
Total Emissions Intensity - Power Plant (t CO2 eq./ t Al)	0.55	0.50	0.50
Perfluorocarbons (PFCs) Emissions Intensity (t CO2 eq./ t Al)	0.21	0.11	0.03
Total Emissions Intensity - Smelter (t CO2 eq./ t Al)	1.86	1.68	1.60
Total Emissions Intensity - Smelter, Power Plant and Port (t CO2 eq./ t Al)	8.52	7.15	7.10
Total Hydrogen Fluoride Emissions - Gas Treatment Centre (t HF)	9.56*	13.39	17.9
Hydrogen Fluoride Emissions Intensity - Smelter (kg HF/t Al)	0.60*	0.59	0.50
Hydrogen Fluoride Emissions Intensity - Potline (kg HF/t Al)	0.54*	0.59	0.50

*Data from January 2017 to June 2017 (six months).

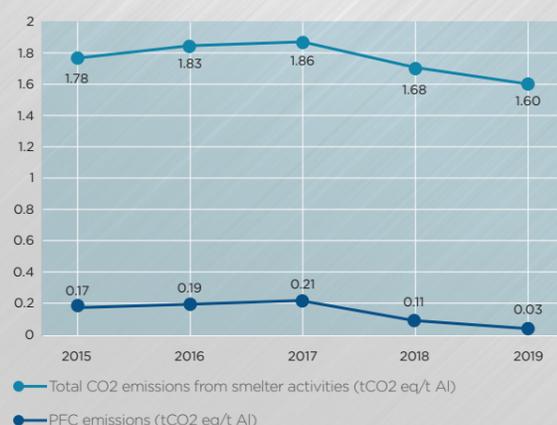
In addition to international political agreements such as the signing of the 2016 Paris Agreement on Climate Change, private sector commitments are necessary to drive change. To that end, Sohar Aluminium seeks to contribute in this field by providing sustainable metal products (aluminium) and assesses possible mitigation measures to manage emissions at all operational levels.

The main sources of Sohar Aluminium’s GHG emissions are from fuel burned at the power station and from the electrolytic reaction used to produce aluminium in the smelter.

The main greenhouse gas emitted from Sohar Aluminium’s smelter is Carbon Dioxide (CO2) from the energy consumed by the anodes used in production. In addition, Perfluorocarbons (PFCs) are produced through the process disturbances from the reactions of manufacturing Aluminium. Sohar Aluminium’s production also generates other air emissions in the form of gaseous Hydrogen Fluoride.

In 2019, our PFC emissions intensity decreased drastically by 72.7% compared to 2018, a year that had already seen a large decrease of 47% compared to the previous year. This decreasing trend can be explained by a renovated efficiency and productivity following the shut-down in 2017, significant Anode Effect rate improvement, and a series of maintenance and improvements that were carried out in 2018 and 2019.

The total emissions intensity from the smelter activities in 2019 decreased by 4.8% down to 1.6 tonnes of CO2 eq. per tonne of Aluminium produced.



Water Management	2017	2018	2019
Sea Water Use for Cooling (m ³)	338,743,094	390,305,547	388,217,344
Seawater Consumption in the Reverse Osmosis Plant (m ³)	0	0	0
Brackish Well Water Extraction (m ³)	2,116,604	2,446,153	2,446,153
Well Water intensity (m ³ /t Al)	8.38	6.48	6.26
Process Water Produced (m ³)	791,071	944,654	781,035
Brine Discharged to the Sea (m ³)	1,195,324	1,351,402	1,143,713
Demineralised Water Used for Heat Capture in the Heat Recovery Steam (m ³)	126,054	142,686	182,802
Process Water (non-potable) exported to Majis Industrial Services Company (m ³)	352,332	513,437	302,759
Sewage Water Imported from neighbouring community for irrigation (m ³)	107,049	115,596	92,285
Treated Sewage Water Used for Irrigation (m ³)	146,106	1,925	137,415
Percentage of Treated Sewage Water Re-used for Irrigation (%)	100	100	100

Water management is an increasingly important material issue, especially in countries where water resources are scarce. We realise the great need for water conservation and recycling in our operations, which is why we manage water consumption to the best of our ability and seek opportunities for improvement.

Sohar Aluminium does not use potable water as part of its production process. Well water is extracted and treated by Sohar Aluminium for operational use. Seawater is used for once-through cooling

in the power plant, and is returned to the sea, so net consumption is close to zero.

Demineralised water is also produced as a by-product of the power plant’s steam turbines and sold to a local utilities company for use in the Al Batinah region. The largest users of process water within our operations are the power plant and smelter. In 2019, the amount of well water extraction stayed steady on the level of 2018 while the seawater used for cooling witnessed a slight decrease compared to the previous year.

Sohar Aluminium regularly conducts impact assessments to measure and understand the impact of its water withdrawal and effluent discharge on neighbouring communities. Results concluded that there were no major impacts on the local communities surveyed.

Waste Management	2017	2018	2019
Waste Disposal (tonnes)	6,662	8,939	7,089
Waste Disposal Intensity (Kg / t of Al)	16.4	23.60	18.15
Waste Generation Intensity (Kg non-recycled waste/t AL)	26.4	34.62	25.24
Steel Recycled (m ³)	338,743,094	390,305,547	388,217,344
Wood Recycled (m ³)	8,820	8,838	5,070
Paper and Cardboard Recycled (m ³)	2,116,604	2,446,153	2,446,153
Plastic Recycled (m ³)	8.38	6.48	6.26
E-Waste Recycled (m ³)	N/A	N/A	6
Batteries (m ³)	N/A	50	45
Total Materials Recycled (m ³)	1,195,324	1,351,402	1,143,713
Hazardous Waste Non-Recyclable (m ³)	791,071	944,654	781,035

Key components of Sohar Aluminium's waste management strategy:



25% reduction of waste on sites in 2019

Sohar Aluminium is committed to minimising the amount of waste generated by its operations through reduction, reuse and recycling before landfill disposal. We seek to use innovative solutions to improve waste management and increase recycling-to-waste ratio. Sohar Aluminium ensures that all waste is disposed in a responsible manner and in accordance with local laws and industry standards.

Spent Pot Lining (SPL) is a waste material

generated from the Aluminium smelter when pots reach the end of their serviceable life. Our approach to managing SPL starts by utilising technologies to reduce pot failures and extend their lifespan, resulting in fewer pots that need to have their linings replaced.

In addition, Sohar Aluminium secured a sustainable solution for one of its main waste streams of SPL by establishing recycling contracts within the Sultanate for existing inventory and forecasted generation rates. The material is now being used by Oman Cement Company as a raw material for special cement that is used in the oil and gas process.

The strategy also aims to establish a similar approach for one of Sohar Aluminium's top waste product material of shot blasting through sound industrial techniques. The new strategy involves waste elimination or reduction at the source and monitoring minimal generation rates by inviting continual improvement methodologies. In 2019, Sohar Aluminium's waste generation intensity decreased by 27% going down to the similar level of the year 2017.

Raising the bar of Health & Safety

Promotion and protection of employee's health is a key factor for sustainable growth of the organization. Sohar Aluminium Medical team provides occupational health services, health promotion and awareness, emergency medical response and acute medical care for employees and contractors. In 2019, the company saw a really promising 50% decrease in the Recordable Injury Frequency rate as a result of the effort to improve the attitude on safety across all operations.

Together as a team we are working on attaining the best safety results in any Aluminium Smelter across the world. We believe it is attainable, achievable and sustainable. To reach this goal SA EHS

department is consistently driving leaders across the site to coach and mentor employees to become interdependent whereby we all look out for each other and as a team support each other to work safely.



Employees Safety Indicators	2017	2018	2019
Medical Treatment Frequency Rate*	0.14	0.17	0.06
Recordable Injury/Illness Frequency Rate*	0.51	0.34	0.17
Lost Time Injury Rate*	0.33	0.11	0.06
Total Number of Clients Served	7,206	6,945	5,762
Walk-in Clients	6,399	6,001	4,709
Number of Heat Stress Monitoring Instances	3,255	2159	2302
Recordable Heat-Induced Illness	0	0	0
Number of PAH (Polycyclic Aromatic Hydrocarbons)			
Bio Monitoring	57	73	93
Urine Fluoride Monitoring	560	164	230

* The calculation is based upon 200,000 man-hours

Emergency Response

To ensure the safety of its employees, plant and the local community in which it operates, Sohar Aluminium reviews and updates its emergency response plans and processes on a regular basis.

The company has its own dedicated emergency response team that is equipped with a Fire Station and a full fire team. The team can respond to any emergency on site within minutes of the incident occurring.

Health Campaigns and Activities

In 2019, Sohar Aluminium’s Medical Centre was recognized as the second-best private First-Aid Clinic in the category of “Private Companies and Higher Education Entities” in Oman by the Ministry of Health. This award is given for the excellence in the service provided, facilities and infrastructure and for adherence to local, regional and international best practice guidelines among health care providers in Oman. Sohar Aluminium Medical center is considered as one of the benchmark occupational health facilities that provides in-house occupational health services, acute care, emergency response and health promotion for the employees and contractors.



Hand Hygiene

An out reaching program was organised in February 2019 at Sohar Aluminium’s Smelter, Port and Power Plant to promote hand hygiene and to enhance the awareness of the workforce regarding the prevention of diseases.

World Health Day

Sohar Aluminium Health Center, marked World Health Day with a health screening and awareness campaign at the Smelter on April 7th and at Port and Power Plant on April 10th, 2019. A total of 403 persons participated in the screening campaign and they were counselled as per results.

Flu Prevention Campaign

The Medical Team conducted an exclusive campaign to promote flu prevention, focusing on health education and vaccination. 124 persons were vaccinated against common viral flu during the campaign.

Breast Cancer Prevention

Awareness session and screening campaign were conducted in October 2019, for the company’s female employees in conjunction with Oman Cancer Association; 23 ladies participated in the sessions, clinical evaluation and mammography.

World Diabetes day

The Medical team also marked the World Diabetes Day by conducted diabetic screening and awareness drive. 478 individuals participated in the spot screening and awareness campaign

Get Lean & Stay Fit Campaign

A unique long-term health promotion program was organized in 2019 to promote and encourage employees to maintain healthy body weight and lead healthy lifestyle. 133 employees were enrolled in the ten months programme.

First Aid Training

In collaboration with the Talent and Organizational Effectiveness Department, the SA medical team conducted a First Aid training for 22 employees who were certified as first aiders in 2019.

Mental Health Promotion Campaigns

The Medical Team in association with various external specialists from the Sultan Qaboos University Hospital and The Ministry of Health, conducted mental health promotion sessions for targeted employees. Sessions intended to promote mental health, teach relaxation techniques and coping with work and life pressure methods.

Workshop and evaluation session for Community

Sensory process disorders In conjunction with SA’s Corporate Social Responsibility Section, the Occupational Therapy Departments of Khoula Hospital and Al Masara hospital, the company’s Medical Centre organised a two days’ workshop and exclusive evaluation session on sensory process disorders at the Autism centre. This initiative aimed to raise community awareness on the early identification and appropriate management of various sensory process disorders in early ages.

Blood Donation Campaign

Sohar Aluminium’s Medical Team in collaboration with the Sohar Hospital’s Blood Bank conducted the annual blood donation drive. 64 people took part and donated blood during the initiative.

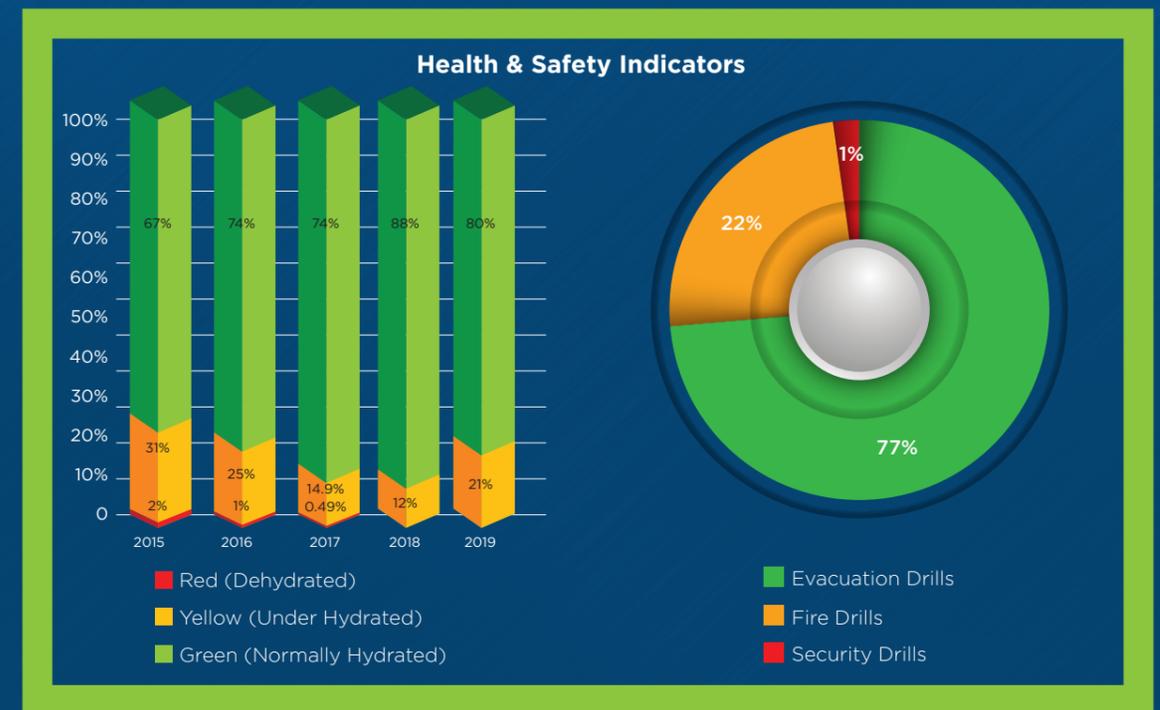
Heat Stress

Heat stress is a major occupational risk for Aluminium Smelters in general and particularly for smelters located in the

Middle East because of the environmental conditions and high process temperatures in production departments.

Sohar Aluminium’s model of Heat Stress Management programme has gained national, regional and international recognition. The programme is led by the Medical Team under the Heat Stress Management Committee.

The key element of the heat stress management program is the continuous workforce engagement by hydration monitoring using urine specific gravity and spot education. Other elements of the programme include awareness sessions and distribution of fruits and electrolytes for workers in locations identified with risk of heat illness. As a result of these efforts, 2019 was the 7th consecutive year without any recordable heat illnesses. In 2019, we had 2,302 instances of monitoring and 77% of total tested population was well hydrated awhile 22% were under hydrated and 1% was dehydrated.



Contractors Management

Contractors continue to be a key stakeholder at Sohar Aluminium as they are equally responsible for SA's achievements and successes. They comply with Sohar Aluminium's requirements to work on-site, which include operational and EHS requirements. Sohar Aluminium's Contractor Management Roadmap, which outlines objectives for contractor performance and oversight, is entrenched in the way we manage our contractors and is continuously reviewed and improved. All contractors are assessed during the evaluation process based on EHS performance and mandated to abide by Sohar Aluminium's rigorous safety standards.

Contractors' Working Conditions

Sohar Aluminium is committed to respecting and protecting human rights in all its operations and throughout its supply chain. We seek to ensure our contractors respect human rights principles by carrying out contractor visits

to inspect working conditions and make sure they align with Sohar Aluminium's standards.

In 2019, our EHS and Supply Chain teams conducted 13 inspections to check living conditions, well-being, accommodation standards, facility location and compliance to EHS standards. Sohar Aluminium conducts regular inspections and ceases business with uncompliant contractors.

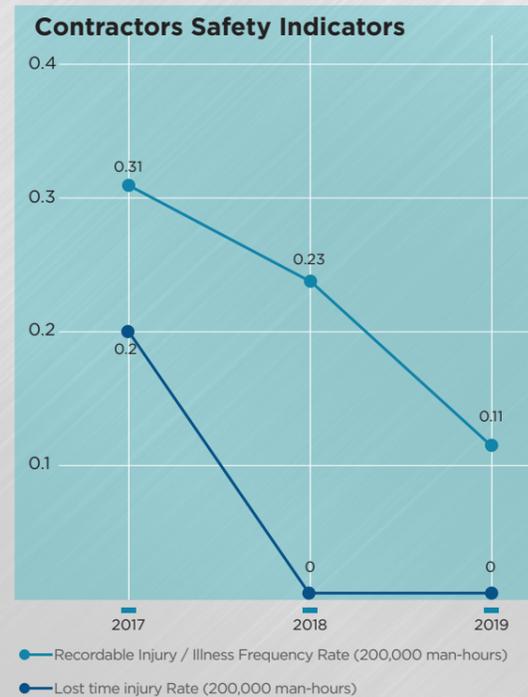
Contractors' Safety

Safety induction trainings are compulsorily provided to all contractors and service providers as part of Sohar Aluminium's uncompromising commitment to safety. While on-site, the contractor workforce is considered part of Sohar Aluminium's resources, and as such, their successful engagement is measured as one of its key performance indicators. In 2019, we recorded a 52% decrease in the RIFR of our contractors and kept down to zero the LTIR similar to 2018.

Sohar Aluminium & Scientific Research

A scientific paper co-authored by Dr Manjunath and Shyju Varghese of Sohar Aluminium in association with Dr Rajeeve Aravindakshan of the All India Institute of Medical Science was published by the Eastern Mediterranean Journal of World Health Organisation (WHO). The paper analyses the effect of fasting during the Holy month of Ramadan on thermal stress parameter based on the observations made at Sohar aluminium during Ramadan. The paper concluded that robust work place measures of industries can help minimize the risk of heat stress and heat illness during Ramadan. The paper can be accessed at

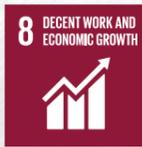
<http://www.emro.who.int/emhj-volume-25-2019/volume-25-issue-1/effect-of-fasting-during-ramadan-on-thermal-stress-parameters.html>



Productivity and Incremental Improvements



Productivity and Incremental Improvements



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

“Progressive and safe increase of productive capacity and technical capabilities to operate at high amperage.”

“Implement continuous improvements and develop internal resources to optimize process efficiency.”



At Sohar Aluminium, we embody a culture of productivity effectiveness while always maintaining a quality-driven mindset. We have become a benchmark smelter through consistently enhancing and optimising our processes to ensure we are producing quality aluminium in the most efficient and environmentally conscious way possible. The aluminium industry is part of a dynamic and ever-changing

market, where new challenges are constantly arising. In order to maintain our quality operations and competitive advantage, we use a systematic approach of lean manufacturing principles and capital improvement projects to significantly improve our productivity through waste reduction efforts, efficiency, cycle time and material costs.

2019 Productivity Achievements

- Baking furnace cross over refurbishment for improved fuel consumption and sustainable safe operations.
- Significant increase in productivity value creation resulted from additional metal production and other projects of recycling scraps .
- Anode handling central conveyor of baking furnace was replaced for safer operations.
- Online by-pass crusher installed for bath processing – a novel approach to sustained smelter operations.
- Consistent and high density of anodes resulted in 5% consumption below the plan that resulted in lower energy consumption.
- Fume Treatment Center upgrade and capacity enhancement has been approved for environmentally improved operations.
- Significant reduction above plan has been achieved in exposure to Polycyclic Aromatic Hydrocarbon (PAH) by specially dedicated project.

Production Record in SA History
390,516 Tonnes of Hot Metal production in one year

Highest Purity Level in SA History
Lowest level of ppm of Fe per Tonne of Metal Produced

Productivity Indicators	2017	2018	2019
Hot Metal Production (tonnes)	252,714	379,775	390,516
Finished Good Production (tonnes)	252,054	378,550	390,449
Production Rate (kg Al/Pot/day)	2,952	2,929	2,979
Cost savings due to productivity gains (USD million)	0.6	25	3.96
Specific Energy Efficiency Levels (kWhr/kg)	13.64	13.33	13.181
Operating Amperage (kA)	392.52	384.01	393.35
Purity Levels (ppm of Fe)	915.8	586.52	558.65
Percentage of scheduled maintenance work (%)	85.6	91	90

▼ Sohar Aluminium Future-Proofs its Operations

With rapid technological change across traditional industries, Sohar Aluminium is looking to harness the transformational potential of the Fourth Industrial Revolution (Industry 4.0) to position itself as a 'smelter of the future'. The company has made advanced technology a priority ever since its formation in 2004, implementing automation and robotics within the smelter's Casthouse's operations from the beginning in order to minimise the interaction of human operator with unsafe material and therefore reducing the risk of injury. Robotic cranes, for example, assist in the stacking of refined metal bundles and applying labels.

Leveraging IoT

A potential game-changer for Sohar Aluminium is the Internet of Things (IoT) – an ecosystem of connected machines, equipment, devices and physical objects that can communicate with each other. Equally promising is the deployment of machine learning (ML) and artificial intelligence (AI) data analytics solutions to improve process control and help schedule maintenance.

By combining the two technologies, the IT team sees the potential to automatically record, network and use numerous machine and system parameters to plan downtime, increase productivity and drive quality. Historical data can be used to forecast equipment failures and process deviations, allowing SA to improve its uptime and perform proactive rather than reactive maintenance. Industry 4.0 can help improve productivity, efficiency, safety, resource utilisation, machine

uptime and reduce breakdowns by using smart sensors or similar technologies.

Continuous effort

Sohar Aluminium has embarked on an ongoing plant-wide awareness programme designed to ensure that its technical staff are on-board with the delivery of the project. Sohar Aluminium has embraced some elements of Industry 4.0 ever since we came on stream and we continue to evaluate and adopt new technologies and innovations as they materialise. This is a continuous journey of improvement which we don't foresee an end to. Technologies keep evolving and our responsibility is to be at the forefront of the new inventions, to enhance our productivity, cost-efficiency and competitiveness.



Automation

ALPSYS is one of the world's most advanced and comprehensive pot process control system used in reduction. In 2018 the decision was made to upgrade the current Alpsys system which was installed back in 2007. The hosting hardware were obsolete, hence a team composed of members from Information Technology, Reduction, and Engineering was formed to manage and execute the project successfully. The project was kicked-off in November 2018 and was completed at the end of 2019. Alpsys version 15 brings new functionality to SA's Operations processes in the Potline.

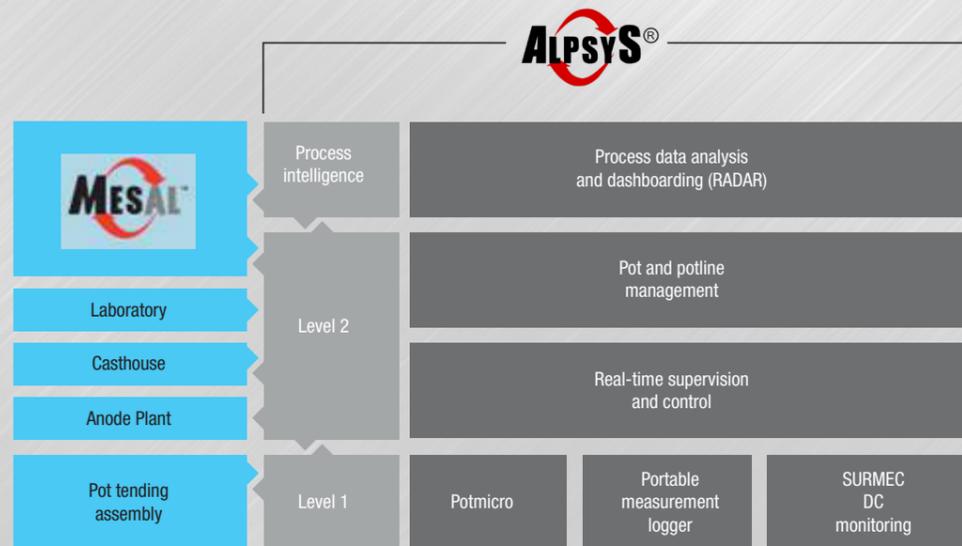
MESAL (Manufacturing Execution System for Aluminium) is a leading fully integrated industry system. It is an essential compo-

nent in the process of managing Smelter operations and production. One of its major functions, among others, is monitoring technical equipment performance, with unprecedented accuracy, certainty, and efficiency.

MESAL upgrade project was kicked-off earlier in 2019 to modernize the current system to the latest technology. In March, the Factory Acceptance Test was conducted at our Shareholder Rio Tinto's premises in France with the presence of members of our Operations' Departments, IT Automation and Engineering Teams' members. The testing, that included mass trials of the complete system's operation witnessed a great success.

Both ALPSYS and MESAL systems were successfully upgraded in 2019 to the latest versions. This ensures the systems are well maintained, secured and managed. Additionally,

the new enhanced technologies help the business to operate in a better manner by using the latest embedded features that came along with the new solutions



IT contribution to safety and environmental improvements

Small Idea, Big Impact

Metal tapping operation is part of the day-to-day activities in the Potline. This activity has big risk and can cause open circuit which may result in serious incident for the operators if the right procedure is not followed. The IT Automation Team developed an in-house solution to secure the metal tapping operations between ALPSYS and Pot Tending Assembly. This 'out of the box' solution will prevent such incidents from happening and making sure the operators follow the right procedure in their operation.

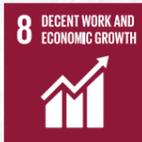
From Paper to Paperless Organization

'DocuSign' project is one of the big achievements that was initiated and executed in 2019. DocuSign offers eSignature, a way to electronically sign on different devices. The success of this project lays between the fact that it targets multiple strategic business objectives and adds great value with minimal cost. This solution increased the productivity of the employees by reducing the waste of time and motion required to collect the approvals and will remove the follow up effort. And most importantly, it has a positive environmental impact by reducing the amount of printed papers.

People and Community



People and Community



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



End poverty in all its forms everywhere



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Ensure healthy lives and promote well-being for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

“Build competent, engaged and empowered workforce to drive technical and leadership excellence across the organization”.

“Integrate and engage our stakeholders to contribute to Oman’s sustainable development and maximise positive impact in the community.”



organisation. The development of its young employees is paramount and with that in mind, Sohar Aluminium has its own internationally recognised training centre which gives every employee the opportunity for further learning and growth.

We also focus on ensuring a balance between the employee turnover and new hires in order to maintain an optimum number of skilled workforce. In 2019, we hired 23 new employees setting the turnover rate for the year down to a healthy 2.7% with 6.6% of the total workforce represented by young employees and a steady 4.1% of women within our staff.



Our People

Sohar Aluminium firmly believes that an engaged and empowered labour force is essential to maintain its focus on excellence and long-term success. We are extremely proud of our workforce, and we strive to maintain our status as an employer of choice through competitive compensation, vocational training and social support. Through our focus on local employment, capacity building, competitive benefits and employee engagement, we have developed a united and engaged community.

At Sohar Aluminium, Omanisation, which currently stands at 76% of the total workforce, is a major driver within the

Workforce Profile	2017	2018	2019
Total Workforce	955	974	975
Omani Nationals	727	743	744
Expat	228	231	230
Women	4.3%	4.1%	4.1%
Young Employees (18-30 years old)	12%	10.8%	6.6%
New Employees	19	45	23
Turnover Rate	4.36%	3%	2.7%
Top Management	163	187	223

Employees Training and Development

We recognise the long-term benefits of investing in the skills development of our employees. At Sohar Aluminium, we focus heavily on increasing the technical and leadership skills of our workforce and providing comprehensive mentorship. We ensure that all employees receive extensive opportunities to build leadership, communications, management and other skills necessary to succeed and grow within our business.

To ensure we recruit and retain the most talented individuals, we invest heavily in our recruitment, training and development efforts. Through our significant investments in training and development of our employees, we are able to ensure that our employees are engaged effectively from recruitment to exit.

Training Figures	2017	2018	2019
Number of employees that received training in 2019	944	976	972
Average days of training per employee	14	12	10
Average training hours per employee	89	97.5	80
Total number of training hours	83,665	95,172	77,758

Fresh Graduates Program

The Fresh Graduates Program, established in 2014, aims to develop technical Omani expertise to fill future Engineering roles at Sohar Aluminium. Each Graduate is carefully selected and placed on a detailed development plan to become a full-fledged Engineer. In 2019, the second batch of engineers graduated and officially joined their departments, while the third batch celebrated the completion of the 1st phase of their development plans. The fourth batch was also approved by the board and will join in 2020. The scheme was revamped to ensure graduate engineers receive the optimum development needed to succeed.

Summer Students Training Program

Sohar Aluminium continued its efforts to support the youth by providing internship opportunities to final year college and university students as well as fresh graduates. In 2019, the company increased its intake of summer students to 67.



Students of various disciplines went through 2 months of dedicated training where they applied the academic hands-on in an actual working environment.

Engagements and Benefit

Mumtaz Club

In 2019 Sohar Aluminium launched its new and fully revitalized employee recognition program "Mumtaz Club". Mumtaz is a points-based system aimed at rewarding individual excellence and contribution to our company's objectives. It encourages self-development and innovation. It is helping employees across the company to add value to the business in valuable and meaningful ways. The Mumtaz Committee involved the entire workforce in

redesigning the new system through surveys that captured feedback from all employees. The results were then analysed in workshops, Kaizen and focus sessions to see how best to reward the good contributions while adding value to the business.

Long Service Awards

Sohar Aluminium awards long service team members in recognition of their achievements, tireless efforts and dedication that they have put forward through their years of service. In 2019, we awarded 37 employees who have completed 10 years of service and 41 employees who completed 5 years of service at Sohar Aluminium.

Lean Six Sigma deployment

730 certified Yellow Belts

17 certified Green Belts
(64 trained)

15 Black Belts Trained



Deals and Offers to all SA Employees and their Families

Various new deals and offers were acquired from vendors operating in Sohar, Muscat and the GCC countries, which Sohar Aluminium employees, contractors and their family's members can benefit from. The Programme continued to provide these opportunities to our employees.

Employees Sports Teams Activities and Active Lifestyle

Emphasizing its commitment to promote active and healthy lifestyle among its employees, contractors and members of the surrounding communities, Sohar Aluminium, in 2019 held its annual Fun Run. The event was attended by more than 700 people including the Company's CEO, Management Team, Employees and Contractors along with their families as well as students and teachers from three

local schools in the area and Al Batinah International School (ABIS).

SA also conducted its annual interdepartmental Football Tournament. This is one of the most anticipated activities by our employees. It is aimed to achieve a high team spirit and a strong sense of togetherness.

SA's sports teams participated in various tournaments across football, cricket and basketball bringing laurels to the organisation.

Omani Women's Day

Sohar Aluminium celebrated Omani Women's Day where we had the opportunity to thank our female employees for their hard work and loyalty. SA also greeted all its employees and social media followers on this occasion.



Corporate Social Responsibility

SA is keen on supporting Small and Medium Enterprises (SMEs) and has executed several projects to establish and sustain SMEs. 60% of its production is earmarked for consumption by local downstream industries while the rest is exported.

Sohar Aluminium firmly believes in supporting and giving back to the local communities it operates in. Our established CSR framework ensures we execute several projects that impact various sections of the society in a positive manner.

Sohar Aluminium goodwill is our recognition that, our company, has social, cultural and environmental responsibilities to the community where we operate, as well as economic and financial ones to our shareholders. Our community activities demonstrate our commitment to integrity and transparency and shows pride to be associated with Sohar Aluminium. Through our continuous engagement and support to our key stakeholders we hope to establish and maintain the sustainability of the business for generations to come.

We are proud to have a deep-rooted and applauded commitment to our community. We fulfil our responsibilities as corporate citizens in a variety of ways, ranging from sustainable investment projects, volunteering and sponsorships to awareness campaigns and promoting the growth of SMEs in Oman. SA's community initiatives are, in fact, pegged on strategic sustainable ventures. It follows a community-centric approach that has established its credentials as a people company.

Corporate Social Responsibility Policy

Our CSR strategy is guided by the CSR committee, which offers strategic guidance in identifying vulnerable populations, budgeting for and organising

target activities as well as mobilising community engagement. The Committee reports to the Chairman of the Board, and includes the Chief Executive Officer, Chief Financial Officer, HR and Corporate Affairs General Manager, Communications Manager and CSR Superintendent. The Board of Directors endeavours to allocate appropriate community investments and make a commitment to set an independent budget for CSR activities.

This commitment is one of the key drivers for the high investment in Sohar Aluminium's CSR programmes. The annual budget allocated directly by the Board of Directors is equal to 1.5% of shareholders' distributions (no less than USD 1 million and not exceeding USD 3 million annually). In 2019, our total community investment was USD 1,3 million.



Positioning the Sultanate Globally

At a regional and global scale Sohar Aluminium always seeks to position Oman as a highly strategic destination for major international investments and events, and a world class tourist and cultural destination with the highest standards of hospitality. Regional and international events are the perfect platform to promote the importance of the Gulf region as an emerging hub in the global aluminium industry and mark the progress and development of the Oman Aluminium industries and the recognition of its importance to the World.

Community Events

Sohar Aluminium seeks to find new ways to achieve greater impact and promote sustainable development through continuous engagement with the society. Through these initiatives, the Company focuses on engaging its employees in various activities that aim at enriching a culture of a safe and healthy lifestyle and spreading its knowledge and good practices among the local community.

“Because We Care”

Fully recognizing its duties and obligations as a corporate citizen, in 2019, Sohar Aluminium held six (6) community events under the name of “Because we Care”. During these events SA celebrates with the community national and social

occasions in a fun-filled and educational agenda that communicates socially responsible messages and create awareness on important topics such as heat stress management, hazards at home, safe driving, and environmental stewardship.

Safety Campaign

A special event was held by Sohar Aluminium for the surrounding communities in collaboration with Petroleum Development Oman (PDO) and Safer Mall Sohar focusing on raising awareness about the importance of using vehicle seatbelt. This initiative was a part of the Safety Focus for the month of August ‘Mobile Equipment Safety’. A Vehicle Rollover and Seatbelt Simulator that were provided and managed by PDO were stationed at Safer Mall Sohar for two days giving the chance to the public to experience the advantages of seatbelts.

Sohar Aluminium’s Let Us Keep Our Earth Green Initiative

In 2019, we launched “Sohar Aluminium’s Let Us Keep Our Earth Green Initiative”, showing the company’s contribution to preserve the planet. Environmental-friendly reusable shopping bags were distributed to everyone on site to encourage our people to contribute to reducing our environmental footprint.

Social Return on Investment

In 2019, the Communications Team and the CSR team attended a training programme on Social Return on Investment (SRoI). SRoI targets the creation of tools and mechanism that help organisations measure the intangible impact generated by the implementation of social projects. It also focuses on driving improvements that increase the value of programmes to the people they serve while helping organisations to better plan, and successfully bring initiatives to scale, thereby serving the business goals and bringing a return on the company’s investment.

Social Contribution & Voluntary Projects

Through its social contributions and voluntary projects, Sohar Aluminium is committed to sharing its values, best practices and fostering strong and close ties with the surrounding communities while maximising its positive impact in community services. The award-winning Sohar Aluminium Volunteering programme aims to promote the organisation’s “Zero Harm” mindset in the local community

Employees who are interested in volunteering are continually influencing and shaping the programme to maximise its benefits and serve the society at large.

Some of the Volunteering activities carried out by our employees are:

Beach Clean-up

Around 150 volunteers from Sohar Aluminium worked with Sohar Municipality to collect a substantial amount of waste in a beach clean-up that was organized at Sallan Beach in Sohar.

Ramadan Charity Drive

Every year, Sohar Aluminium runs a Ramadan Charity Campaign that collects donations from our employees and contractors to assist low-income families in purchasing essentials from local grocery stores. In 2019, our Ramadan Charity Drive supported 337 families, covering remote villages around Shinas, Liwa, Sohar, Saham and for the first time Al Khabourah.

Basma Campaign

The Basma Campaign, name translates in English to “Smile”, is an initiative by Sohar Aluminium to bring a smile on the faces of those admitted to the Sohar Hospital during the Eid al-Fitr period. In 2019, Sohar Aluminium volunteers distributed gifts to 300 patients, including children and adults, from various units of the Hospital.

In 2019 SA employees successfully crossed all previous records by completing 1,632 volunteering Man-hours which is the highest number of hours achieved till date. All these efforts have gone towards building the foundation of someone else’s life.

A special thanks to all employees for putting their personal time and efforts to help the community!



Sponsorships

In 2019 SA sponsored more than 37 national initiatives and projects. One of the major initiatives was the Oman 2040 Vision National Conference that was held in January 2019.

These sponsorships reinforce our commitment to society and the company's role in maximizing the positive impact of local initiatives. Below is a list of events and initiatives that we supported and sponsored in 2019:

- The National Conference of Oman Vision 2040
- "Oman Environment Day" Celebration
- "Industry 4.0 Revolution and its Impacts on Education" Conference
- GFOTU 2nd Conference
- Tour of Oman 2019
- Oman Open 2019 Golf Tournament
- 1st Oman ICV Forum

- Future Entrepreneurs Camp 2019
- PASI's Traffic Safety Initiative
- Excelling Students Award 2019

Education

Sohar Aluminium seeks to build ties and synergies with academic institutions for the development of local talents to lead the future. The company believes that long-term positive change begins with quality education. With this in mind, we are committed to contributing to the promotion of knowledge and education in our community to ensure that every child can grow confident about their success in life and has the potential to change the world for the better.

Students from Around Oman Seek to Visit Sohar Aluminium

The Company received more than 200 students from various colleges and

universities in Oman in 2019 as part of their educational programmes about the major industries.

MOU with Ministry of Education

Sohar Aluminium and the General Directorate of Education for North Al Batinah Governorate signed a Memorandum of Understanding (MoU), to fund technological devices for educational purposes for the schools of North Al Batinah.

The project aims to enhance the quality of education, contribute to building technical capabilities and encourage E-Learning in governmental schools. The project includes 200 schools in North Al Batinah and Sohar Aluminium planned the implementation in 5 years (40 schools per year).

Al Batinah International School (ABIS)

ABIS was proudly established by Sohar Aluminium and is now conjointly supported by OQ Refineries. The school offers world class programs to both expatriate and Omani students from K1 to Grade 12, with a campus designed using the latest research to create an environment focused around students and their learning. It includes top quality sports facilities, innovative Learning Communities, purpose build play areas and a farm that links our Omani heritage. This joint venture project has paved

way for supporting quality education in the region allowing for the expansion of ABIS capacity to 550 students with additional land to expand the school capacity to 1200 students when required. In addition to the International Community Section, a Global Section opened to provide high quality international education that ABIS is known for. The Global Section increased the emphasis on English, Arabic and Islamic studies with the aim of helping children grow into Oman's leaders of tomorrow.

For more information about the school, visit: www.abisoman.com



▼ Sustainable Projects

Sohar Aluminium is determined to help lead Oman and the Al Batinah region to a better future through its focus long-term sustainable projects that will continue to have a positive impact in decades to come. These projects reinforce Sohar Aluminium's commitment to the community and extending its continuous support to impactful projects and good causes.

MOU with Ministry of Health

Sohar Aluminium signed two major Memorandums of Understanding (MoU) with Ibri Hospital and Khoula Hospital. The MoU with Ibri Hospital entails the funding of medical equipment for the hospital that serves more than 250,000 people in Al

Dhahirah Governorate. The second MoU signed with Khoula Hospital on the other hand, entails the funding of the maintenance and supply of equipment for the Services Building of the Hospital.

MOU with Ministry of Agriculture

In October 2019, a Memorandum of Understanding (MoU) was signed between Sohar Aluminium and OQ Refineries and Petroleum Industries L.L.C. with the Directorate General of Agriculture and Animal Wealth in North and South Al Batinah. The MoU entails providing support to the local teams that take part in the Control of Palm Weevils Programme.



▼ Jusoor Projects

Jusoor is a collaborative CSR organisation established jointly by Sohar Aluminium, Vale and OQ Refineries and Petroleum Industries L.L.C. to touch the needs of the people and address common social development opportunities in Oman, particularly in the Al Batinah region.

Drugs Rehabilitation Centre

The project aims at bridging the gap between services provided by the Ministry of Health and the support given by the private sector for treating the drugs victims and integrating them in society. The project aims to achieve this through providing treatment, aftercare and rehabilitation services, as well as reducing the risk of setbacks by focusing on developing individual skills.

Autism Centre

This centre aims to support children with autism from educational, mental and social points of view. Providing medical equipment, supports, means of education and explanation, tools and instruments the centre will help the development of the individuals with autism needs. The centre will be supporting the community in North Al Batinah and will be operated by Ministry of Social Development after handover.

Clubs Investment Buildings

Sohar Aluminium and OQ Refineries and Petroleum Industries L.L.C. invested in different clubs buildings for Sohar, Majees, Al Salam and Al Khabourah. The return on the investment will be utilized for sport, cultural and social activities of the Clubs. Ministry of Sports Affairs and the local clubs are the partners for these projects.



Innovation and Growth



Innovation and Growth



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

“To be a state-of-the-art mega smelter producing over 1M tons of green aluminium annually. Lead development of breakthrough innovations and growth in aluminium smelting and power generation aiming for long-term sustainability.”

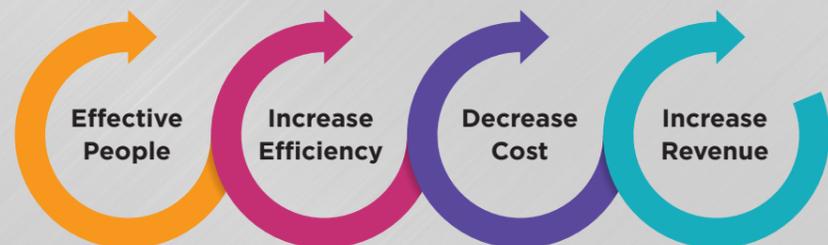


Innovation and Growth is a new strategic objective that emerged in SA's Business Strategy. It is dedicated for our future growth and the new opportunities for us to become a market leader. It also focuses on pursuing innovative opportunities that will help the company grow and sustain its business and operations.

Lean Six Sigma Benefit

In 2019, Sohar Aluminium re-introduced and started the foundations to deploy the Lean Six Sigma methodology. Lean Six

Sigma is a synergized managerial concept of Lean and Six Sigma. Lean traditionally focuses on the elimination of the eight kinds of waste classified as defects, over-production, waiting, non-utilized talent, transportation, inventory, motion, and extra-processing. Six Sigma seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and minimizing variability in (manufacturing and business) processes.



Together, Lean Six Sigma uses the five DMAIC phases:

The different levels of certifications are divided into belt colors, similar to judo. The highest level of certification is a Black Belt, signifying a deep knowledge of Lean Six Sigma principles. Below the Black Belt are the Green and Yellow Belts. For each of these belts, skill sets are available that describe which of the overall Lean Six

Sigma tools are expected to be part at a certain Belt level. These skill sets provide a detailed description of the learning elements that a participant will have acquired after completing a training program.

In 2019, 797 Sohar Aluminium's employees were trained across the three different belts programmes and 19, between Green and Black Projects, were completed within the year.

DMAIC phases



Information Technology Infrastructure

With the accelerated growth of the Information Technology across the world, IT became a strategic partner across different aspects of the business. Data became the main driver of decision making in the industry and in line with these changes, Sohar Aluminium IT started its digital transformation journey helping the company to achieve its strategic objectives.

cyberattack will be simulated to identify vulnerabilities before real attackers can exploit them.

Automation and PI vision

Data visualization plays a vital role for decision makers. It provides various business units with quality information by transforming massive amounts of intangible data into easily understandable information by trends and plant graphics. IT team initiated a project with the goal of "Data for everyone" and introduced a new visualization software tool called "PI vision". This software can import graphic process and monitoring displays of the operational systems.

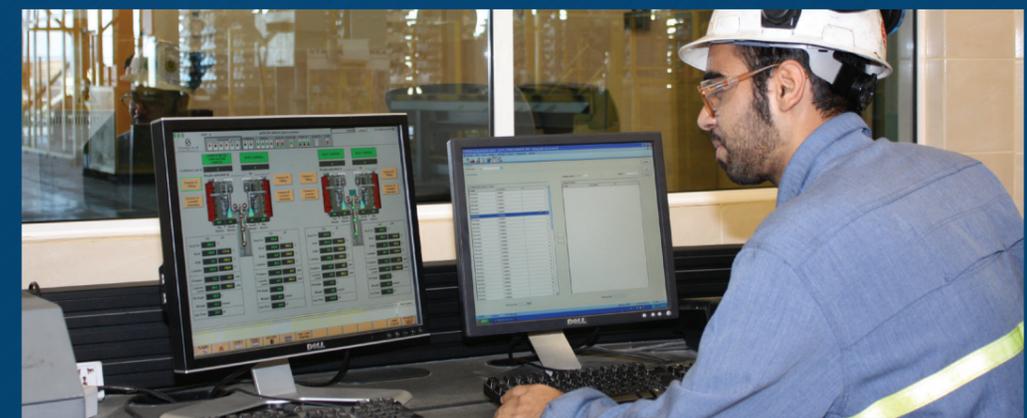
Booster Section

The Booster Section is a new added process control tool for the smelter. Commissioned at the end of 2018 Sohar Aluminium started to utilize it in the process control review during 2019. The Booster Section is used to validate the pot design, operational and technical process at higher amperage and analysis of pots performance. Additionally, the summer temperature's effect on the pots can be analysed and the results can be used as learning beforehand to take necessary action.

There have been major changes in the IT infrastructure during the year 2019. Sohar Aluminium moved from legacy IT systems to modern technology based on cloud concepts called Application Centric Infrastructure (a software-defined network infrastructure). This change in the IT infrastructure reduced the amount of network devices which therefore contributed in reduction of the power consumption.

Cyber resilience in the digital age

Cyber Security became one of the top 10 risks for any organization. In pursuit to identify the current security posture for Sohar Aluminium, IT is conducting a cyber security assessment with a third party. The objective of the assessment is to examine IT infrastructure from a hacker's perspective. In this process, a realistic



Innovation Projects	2019
Green Belt Projects Completed	15
Black Belt Projects Completed	4
Lean Six Sigma Trainings - Black Belts	15
Lean Six Sigma Trainings - Green Belts	64
Lean Six Sigma Trainings - Yellow Belts	730
Mintab Trainings	72
Value Creation (USD Million)	16.7

2019 Innovation Initiatives

- Detailed studies on specific action related to renewable energy, scrap recycling and new product development were conducted to prepare the way to future innovations.
- Close cooperation and development of common future academic programs initiated with Sohar University and Sultan Qaboos University. In 2019, the first project in reverse engineering approach with Sohar University was kicked-off.
- Combined brainstorming sessions in Sohar and Muscat with students and academic members from Sohar University and Sultan Qaboos University were conducted, to generate ideas for development of SMEs that will be closely connected with Sohar Aluminium value chain, both upstream and downstream.



Customers



Customers



“Meet the highest customer expectations through quality products, supply reliability and responsive employees. Maximize revenue growth opportunities, support downstream industry development, and expand company’s operations through a diverse product portfolio.”



Quality Policy

Our vision at Sohar Aluminium is “Maximizing shareholder and social value by responsible and sustainable operation of our business”. This is deeply rooted in the way we drive our business strategy through every business pillar.

Sohar Aluminium’s Quality Management System (QMS) is embedded into our core values and business pillars, and forms an integral part of our journey to achieve the vision.

One of the core business pillars of Sohar Aluminium’s business strategy is customers as without them we cannot sustain our business.

In our QMS, a key sustainability measure is to consistently “meet the highest customer expectations in product quality and supply reliability, whilst maximizing the shareholder value”.

ISO 9001:2015 specifies requirements for a QMS when an organization:

- Needs to demonstrate its ability to consistently provide product and services that meet customer and applicable statutory and regulatory requirements, and
- Aims to enhance customer satisfaction through the effective application of the QMS, including processes for improvement of the QMS and the assurance of conformity to customer and applicable statutory and regulatory requirements.

At Sohar Aluminium we are proud to commit to these standards and to meet the highest customer expectations by:

- Creating a “high definition” picture of the customer and their needs.
- Delivering products that consistently meet our customer’s quality specifications.
- Ensuring supply reliability and quick response to customer inquiries.
- Creating a unique customer experience and maintaining the highest level in customer service.
- Continuously improve business synergies to add value to our customer’s experience thereby contributing to our mutual success.
- Increase the social footprint by contributing to increased downstream industry in the region.

Said Mohammed Al Masoudi
CEO
25 June 2019

Sohar Aluminium firmly believes that building strong and long-lasting relationships is essential to providing an excellent customer experience and fulfilling the needs of each customer in a successful and sustainable way. As we continue to grow to become a leader in the global aluminium industry, we are coming to fully realise the extent to which our business is contributing to economic development – locally, regionally and internationally – through revenue generation, shareholder returns and the provision of aluminium.

industry, both through the direct supply of metals to local manufacturers and strong participation in local markets for the procurement of goods and services.

ZERO Incidents of Non-Compliance with Environmental, Social and Economic Law and Regulation in 2019

We have significantly contributed to Oman’s burgeoning downstream metals



Sohar Aluminium is committed to delivering comprehensive, quality-based management for successful customer relationships and product sales. In order to maintain product quality and reliability, Sohar Aluminium has a quality policy which designates specifications for technical aspects of our products. Sohar Aluminium Casthouse has been certified under the updated ISO 9001:2015 Quality Management Systems.

We strive to continue to meet customer expectations while maximising shareholder value. Our demonstrated ability to provide reliable delivery of quality products as well as our responsible and effective supply chain management have made us a partner of choice. Our supply chain and customer relationships maximise the value of our products and put our business in a better position to continue our position, a leader in our

markets and a creator of significant value for our customers and business partners. We believe in building long-term supply relationships with our customers, and for that reason, we strive to ensure our lasting arrangements are based on quality and reliability. Looking forward, maintaining and building strong relationships with our customers will continue to create value for Sohar Aluminium.

Sales Figures	2017	2018	2019
Liquid Metal Sales (OAPIL)	41,604	50,134	54,157
Liquid Metal Sales (OARC)	23,620	91,271	101,794
Liquid Metal Sales (OAC)	7,464	4,760	1,729
Total liquid metal sold to existing downstream customers	72,688	146,165	157,680
Customer insights resolved	100%	100%	100%



Customer Satisfaction

In order to ensure we are meeting the expectations of our customers and continue to deliver excellent customer experience; we disseminate an annual satisfaction survey to our customers. This survey, conducted two times a year, serves as one of the many direct communication channels for our customers to address any concerns or inquiries with us.

These results clearly attest to our excellent partnership-driven mindset, which can be seen even from the very start of our partnership. The results from our surveys confirm the confidence our partners have in our efforts and continued success, as well as our ability to immediately address areas of weakness.



Turn around report & Break bulk

To raise the bar of our customers satisfaction and retention, in 2019 Sohar Aluminium developed two new tools to track our downstream processes:

1. "Turn around report" to track the time of delivering the hot metal to the downstream customers. This report helps to identify the lost time and improve the speed of delivery to the customers.
2. "Break bulk" solutions developed to accommodate metal shipping without containers. This helps to accelerate the shipping process and satisfy urgent orders delivery.

▼ Sustainable Supply Chain Management

Sustainable supply chain management focuses on minimising risks, optimising price and eliminating production disruptions through timely and reliable delivery and critical item contingency planning. It presents an opportunity for Sohar Aluminium to reduce costs through warehouse and stock management as well as sound supplier negotiation and contingency planning.

Responsible Suppliers

Since its inception, Sohar Aluminium has remained compliant with applicable laws, regulations and international conventions. The Company also requires that its partners comply with these laws and guidelines and respect its Code of Conduct.

Sohar Aluminium works closely with local vendors and suppliers to improve their technical skills so they can meet our requirements and, in the process, improve our collaborative efforts. Upon partnering with vendors, we use a Vendor Assessment System in which we conduct inspections of our partners to ensure they fulfil requirements.

Local Procurement

Sohar Aluminium is committed to developing partnerships with local Omani suppliers as a means of improving our supply chain and contributing to local economic development and growth. Although several products, such as machinery, primary raw material and alumina, are sourced internationally, Sohar Aluminium continues to grow its partnerships with local manufacturing companies as it focuses on identifying items and services that can be procured locally. Through our continued efforts to build our local supply chain, we have developed a strong network of nationally based suppliers who provide a variety of goods and services, from administrative items to specialised manpower. Local suppliers represent a significant opportunity to enhance the Omani metals and manufacturing sector while reducing costs and product delivery time. We have also established a link with the online Business Portal of the Oman Chamber of Commerce and Industry while making our tenders available on the SA website. This provides increased opportunities for local vendors to view available SA tenders and apply for them.

Suppliers	2017	2018	2019
Foreign Suppliers (%)	37	49	44
Local Suppliers (%)	63	51	56
Amount Spent on Local Suppliers (USD)	65,708,384	52,765,769	41,598,138



Financial Strength



Financial Strength

“Retain strong position in the 1st quartile on the cost curve in aluminium and power generation through ensuring return on investment and cost management. Maximise the shareholders economic welfare and support the company’s future growth. Resource efficiency, waste elimination and sustainability in the supply chain of raw materials.”

Sohar Aluminium is committed to operate in a financially responsible manner with a significant contribution to economic development of Oman. The stakeholders are at the core of our financial strengths, and in recognising their priorities and expectations, we ensure the business’s success. Contribution to economic development of Oman is one of our key priorities, which includes having a positive impact on Oman’s gross domestic product (GDP) and job creation, as well as cultivating broader social development.

Our shareholders not only provide the necessary funding to support the company’s operations and capital development, but they also provide

support, technology and key commercial arrangements.

Cost Awareness

The aluminium industry is part of a dynamic and ever-changing market, where new challenges are constantly arising. The sales prices of our products are set on international commodity markets, which means we must always maintain a competitive advantage in our industry.

In order to remain one of the best aluminium smelters in the world, we are committed to consistently enhancing and improving our processes to strengthen our results and retain our position in the industry cost curve. Thus, we have come



to develop a culture of productivity effectiveness, while always maintaining our quality-driven mindset. Currently, Sohar Aluminium is considered one of the best smelters in the world in terms of cost of production. Our cost management approach focuses on consistently communicating to all employees the importance of cost awareness, the economics of our business, and the impact each individual decision can have on our cost management and the volatility of aluminium prices in the international market. We use a process of value creation in which projects with a positive impact on income and/or cash are implemented and tracked – many of these

ideas generated directly by our workforce, and we ensure to give them full credit where it is due.

Central to our mission is minimising waste while maximising the quality of our operations, which leads to lower costs and improved competitiveness. As a result, we apply basic lean manufacturing principles to our operations. This process creates more value for customers while using fewer resources – specifically waste, the non-value-added component – using powerful methodologies and tools. By applying these principles to our manufacturing operations, we have been able to significantly improve our waste



reduction efforts, efficiency, cycle time, productivity, and material costs. Sohar Aluminium also focuses heavily on working capital – supply chain management implements continuous improvements on our inventory management by reducing money tied up in the company working capital through better raw materials prices negotiations, frequent review on consumables and spares inventory balances.

Along with its three major shareholders, Sohar Aluminium has been financed by a consortium of international lending banks, each of which has been serviced as prescribed in agreements. Sohar Aluminium has consistently met the requirements of all lenders, and we continue to provide satisfactory financial returns. While doing so, we ensure that the needs and expectations of our diverse group of stakeholders – economic or otherwise – are respected.

Supporting the development of Oman

Sohar Aluminium is considered one of the leading successful projects in diversifying the Omani economy. It differs from most other industries as it is not petrochemical based – although it relies on natural gas to generate the necessary power for its smelting operations.

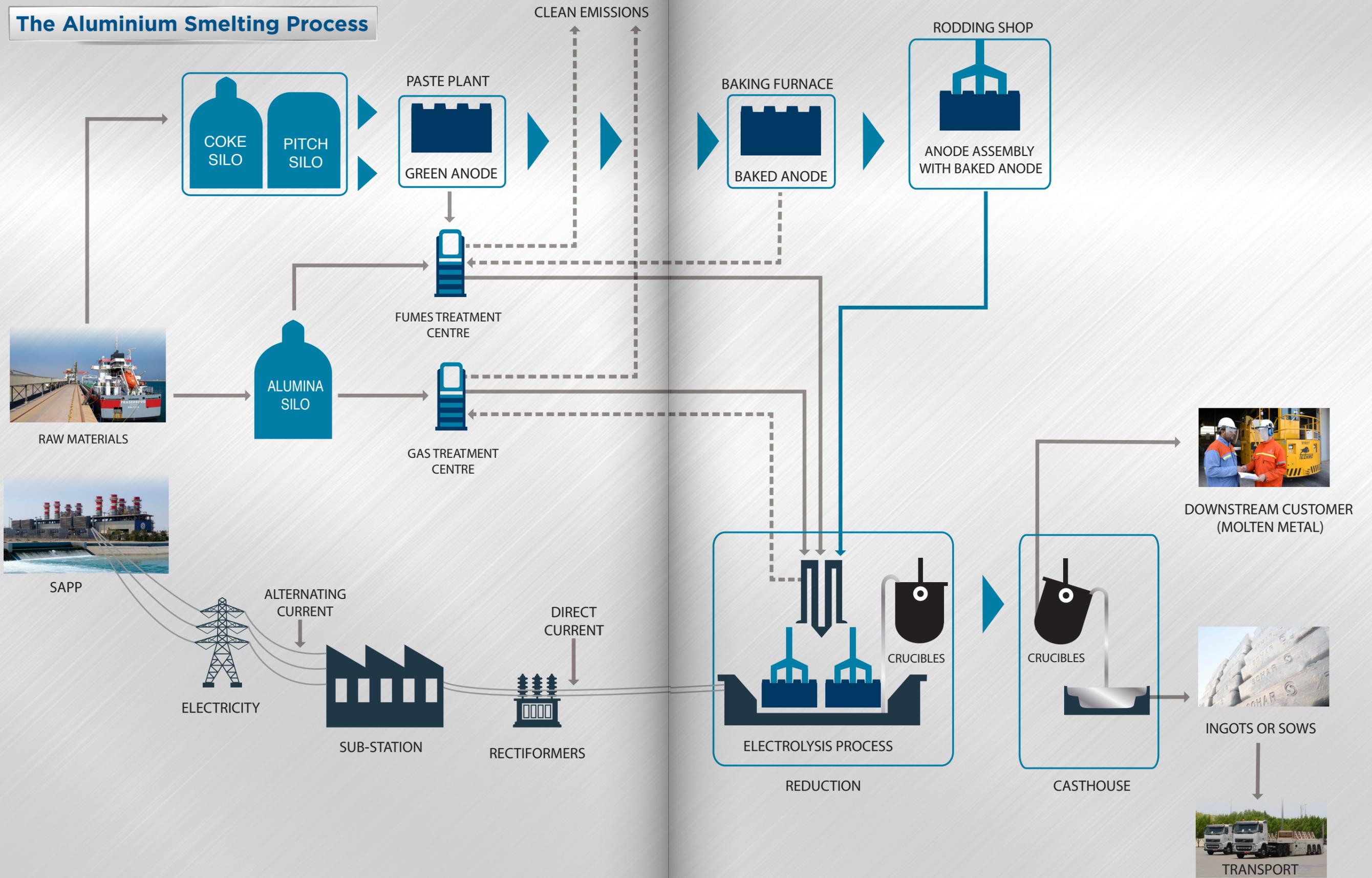
The Company invests heavily in improving the local and national economy and promoting In-Country Value (ICV) creation. As a result, Sohar Aluminium effectively enhances its positive impact on national GDP. It is committed to support potential future investment opportunities in aluminium downstream companies, further contributing to the Sultanate's long-term vision for a diversified Omani economy.

We have always centred our efforts in investing and building human capital in Oman. Wherever possible, Sohar Aluminium procures locally and supports small and medium-sized enterprises (SMEs). It has also had a significant effect on the economic development of the surrounding region by increasing commercial activities through its efforts to boost the local suppliers' base and support aluminium downstream factories to supply hot metal required for their processes.

In 2019, over half of our total suppliers were local. Apart from the materials that we must import from abroad, we spent over 41 million USD on local vendors.



The Aluminium Smelting Process



Appendices



GRI Content Index

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



GRI Standard	Disclosure	Page number(s), URL(s) and/or direct answers
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	Sohar Aluminium
102-2	Activities, brands, products, and services	12,14
102-3	Location of headquarters	Sohar Industrial Estate, Sohar, Sultanate of Oman
102-4	Location of operations	Sohar Industrial Estate, Sohar, Sultanate of Oman
102-5	Ownership and legal form	12
102-6	Markets served	74
102-7	Scale of the organization	12
102-8	Information on employees and other workers	54
102-9	Supply chain	78
102-10	Significant changes to the organization and its supply chain	No significant changes happened in the reporting period
102-11	Precautionary Principle or approach	29
102-12	External initiatives	29
102-13	Membership of associations	<ul style="list-style-type: none"> • Oman Chamber of Commerce and Industry • Gulf Aluminium Council • International Aluminium Institute • AP 30 Club
Strategy		
102-14	Statement from senior decision-maker	6-8
102-15	Key impacts, risks, and opportunities	26
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	23
102-17	Mechanisms for advice and concerns about ethics	23

GRI Content Index

GRI Standard	Disclosure	Page number(s), URL(s) and/or direct answers
GRI 102: General Disclosures 2016		
Governance		
102-18	Governance structure	18, 19, 20, 22
Stakeholder Engagement		
102-40	List of stakeholder groups	29
102-41	Collective bargaining agreements	30% of Sohar Aluminium employees are members of the Trade Union
102-42	Identifying and selecting stakeholders	29
102-43	Approach to stakeholder engagement	30
102-44	Key topics and concerns raised	30
Reporting Practices		
102-45	Entities included in the consolidated financial statements	Sohar Aluminium
102-46	Defining report content and topic Boundaries	30
102-47	List of material topics	30
102-48	Restatements of information	No restatements of information were deemed necessary.
102-49	Changes in reporting	No changes.
102-50	Reporting period	01/1/2019 - 12/12/2019
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	5
102-54	Claims of reporting in accordance with the GRI Standards	5
102-55	GRI content index	90
102-56	External assurance	This report is not externally assured

GRI Content Index

GRI Standard	Disclosure	Page number(s), URL(s) and/or direct answers
Material Topics		
GRI 200 Economic Standard Series		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	80
103-2	The management approach and its components	80
103-3	Evaluation of the management approach	80
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	80
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	82
103-2	The management approach and its components	82
103-3	Evaluation of the management approach	82
GRI 203: Indirect Economic Impacts 2016		
203-2	Significant indirect economic impacts	82
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	78
103-2	The management approach and its components	78
103-3	Evaluation of the management approach	78
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	78

GRI Content Index

GRI Standard	Disclosure	Page number(s), URL(s) and/or direct answers
Material Topics		
GRI 300 Environmental Standard Series		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	34
103-2	The management approach and its components	34
103-3	Evaluation of the management approach	34
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	35
302-3	Energy intensity	35
302-4	Reduction of energy consumption	35
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	37
103-2	The management approach and its components	37
103-3	Evaluation of the management approach	37
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	37
303-2	Management of water discharge-related impacts	37
303-3	Water withdrawal	37
303-4	Water discharge	37
303-5	Water consumption	37
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	36
103-2	The management approach and its components	36
103-3	Evaluation of the management approach	36

GRI Content Index

GRI Standard	Disclosure	Page number(s), URL(s) and/or direct answers
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	36
305-2	Energy indirect (Scope 2) GHG emissions	36
305-4	GHG emissions intensity	36
305-5	Reduction of GHG emissions	36
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405-1	Diversity of governance bodies and employees	54
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103-1	Explanation of the material topic and its Boundary	https://www.sohar-aluminium.com/en/content/compliance-and-code-conduct
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	None
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	https://www.sohar-aluminium.com/en/content/compliance-and-code-conduct
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	None

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103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	https://www.sohar-aluminium.com/en/content/compliance-and-code-conduct
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	100%

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413-1	Operations with local community engagement, impact assessments, and development programs	59
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GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	100%
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None

Appendices

Appendix A - Acronyms

ABIS	Al Batinah International School	MFT	Multi-Function Technicians
Al	Aluminium	MOMP	Ministry of Manpower
ALPSYS	Aluminium Pot Control System	MT	Metric Tonnes
ARABAL	Arab International Aluminium Conference	MW	Megawatt
		LSS	Lean Six Sigma
BI	Business Improvement	OEM	Original Equipment Manufacturers
BRC	Business Review Committee	OH	Occupational Health
CEO	Chief Executive Officer	OMIFCO	Oman India Fertiliser Company
CFO	Chief Finance Officer	OMR	Omani Rials
CO2	Carbon Dioxide	OOC	Oman Oil Company
COO	Chief Operations (or Operating) Officer	PAH	Polycyclic Aromatic Hydrocarbons
		PFC	Perfluorocarbons
CRM	Critical Risk Management	PLC	Programmable Logic Control
CSR	Corporate Social Responsibility	PSTA	Pre-Start Task Analysis
EHS	Environment, Health and Safety	PTA	Pot Tending Assembly
ExCo	Executive Committee	RT	Rio Tinto
FinCo	Finance Audit and Risk Committee	ROP	Royal Oman Police
FTAC	Factory Talk Asset Centre	SAMY	Sohar Aluminium Metal Yard
GAC	Gulf Aluminium Council	SAPP	Sohar Aluminium Power Plant
GCC	Gulf Cooperative Council	SMC	Salalah Methanol Company
GDP	Gross Domestic Product	SME	Small and Medium-Sized Enterprise
GFOTU	General Federation of Oman Trade Unions	SOP	Standard Operating Procedures
		SPL	Spent Pot Lining
GJ	Giga Joules	SQUH	Sultan Qaboos University Hospital
GRI	Global Reporting Initiative	t	Tonnes
GTC	Gas Treatment Centre	TAQA	Abu Dhabi National Energy Company
GCS	Gas Cooling System		
HB	Hydrocarbon-Fluoride	TOE	Talent and Organisation Effectiveness
HRA	Human Resources Administration	USD	United States Dollars
HRC	Human Resources Committee	VDI	Video Desktop Infrastructure
HRD	Human Resource Development	WPP	Work Performance Plan
ICV	In-Country Value	WPR	Work Performance Review
IB	International Baccalaureate		
IDP	Individual Development Plan		
IT	Information Technology		
Kg	Kilograms		
KPI	Key Performance Indicator		
MECA	Ministry of Environment and Climate Affairs		
MESAL	Manufacturing Execution System for Aluminium		
MENA	Middle East and North Africa		



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