



**SOHAR
ALUMINIUM**

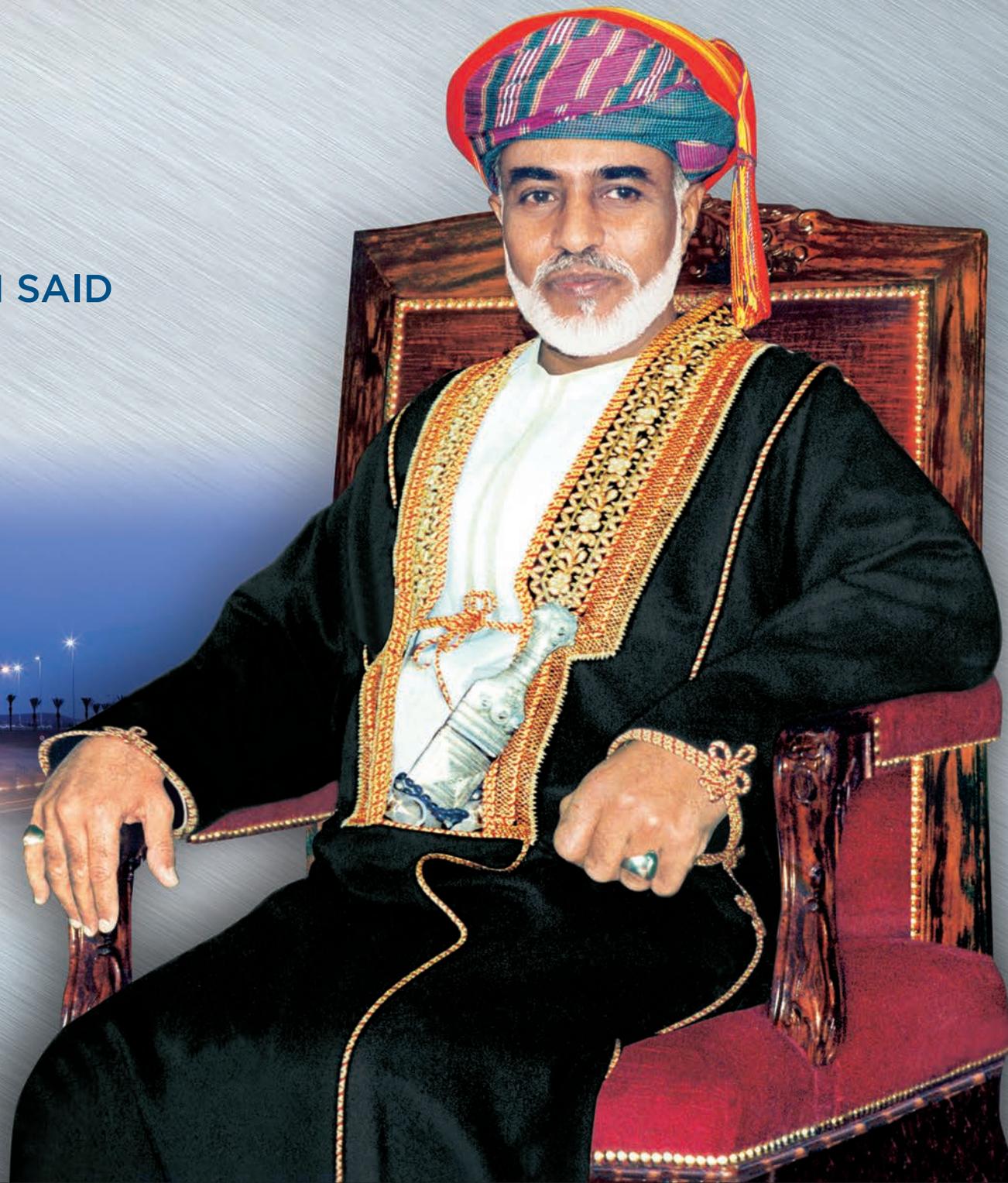
SUSTAINABILITY
REPORT
2016



MILESTONES

Formation of Sohar Aluminium	September 2004
Commencement of construction	January 2006
Start of first pot	June 2008
First export shipment	July 2008
First downstream hot metal delivery	August 2008
Achieved full capacity	February 2009
Inaugurated	April 2009
Technical completion Certification	June 2009
Larger Anode	March 2010
Cumulative 1 million tonnes of Aluminium produced	August 2011
Commencement of Amperage Creep Project	February 2014
Cumulative 2 million tonnes of Aluminium produced	June 2014
First Pot Changeout Program Completed	November 2014

HIS MAJESTY
SULTAN QABOOS BIN SAID



SOHAR ALUMINIUM

BUSINESS STRATEGY MAP



TABLE OF CONTENTS

About this Report	06
Message from Chairman	08
Message from CEO	10
Company Profile	12
Governance and Executive Team	15
Strategic Sustainability Performance Summary 2013-2016	20
Sustainability Management	22
Sustainability Reporting	23
Stakeholders	24
Materiality	28
Environment, Health and Safety	30
Environmental Management	32
Waste Management	33
Water Management	34
Emissions and Air Quality	35
Safety	36
Occupational Health	37
People	40
Capacity Building and Training	44
Employee Engagement	45

TABLE OF CONTENTS

Productivity	48
Smelter Productivity Update	49
Power Plant Optimisation	51
Financial Strength	55
Supporting Oman's Economic Development	56
Cost and Productivity Effectiveness Mindset	57
Corporate Citizenship	59
CSR Strategy	60
Community Services	62
Key Stakeholders Engagement	65
Jusoor	75
Al Batinah International School	77
Customers	79
Our Customers	80
Supply Chain Management	82
Appendices	84
Appendix A. Report Parameters	85
Appendix B. Company Performance 2011-2014	86
Appendix C. GRI G4 Content Index	91

ABOUT THIS REPORT

This report reviews Sohar Aluminium's economic, environmental and This report reviews Sohar Aluminium's economic, environmental and social performance as key contributors to sustainable development during 2016. For this, our eighth annual sustainability report, we continue to apply international best practice in sustainability reporting and transparency through the adoption of the Global Reporting Initiative (GRI) G4 reporting guidelines. The Sohar Aluminium Sustainability Report 2016 has completed the Materiality Disclosure Service provided by the GRI. The service confirms correctness of the locations of the G4 Materiality Disclosures within the report, and the organisational mark located on page 79 confirms the service was completed successful. We have reported our company performance for the years 2013 to 2016 on the indicators that correspond to our material aspects. Our material issues are categorised according to our Business Strategy Pillars, each of which is led by a dedicated champion.

This report was developed in accordance with the GRI G4 Guidelines, Core option. For more information on this report's parameters please refer to Appendix A.

This report can be downloaded as a PDF file from the Sohar Aluminium website:

www.sohar-aluminium.com

Feedback

We appreciate your comments and feedback on this report.

Please send your input to our contacts below:

Phone: +968 26863000

Communications Manager, Communications Department,

Sohar Aluminium,

PO Box 80, PC 327,

Sohar Industrial Estate,

Sohar, Sultanate of Oman

Should you wish to give feedback or report anything concerning Sohar Aluminium please contact us at hotline@sohar-aluminium.com or +968 26863317.

In line with Sohar Aluminium's commitment to preserving the environment, this report is available as an electronic copy only. Please consider the environment before printing.

Follow us @SoharAluminium

Like us @SoharAluminium

Connect with us Sohar Aluminium





MESSAGE FROM **CHAIRMAN**

It is my pleasure to present the Sohar Aluminium Sustainability Report 2016 to you. Documenting our activities and operations over the last year, charting our successes, demonstrating our financial health and sharing our vision and goals for the future, it clearly and fully illustrates our deep and lasting commitment to sustainable development and growth, to Oman's diversification and on-going prosperity, to our stakeholders, our community and its people.

In a year of resounding milestones and record-breaking achievements, Sohar Aluminium has reinforced its position as the leader of Oman's metals and expanding industrial sector, attracting international investment to the Sultanate and successfully trading across the globe. As we strive to continue to contributing to the nation's long-term prosperity, Sohar Aluminium is proud to be a catalyst for the creation of new and diversified opportunities, an engine for the generation of employment, and a stimulus for the creation of new business.

One of Sohar Aluminium's key goals is to contribute to the diversification of the national economy through attracting international investors and positioning the Sultanate as an industrial force in the region. This also includes addressing our duties to the community we serve and the environment in which we operate. This is a responsibility we have embraced since our inception, and this year, as always, it has been our immense privilege to contribute to the social and economic development of the Al Batinah region and to the well-being and welfare of its ambitious people.

Sohar Aluminium benefits from an outstanding team, one that is always driven by a passion for excellence and a firm desire to be the best. Of course, at the heart of our company is the Board of Directors to whom I would like to express my

great appreciation for their all-important role in shaping and guiding our progress and success this year. I would like too to extend my thanks to our management for their unwavering passion for our vision. Our employees are always deserving of recognition for their hard work, enthusiasm and commitment to our values, and in this regard I offer my heartfelt thanks to each and every one of them for their exceptional individual and collective contributions.

At the vanguard of Oman's industrial diversification strategy, Sohar Aluminium's success is derived not only from the extraordinary efforts of its remarkable team but also on our unstinting and determined focus on the six pillars on which we were founded - environment, health and safety; people; productivity; financial strength; corporate citizenship; and customers. As we look with confidence to the year ahead, we will continue to build on this exemplary framework which encompasses and expresses the full scope of our commitment to sustainability. In doing so, we will be guided and inspired at all times by our core values of honesty and integrity, respect and trust, empowerment and teamwork.

As Sohar Aluminium grows and flourishes, we remain sincerely grateful at all times to His Majesty Sultan Qaboos bin Said. His wise vision and astute leadership has created the sustainable infrastructure for industry in Oman to thrive and his enlightened guidance has established strong foundations for our nation's continued economic growth and international competitiveness.

With best regards,
Mulham bin Basheer Abdullah Al Jarf
Chairman, Sohar Aluminium

Today we can
confidently state that we
are a company that truly
demonstrates a commitment to
excellence and efficiency and is
accountable to its entire
stakeholder community
both internal and
external.



MESSAGE FROM CEO

It is my pleasure to welcome you to the eighth Sohar Aluminium Sustainability Report and offer an insight into our company's economic, societal and environmental progress and evolution over the past year as we move forward with our vision for sustainable development. It has been a year of considerable success including the highest annual production output in our history - 386,395 tones and the best purity levels since April 2011. Indeed, our daily production rate of 2,962 kg Al/Pot/day ranks amongst the best in the world for our technology and amperage. Further records set during 2016 were our lowest ever energy consumption of 106.1 GJ per tonne and our best ever safety performance. I should note too that as result of our award winning Heat Stress Management Program, for the fourth consecutive year we have had no recorded heat illness cases.

Another high point in the year was Sohar Aluminium's recognition as 'truly a Golbal Benchmark in terms of environmental management and social responsibility', a result of our Environment and Social Review by the Lender's Auditor. There was also an additional cause for celebration with the announcement of Sohar Aluminium as the host for ARABAL 2017, an important opportunity for us to showcase the strength and potential of Oman's aluminium industry as well as to promote the sultanate as an attractive investment destination and trading partner.

It is well known that environmental stewardship is a constant priority for Sohar Aluminium and I am very pleased to note that during 2016 the results of our externally conducted environmental monitoring designated Sohar Aluminium's impacts as either low or very low in the 20 areas assessed. Pursuing environmental sustainability, this year we had a special focus on smart waste management. In this regard, we achieved particular success with Spent Pot Lining, recycling and transforming over 4,000 tones into usable products with one of our partners.

As the employer of choice in the Al Batinah region, Sohar Aluminium takes pride in its commitment to Omanisation and its

success in talent development, and the creation of long-term career opportunities for its engaged and empowered workforce. For us, supporting employees on their professional journeys is a cornerstone of our sustainable development strategy and in this regard I am proud to say that in 2016 we invested US\$1.1 million in vocational training with each team member benefiting from an average of 15 days of training. While there were many human resources milestones during the year, I should particularly like to highlight our Collective Bargaining Agreement with the Trade Union, the result of inspiring co-operation between all parties concerned. I would further like to express my pride in the remarkable positive results of our Employee Engagement Survey, conducted by external consultants.

Always operating in a financially responsible manner in alignment with the expectations of shareholders and with a focus on maintaining competitive advantage, Sohar Aluminium continuously works to improve its operations and as a result of the introduction of Lean Manufacturing principles this year costs were reduced by US\$7.7 million. This formed part of US\$19.9 million saved overall through the implementation of Value Creation processes.

I am pleased to report too that during the year we broadened our customer base in the UAE through the sale of solid metal and developed new opportunities for liquid metal sales within the Sohar Industrial Estate. Sohar Aluminium's contribution to Oman's GDP is naturally a source of enormous gratification but we also take tremendous satisfaction from our contribution to the development of the local economy. To this end we prioritise local suppliers at all times, spending US\$148 million on their products and services over the last three years.

A cornerstone of Sohar Aluminium's sustainable development strategy is our highly regarded and award winning corporate social responsibility framework in which we invested US\$1,927,950 in 2016. Notable amongst the numerous new and

ongoing activities this year was the funding of a new premises for the Oman Association for the Disabled, its collaboration in the establishment of a new Prosthetics and Orthotic Services Centre at Khoula Hospital, and the graduation of the first batch of graduates from our Aluminium Handicrafts Training Program. As ever, the Sohar Aluminium Volunteering Program shone bright across the community with an inspiring record 884 volunteer hours completed.

Engaging with the wider community and key stakeholders, we participated in and sponsored numerous high profile events including the Tanfeedh National Program for Enhancing Economic Diversification and ARABAL 2016. It was also our privilege to host the GAC's First Electrolysis Conference in the GCC.

Having directed the spotlight to some of our most notable activities and achievements from 2016, it remains for me to congratulate our management and employees on their outstanding efforts during another incredible year, to extend my thanks to our customers, partners, suppliers and shareholders for their continued support, and to express my gratitude to the Sohar and Al Batinah communities who back and encourage us so enthusiastically.

Eng. Said bin Mohamed Al Masoudi

Chief Executive Officer, Sohar Aluminium





COMPANY PROFILE

Sohar Aluminium leverages the internationally renowned expertise and production technologies of Rio Tinto, the world's leading Aluminium mining and Production Company.

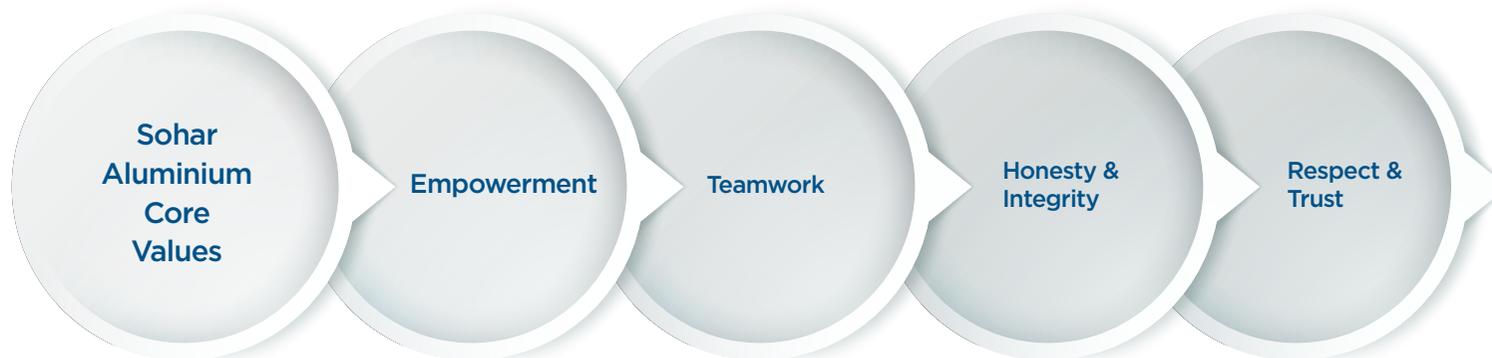
COMPANY PROFILE

As the Sultanate’s first Greenfield aluminium smelter, Sohar Aluminium Company LLC is a landmark industrial development project for the Sultanate of Oman that creates new, diversified opportunities in contribution to the Sultanate’s sustainable development ambitions. Established in 2004 under the ownership of Oman Oil Company, Abu Dhabi National Energy Company PJSC – TAQA and Rio Tinto, Sohar Aluminium is the foundation for Oman’s metals and downstream industrial development in the Al Batinah region.

Sohar Aluminium leverages the internationally renowned expertise and production technologies of Rio Tinto, the world’s leading Aluminium mining and Production Company. As the first and only aluminium smelter in the Sultanate of Oman, Sohar Aluminium continues to lead the sector through its commitment to transparent and responsible operations. By applying its values of empowerment, teamwork, honesty, integrity, respect and trust, Sohar Aluminium intends to become a benchmark smelter worldwide while contributing to the sustainable development of Al Batinah and the Sultanate of Oman.

Company Assets

Sohar Aluminium is in the Al Batinah Region of Oman. Sohar Aluminium’s plant operates under the world-leading ‘AP39’ technology capable of producing 375,000 metric tonnes of primary aluminium per annum. In addition, Sohar Aluminium has its own dedicated Power Plant with a total design capacity of 1,000 MW. Sohar Aluminium also operates a dedicated port facility at the Port of Sohar supporting vessels with a capacity of up to 75,000 metric tonnes for receiving raw materials and for exporting primary aluminium. Sohar Aluminium is ISO 9001:2008 certified for its Casthouse and Power Plant. Sohar Aluminium is also ISO 14001:2004 and OHSAS 18001:2007 certified for its EHS Management Systems.



VISION

PASSION FOR EXCELLENCE, BE THE BEST.

MISSION

BRINGING WEALTH, PROSPERITY AND GROWTH
TO THE AL BATINAH REGION
THROUGH EXCELLENCE AND OWNERSHIP.

Shareholder's
Logos



شركة النفط العمانية ش.م.ع.م.
Oman Oil Company S.A.O.C.



RioTinto

GOVERNANCE AND EXECUTIVE TEAM

Strong governance and commitment to accountability and transparency are central to how Sohar Aluminium operates. Sohar Aluminium has developed and implemented world class management and oversight systems to improve the efficiency, transparency, and quality of its operations at every level; operational decisions are guided by the Board of Directors and the Executive Committee.

Corporate Governance

OSohar Aluminium operates under the direction of the company's Board of Directors; the Board of Directors contains five directors representing the stakeholder companies. Sohar Aluminium's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer attend quarterly board meetings. Effective 19 February 2012, Oman Oil Company's representative serves as the Chairman of the Board. Board members have fixed terms and compensation, as defined in the shareholders' agreement.

Sohar Aluminium Board of Directors



Mulham Al Jarf
Oman Oil Company
(Chairman)



Ghalib Al Maamary
Oman Oil Company
(Member)



H.E. Abdulaziz Al Hemaiddi
TAQA
(Member)



HE Saeed Hamad Al Dhaheeri
TAQA
(Member)



Matt Liddy
Rio Tinto
(Member)

Executive Engagement on Sustainability

Our executive team engages with sustainability performance on a regular basis through the Executive Committee and Board of Directors. The Board of Directors receive updates on the performance against the six pillars of the Sohar Aluminium Business Strategy from the members of the Executive Committee at every board meeting in addition to engaging on specific topics on an ad hoc basis. The Sohar Aluminium Business Strategy is the basis for evaluating the company's strength and performance, including Environment, Health and Safety, Human Resources, Financial Strength, Productivity, Corporate Citizenship and Customers.

EXECUTIVE COMMITTEE (EXCO)

Sohar Aluminium Executive Committee (ExCo) is responsible for the daily management of the company's operations. Composed of four members including the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Operations General Manager, and Services and Maintenance General Manager, the ExCo meets daily to discuss the company's progress against the SA Business Strategy. In this way, the ExCo has acute engagement with sustainability topics.

Sohar Aluminium Executive Committee



Said Mohamed Al Masoudi
Chief Executive Officer



Jerry Van Alphen
Chief Financial Officer



Ali Al Shamsi
Operations General Manager



Dinesh Sangar
Services and Maintenance
General Manager

COMMITTEES OF THE BOARD

There are three subcommittees reporting to the board:

- 1. Finance Audit and Risk Committee;**
- 2. Human Resources Committee;**
- 3. Business Review Committee.**

The Finance Audit and Risk Committee (FinCo), represented by one member from each Shareholder and the Chief Financial Officer 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 regarding 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 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 Chief Financial Officer, Operations General Manager, and Services and Maintenance General Manager of Sohar Aluminium. 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.

Corporate Audits

Several audits are conducted on an annual or ad hoc basis to ensure the effectiveness and efficiency of our operations, reliability of financial reporting and compliance with laws, regulations and standards.

Independent audits are supplemented by Sohar Aluminium's structured and periodic audit and evaluation of our internal controls and management systems.

These audits help us to meet and surpass our objectives, which include product quality and sound operational and financial performance.

Some of the important audits performed during the year include:

1. External Quality, Environmental, Health and Safety audits are held annually to benchmark the company's performance against international standards including ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
2. External Insurance Audits undertaken on behalf of the lenders and re-insurers.
3. External Audits in line with the International Financial Reporting Standards and Omani law.
4. Annual operational audits performed by an external expert on behalf of the lenders.
6. Ad hoc Technical Audits with the support of external or Rio Tinto experts.

Sohar Aluminium Whistleblowing Policy

As part of our commitment to strong and transparent business conduct, Sohar Aluminium implements a whistleblowing policy that defines and outlines action channels for incidents related to corruption, bribery, and other breaches of conduct. This policy, in action since 2012, is available to everyone on the Sohar Aluminium website. The whistleblowing programme includes an anonymous tip line and email that can be used by all stakeholders including employees, shareholders, business associates, and the public.

Whistleblower contact channels:

Tel: +968 2686 3317

Email: Hotline@sohar-aluminium.com

The Whistleblowing policy and contact details are displayed on the Sohar Aluminium intranet, public website, Social Media channels, and any Sohar Aluminium external publications.

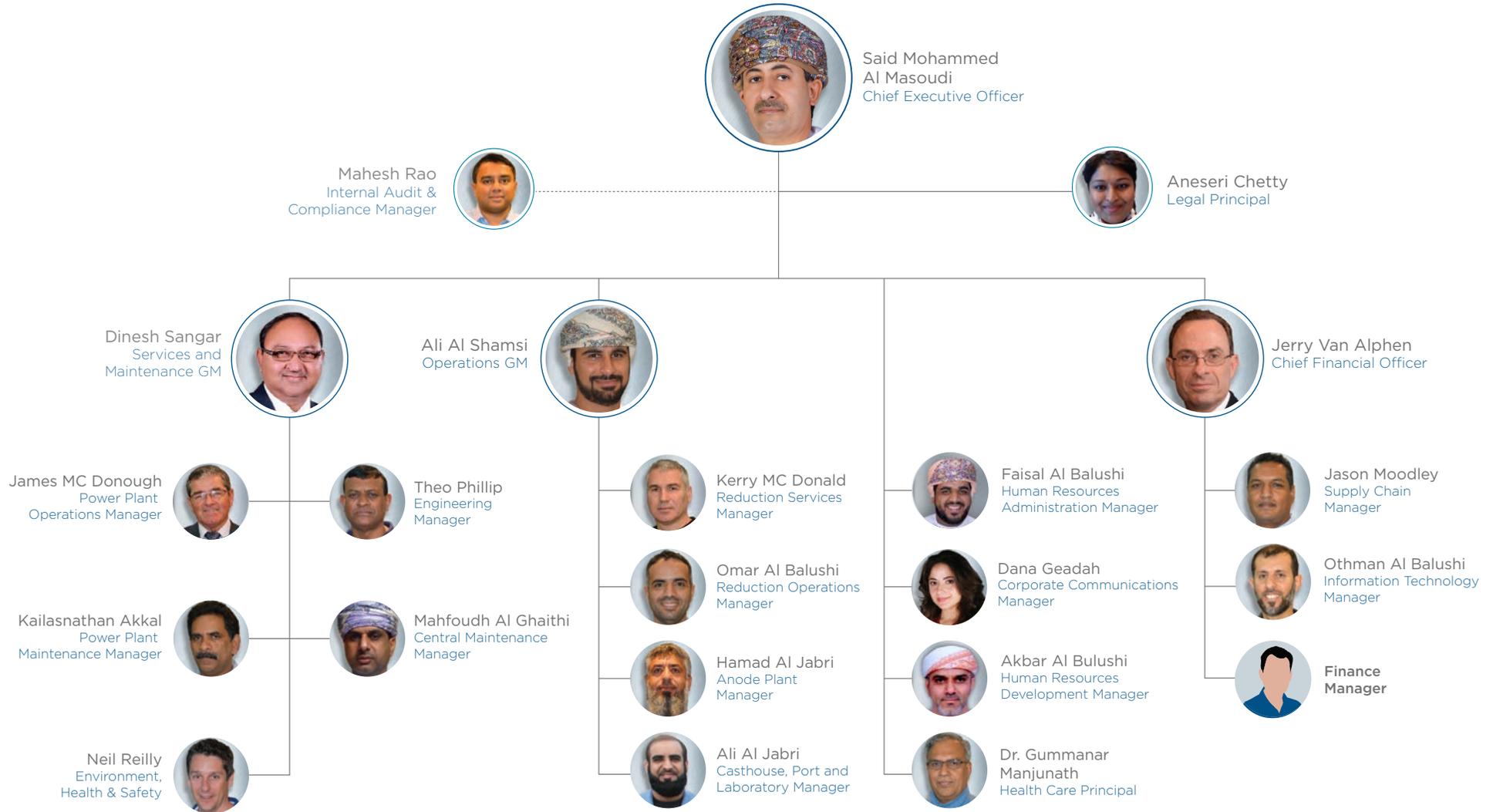
Code of Conduct

The Sohar Aluminium Code of Conduct sets clear expectations of behaviour at the work place. The code summarises important policies and procedures that allow us to conduct ourselves, and our business in an ethical and legal manner. It details the responsibilities that SA and its employees have towards each other, to our business partners, and to the wider community.

The Code of Conduct is supplemented by our Whistleblowing Policy, which encourages employees and third party to share their genuine concerns relating to potential code violations. The Whistleblowing Policy is available on the Sohar Aluminium public website.



SOHAR ALUMINIUM'S EXECUTIVE COMMITTEE AND MANAGEMENT TEAM



STRATEGIC SUSTAINABILITY

PERFORMANCE SUMMARY 2013-2016

Sustainability Pillar	Indicator	Unit	2013	2014	2015	2016
Environment, Health & Safety	Fluoride Emissions Intensity	kg/t of Al	0.59	0.47	0.50	0.61
	Total CO2 Emissions Intensity	t CO2 eq./ t Al	7.85	7.47	7.51	7.58
	Waste Disposal	Kg/t Al	15.5	21.1	16.6	14.4
	Waste Generation Intensity	kg non-recycled waste/t AL	20.95	24.94	16.6	20.3
	Brackish Well Water Extraction	m3	1,901,568	2,645,864	2,928,257	2,965,676
	Sewage Water Treated for Irrigation	m3	114,153	111,577	144,430	136,910
	Seawater Used for Cooling	m3	354,358,291	365,209,405	372,250,419	390,469,778
	Medical Treatment Frequency Rate	200,000 man-hours	0.33	0.17	0.20	0
	Recordable Injury/Illness Frequency Rate	200,000 man-hours	0.70	0.50	0.54	0.31
	Lost Time Injury Rate	200,000 man hours	0.33	0.33	0.30	0.31
	PAH Biomonitoring	Persons evaluated	22	20	20	55
	Heat Stress Monitoring	Number of evaluations	1,141	2,353	2,544	2,012
	Medical Centre Visits for Health Check-ups and treatments	Number of employees	6,853	7,169	7,349	6,709
	People	Workforce	Number of employees	997	979	982
Omanisation Rate		%	71.7	71.9	74	75
Youth Employment Rate		% total employees aged 18-30	40	31	24	11
Female Employment		% of total employees	3.9	3.8	3.9	3.9
Turnover Rate		%	5.9	6.4	4.86	2.97
Employee training		Days per employee	14	12	12	15

¹Includes emissions from all Sohar Aluminium facilities including the Smelter, Power Plant and Port. ²Includes days away from work and restricted work day cases.

Strategic sustainability performance summary 2013-2016 (cont.)

Sustainability Pillar	Indicator	Unit	2013	2014	2015	2016
Productivity	Hot Metal Production	Tonnes	354,060	363,528	377,186	386,395
	Energy Generation Efficiency	%	48.6	50.2	49.8	50.09
Financial Strength	Amount Spent on Local Suppliers	USD	41,645,354	42,058,555	33,344,116	30,750,972
	Total Local Suppliers	% of total suppliers utilized designated as local	72.0	64.1	58	53
Corporate Citizenship	Total Community Investment	USD	1,361,292	972,327	1,685,726	1,927,950
	Community Public Engagement Events	Total Number	-	5	6	6
Customers	Direct Customers Sales (OAPIL and OARC)	Tonnes per annum hot metal	56,349	73,008	82,700	64,261
	Water Export to Majis Industrial Services Company	m3	566,832	499,643	599,231	617,680

#Sohar Aluminium defines “local suppliers” as having primary operations base within the geographic limits of the Sultanate of Oman. This definition applies to supply chain performance figures only.

*OAPIL - Oman Aluminium Processing Industries LLC

*OARC - Oman Aluminium Rolling Company LLC

SUSTAINABILITY MANAGEMENT

Sustainable development is central to the role and operations of Sohar Aluminium. As a pioneer of the metals sector in Oman, Sohar Aluminium is a direct example of the Sultanate's vision to diversify the Omani economy and create new employment opportunities for Omani nationals. Since its establishment in 2004, Sohar Aluminium has developed into an employer of choice in the Omani industrial sector and serves as a catalyst for the economic and social development of the Al Batinah region in the Sultanate of Oman. Sohar Aluminium continues to integrate sustainable development principles into its operations through investment in comprehensive management systems, dedication to local economic and social development and commitment to transparent and accountable governance.

G4-2, G4-18, G4-19, G4-22, G4-29



SUSTAINABILITY REPORTING

Sustainability reporting has been an annual exercise for Sohar Aluminium since 2009. During this time, the report has evolved significantly to reflect our maturing understanding of our relationship with our stakeholders and our impact on the Sultanate of Oman. The focus of our annual reporting is to evaluate our performance across environmental, economic and social perspectives and create a clear, consolidated representation of how we are moving forward with our vision for sustainable development.

Our reporting process will continue to evolve in reflection of our increasingly sophisticated performance management and strategic plan. The reporting process is an opportunity for growth and learning for our team as we gather representatives from each of our Business Strategy's six pillars (Pages 3 and 4) and discuss achievements, strategic objectives, and stakeholder priorities. As a multidisciplinary exercise, we are proud of the inclusiveness of our reporting process and are committed to continue reporting annually.

It is our hope that this report continues to serve our stakeholders as a tool for understanding our business, our impacts, and our strategic priorities.

In line with Sohar Aluminium's commitment to preserving the environment, this year's report was not printed and is available as an electronic copy only and can be downloaded as a PDF file from the Sohar Aluminium

website: www.sohar-aluminium.com

Guidance from Oman Vision 2020

Oman Vision 2020 is the long-term plan formulated in 1995 for sustained development of Oman for the following 25 years. Employment, economic diversification, community development, and environmental management are key priorities of the Oman Vision 2020 and form the foundation of Sohar Aluminium's six pillar Business strategy. Detailed performance and strategic goals can be found in this report, with one chapter dedicated to each of the six pillars.



STAKEHOLDERS

Sohar Aluminium's diverse stakeholders form an integral part of the business's success. Understanding and engaging with our stakeholders is an integral part of our strategic commitment to sustainability. The relationships and partnerships we garner from our stakeholders strengthen our business and create new opportunities to realize shared goals and priorities.

Stakeholder Mapping

In recognizing the strategic importance of understanding and engaging our stakeholders, we have mapped the role, expectations and channels of engagement for our primary stakeholder groups in the table below.

Stakeholder Group	Stakeholder Priorities	Sohar Aluminium Priorities:	How Sohar Aluminium Addresses Stakeholder Priorities:
Internal Stakeholders			
All employees and their families, full time equivalents and the Sohar Aluminium Trade Union, and Contractors	<ul style="list-style-type: none"> • Remuneration and benefits • Working conditions and personal safety • Personal development and professional advancement • Company and workplace culture • Contribution to community 	<ul style="list-style-type: none"> • Safe and productive workplace • Remaining an employer of choice in Oman • Developing talent and long-term employment • Healthy and happy workforce • Engaged workforce 	<ul style="list-style-type: none"> • Competitive benefits • Workforce performance plans • Leadership and training programmes • Medical clinic and health promotion events • Employee and community engagement programmes
Shareholders and Lenders			
Oman Oil Company, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto; consortium of international lending banks	<ul style="list-style-type: none"> • Reliable and safe operations • Financial performance • Security of investment and debt repayments • Cost control and lean production 	<ul style="list-style-type: none"> • Transparency, integrity and accountability • Effective cost management • Operational efficiency and reliability 	<ul style="list-style-type: none"> • Company mission, vision and Business Strategy • Code of Conduct and governance practices outlined in shareholders' agreement

Stakeholder mapping (cont.)

Stakeholder Group	Stakeholder Priorities	Sohar Aluminium Priorities:	How Sohar Aluminium Addresses Stakeholder Priorities:
Internal Stakeholders			
Oman Oil Company, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto; consortium of international lending banks	<ul style="list-style-type: none"> • Corporate governance • Contribution to regional and national development objectives 	<ul style="list-style-type: none"> • Leadership in downstream industrial development of aluminium sector • Anti-corruption and strong governance • Effective risk management 	<ul style="list-style-type: none"> • Internal and external audits of performance and practices • Annual sustainability and shareholders' reporting
Government			
The Governor Office of North Al Batinah, Wali Offices of Sohar, Liwa, Shinas and Saham, Shura Council, the Ministries of Manpower, Health, Oil and Gas, Commerce & Industry, Finance, Environment and Climate Affairs, Social Development, Municipalities of Sohar and Liwa, Royal Oman Police, Telecom Regulatory Authority and the General Federation of Oman Trade Unions	<ul style="list-style-type: none"> • Contribution to the national economy • Downstream industrial development • National employment and talent development • Corporate governance • Regulatory compliance 	<ul style="list-style-type: none"> • Leadership in aluminium sector development • Omanisation and leadership training programmes • Governance and Code of Conduct • ISO and national audits of performance and compliance 	<ul style="list-style-type: none"> • Regular communication with ministries and regulatory bodies • Annual performance and sustainability reporting • Training institute certification under Ministry of Manpower • Aluminium production and sales performance

Stakeholder mapping (cont.)

Stakeholder Group	Stakeholder Priorities	Sohar Aluminium Priorities:	How Sohar Aluminium Addresses Stakeholder Priorities:
Media			
Local, national and international media in the form of electronic, print, radio and television	<ul style="list-style-type: none"> Local and national community engagement Accountability and transparency 	<ul style="list-style-type: none"> Recognised as an asset by local community Exposure and reach for community services Cooperative Media Relations 	<ul style="list-style-type: none"> Community engagement events Regular Communications with Media Agencies Whistleblowing Policy Annual Sustainability Report 24x7 Availability for fact-checking material
Business Partners			
Customers, suppliers, service providers and Small & Medium Enterprises	<ul style="list-style-type: none"> Transparent and fair tender and contracting process On-time payment Product quality and reliability of delivery Communication and relationship building 	<ul style="list-style-type: none"> Customer satisfaction Production quotas and on-time product delivery Customer retention and identifying new customers National economic impact through local procurement 	<ul style="list-style-type: none"> Supplier screening and assessment Tenders and public announcements Customer service and logistics Supporting National initiatives for SMEs and local business opportunities
Social Partners			
Neighbouring communities, education institutions, Al-Batinah International School, Jusoor, Vale, Orpic, Hospitals and Polyclinics, non-government organisations and non-profit organisations	<ul style="list-style-type: none"> Training and research opportunities Partnerships and sponsorships Investment in the community 	<ul style="list-style-type: none"> Community and employee engagement Recognized as an asset by community Maximise positive impact in the community 	<ul style="list-style-type: none"> Key stakeholder engagement events Infrastructure investment CSR Programmes SA Volunteering Programme Support downstream Job creation

Stakeholder mapping (cont.)

Stakeholder Group	Stakeholder Priorities	Sohar Aluminium Priorities:	How Sohar Aluminium Addresses Stakeholder Priorities:
Influential groups			
International Aluminium Institute, Gulf Aluminium Council, Sohar Links, Oman Chamber of Commerce, other GCC Smelters, Auditors	<ul style="list-style-type: none"> • Production and operational integrity • Product sales and reliability • Corporate engagement • Knowledge Sharing 	<ul style="list-style-type: none"> • Operational reliability • Revenue creation and profitability • Reputation and leadership • Knowledge Sharing 	<ul style="list-style-type: none"> • Participation in major events in the Aluminium industry • International certification for operations (ISO, OHSAS, etc.)



MATERIALITY

Materiality assessment provides focus and prioritization of the many issues that are relevant to the aluminium industry and our operating context. In addition, this process serves as a venue for understanding and engaging with our internal and external stakeholders.

Our Materiality Process

In 2016, we have reviewed and updated the materiality process in line with the GRI-G4 guidelines for sustainability reporting. We have developed a materiality matrix through the following process.

1. Identification of material issues
2. Categorizing the issues specific to the 6 pillars of Sohar Aluminium's Business Strategy
3. Prioritizing issues to create a matrix
4. Executive Committee review and approval

Our Material Issues

The materiality matrix presented below is a visual representation of the final output of the materiality process. Accordingly, we have identified the high material issues and presented them below

Stakeholder Group			
Material Issues	External Boundaries	Material Issues	External Boundaries
Environment, Health and Safety		People	
Led by Environment, Health and Safety Manager		Led by Human Resources Administration Manager	
<ul style="list-style-type: none"> • Employee and Contractor Safety • Occupational Health • Emissions • Water Management • Waste Management 	<ul style="list-style-type: none"> • Suppliers and contractors (local) • Neighbouring communities (local) 	<ul style="list-style-type: none"> • Local Employment and Omanization • Engaged & Empowered Workforce • Talent Development System • Competitive Benefits 	<ul style="list-style-type: none"> • Neighbouring communities (local) • Suppliers and contractors (local)

Our material issues (cont.)

Stakeholder Group			
Material Issues	External Boundaries	Material Issues	External Boundaries
Productivity Led by Operations General Manager		Financial Strength Led by Chief Financial Officer	
<ul style="list-style-type: none"> • Metal Production • Energy Management • Process Improvement • Operational Efficiency & Reliability 	<ul style="list-style-type: none"> • Suppliers and contractors (international) Shareholders and Lenders (international) • Suppliers and contractors (international) • Shareholders and Lenders (international) 	<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) • Shareholders and Lenders (international) • Shareholders (international)
Corporate Citizenship Led by Communications Manager		Customers Led by Supply Chain Management Manager	
<ul style="list-style-type: none"> • Reputation and Brand Management • Corporate Social Responsibility • Community Engagement • Downstream Industrial Development • Al Batinah International School 	<ul style="list-style-type: none"> • Shareholders (international) • Social Partners (local) • Neighboring communities (local) • Social Partners (local) • Neighboring communities (local) • Business Partners (local) • Social Partners (local) 	<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"> • Customers (international) • Suppliers and contractors (international) • Customers (international) • Suppliers and contractors (international) • Shareholders (international) • Suppliers and contractors (international)



ENVIRONMENT, HEALTH AND SAFETY

MANAGEMENT APPROACH

The success that Sohar Aluminium had in identifying waste recycling routes through industrial symbiosis continued.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT APPROACH



Operating in heavy industrial setting, sound management of Environmental, Health, and Safety performance is critical to the success of Sohar Aluminium. As a pillar of our operational strategy, every employee shares a strong commitment towards safe, reliable and responsible operations. Through our investment in training, technologies, and management systems, we have developed strong management, monitoring, and performance enhancement systems that allow us to understand and strategically improve our operations.

In 2016, the major EHS initiatives focused on waste management. This is and will continue to be a challenge for all industrial facilities operating in Oman as many waste management options are not available. The success that Sohar Aluminium had in identifying waste recycling routes through industrial symbiosis continued. Industrial symbiosis is a relationship between two or more industries where one industry's by-product or waste becomes another industry's raw material. This has been particularly successful for dealing with Spent Pot Lining (SPL) at Sohar Aluminium. In 2016 over 4,000 tonnes of SPL was recycled and transformed into usable products by one of our partners. In addition, an alternative use for the material was identified and trialled meaning that soon there should be two solutions in Oman for recycling of Spent Pot Liner. Similar industrial symbiosis routes have also been identified for some of our other legacy wastes and will be trialled soon.

In 2016 there was also great success in removing excesses of raw materials from site, notably enriched alumina and electrolyte. The Operations team worked hard to find a method for consuming the enriched alumina through our process. This was completed in autumn when the last of 1,200 tonnes of material was recycled internally. Additionally, the smelter site stored approximately 1,500 tonnes of contaminated bath. This material was processed on site and decontaminated and then sold to other smelters for use in their process.

Material Issues: Environment, Health and Safety

- Employee and Contractor Safety
- Occupational Health
- Emissions
- Water Management
- Waste Management

ENVIRONMENTAL MANAGEMENT

Strong management is the foundation of responsible operations. Sohar Aluminium completed several projects to address specific environmental challenges and improve operational excellence. Here are some of the achievements in 2016:

- The ISO 14001:2004 certification for environmental management systems recognises improvements of management systems for control of emissions, waste, water use and energy efficiency in the Smelter and Power Plant. This system was audited both internally and externally in 2016.
- In 2016, Sohar Aluminium successfully completed the annual lender's audit from financiers to verify that operational standards for Environmental, Health, and Safety metrics were met. Action plans were developed for all identified findings during the audit and were closed out, in alignment with auditor's stipulations.

Environmental Monitoring

Regular monitoring and reporting is conducted to understand and evaluate the impact of Sohar Aluminium's operations on the local environment. In alignment with regulations, the outcomes of environmental monitoring and environmental performance metrics are reported to MECA and Sohar Environment Unit. In 2016, monitoring outcomes for more than 20 specific impacts were designated as either "low" or "very low". Sohar Aluminium will continue to monitor and evaluate its environmental impact in alignment with national regulations and international best practice.

Sohar Aluminium has an extensive environmental monitoring plan, which includes:

- Air (stack emissions, roof emissions and ambient air quality)
- Micro Meteorology (air temperature, wind speed, wind direction, relative humidity and barometric pressure)
- Noise (ambient and fence line) covering day, afternoon and night times.
- Waste water (reject water, treated wastewater, ground water and drinking water)
- Flora (fluoride content in plants around smelter premises)
- Third party sampling of certain points of emission.



WASTE MANAGEMENT

Waste management is a continuous focus for Sohar Aluminium as the smelting process uses a large volume of materials. In alignment with the growth of industry, waste management facilities and capacity continues to increase in Oman. However, this remains a very challenging area as there is still a lag between the industrial development and the development of waste treatment and disposal facilities. Sohar Aluminium is an active supporter of smart waste management, favouring reduction, re-use, and recycling before landfill disposal. Sohar Aluminium uses a number of creative solutions to improve waste management and increase the ratio of recycled materials.

Our waste management strategy comprises the following steps to manage and responsibly dispose of materials:

- Elimination of waste at the source.
- Source segregation through colour coding.
- In-house re-use of by-products.
- Exploration of opportunities for recycling.
- Onsite storage of hazardous wastes in a secured location.
- Responsible disposal of wastes to approved sites.

Innovations and Waste Management Improvements

Spent pot linings are an energy rich yet hazardous material that is produced from the re-lining of smelting pots. As a significant volume of spent pot lining is produced from re-lining of pots every five years a sustainable solution is a necessity.

This success represents only part of the challenge that Sohar Aluminium faces with Spent Pot Lining. Only one third of the material can be used as an aggregate in this manner. In 2016, successful trials were held with two partners to recycle the remainder of the material. It is anticipated that these routes will be approved by MECA soon.



WATER MANAGEMENT

Sohar Aluminium does not use potable water in its process. Well water is extracted and treated by Sohar aluminium for use within its process. Seawater is used for once-through cooling in the Power Plant, and is returned to the sea, so net consumption is nil. Demineralized 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.

Water management is a material topic for Sohar Aluminium as process water is used in both the Power Plant and Smelter operations. In 2016, well water extraction increased by 1% to meet essential water requirements. Sohar Aluminium conducts regular monitoring and impact assessments to measure and understand the impact that water withdrawal and effluent discharge has on neighbouring communities. All impact assessments have concluded that there is low impact to the community.

Energy Management

Aluminium smelting being an energy intensive process that requires effective and efficient energy management to produce quality and cost-efficient products. Primary fuel, in the form of natural gas, is supplied via a long-term contract with Oman Gas Company. Sohar Aluminium operates its own 1,000 MW capacity Power Plant to ensure reliable access to electricity for the smelting process. 2016 Generation efficiency was 50.1% exceeding the target of 49.7%.

In 2016, Energy consumption was 106.1 GJ per tonne, a record low for Sohar Aluminium.

Waste Water processing for Al Batinah

As a community service, Sohar Aluminium processes sewage from the neighbouring community and uses the process water for its irrigation system. This service fulfils two benefits – first it provides a wastewater treatment service to the community, reducing the load on sewage treatment facilities, and secondly, it provides Sohar Aluminium with process water for irrigation of its grounds and trees. Sohar Aluminium provides this service free of charge. In 2016, 105,288 m³ of sewage was processed as part of this programme. This is the most waste water processed through the sewage treatment plant since it was commissioned.

The Power Plant also supports the Oman National Grid as part of a cooperative power sharing agreement whereby power 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.



EMISSIONS AND AIR QUALITY

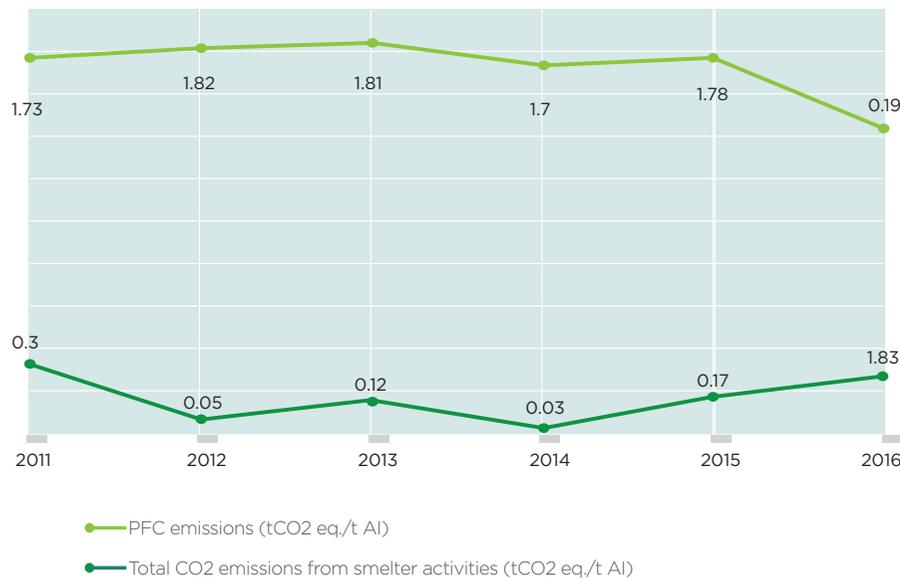
Due to the heavy industrial nature of our operations, emissions and air quality is a highly material issue for our Operations and occupational health. While our emissions continue to be among the best in our industry, we acknowledge air emissions impacts, particularly hydrogen fluoride and greenhouse gases, can have on the surrounding area and global context. Thus, we invest heavily in active management and monitoring of our emissions to ensure that they are optimized against our production requirements.

The main sources of greenhouse gas emissions are from fuel burned at the power station and from the electrolytic reaction used to produce aluminium at the smelter. Manufacturing aluminium is very

energy intensive as the electrolytic reaction needs lot of electricity to occur. In addition, the reaction itself generates CO₂ and other greenhouse gases called PFC (perfluorocarbon).

Gaseous and particulate fluoride is recognised as a significant emission from aluminium smelters. In 2016 there was a slight increase in the fluoride emission from the levels of 2014 and 2015. A continuous improvement event was held on the subject in December and the team at Sohar Aluminium are confident of improvement in 2017. Fluorides can impact the flora surrounding an aluminium Smelter. Sohar Aluminium has deployed a monitoring program to monitor and assess if fluorides from Sohar Aluminium were impacting the external environment. This monitoring program indicates no impact.

In addition, Sohar Aluminium also operates mobile and stationary air quality monitoring stations to track levels of hydrogen fluoride, particulates, sulphur dioxide, carbon monoxide, ozone and metrological data. Air quality is evaluated on a regular basis and reported to MECA in alignment with national environmental regulations. No significant air quality impacts have been identified since monitoring began.



Year on Year Improvements
 Fluoride emissions are a key focus for Sohar Aluminium. Through extensive training, auditing, technology investments, and diligent management, Sohar Aluminium has achieved another good fluoride emissions performance of the smelter's operations. Nominalized emissions were 0.61 kg/tonne Al in 2016.

SAFETY

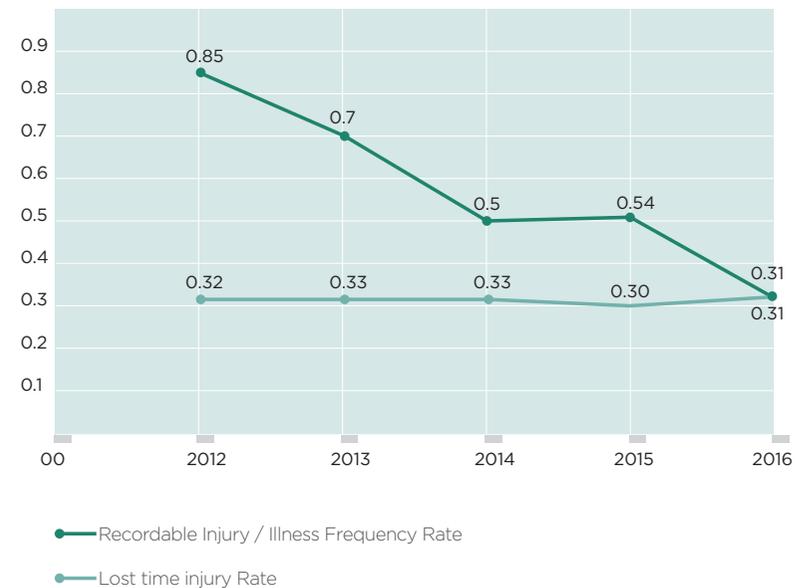
While Sohar Aluminium operates under the mind-set that all accidents are preventable, the high-risk nature of aluminium smelting and associated processes is an on-going challenge for Sohar Aluminium. Extensive investment in technical skills training, behaviour based safety programs and performance analysis create strong safety outcomes. Safety is the responsibility of every person at Sohar Aluminium. Employees participate in the proactive, risk-management based safety programs that are implemented in alignment with national regulations, international best practice and sector specific risks and threats.

Safety Management Programs

- In 2016, Sohar Aluminium was continued its accreditation to the Health and Safety management system OHSAS 18001:2007. The development of a management system was undertaken to ensure that safety standards and standard operating procedures are available for our people, so that they can perform their work in a safe manner.
- Safety interactions continued throughout the year where Sohar Aluminium leadership visited production areas to observe safety behaviours and interact with the employees and contractors. This also gave the operators an opportunity to raise with the management any safety concerns they may have.
- Additionally, focus was placed on improving near miss reporting so that hazards could be identified and fixed before any risk was realised.
- Sohar Aluminium also links EHS performance to the Short-Term Incentive Payment (STIP) of each employee.

Safety Performance

In 2016 Sohar Aluminium achieved its best Safety performance since the plant was commissioned. The Recordable Injury frequency rate was 0.31 per 200,000 man hours. Regular audits and on-site observations augment safety programs and strengthen the culture of safety for all employees



OCCUPATIONAL HEALTH SERVICE

Occupational Health (OH) deals with preserving, protecting and promoting physical and mental health and wellbeing of employees. Occupational Health also delivers urgent and acute care for employees, Emergency medical services and follow-ups of chronic medical conditions. Sohar Aluminium has a model occupational health program, which aims to identify and control potential occupational Health Hazards.

Medical Team constantly monitors the impact of occupational hazards including Polycyclic Aromatic Hydrocarbons (PAH) and Fluoride. Employee medical surveillance is a mandatory requirement and maintaining and delivering quality medical surveillance is great challenge. Sohar Aluminium is proud to have an ideal occupational Health(Medical) centre that is equipped with state of art devices and trained healthcare professionals to conduct the employee health

surveillance including Pre-Placement Medical Evaluations, Periodic medical evaluations, Job/Role Change evaluations and Return to Work and Exit medicals etc. Quality Health surveillance safeguards the interest of the individual and Sohar Aluminium and aids in early detection of serious and chronic health conditions, that may be latent or dormant, and helps to manage the identified conditions effectively.

Health services at Sohar Aluminium incorporate Occupational Health services, Urgent Health care requirements (walk-in) and Emergency Medical Care and response and Health Promotion activities. Occupational Health service also incorporates health education, occupational health visits and inspections, Biological monitoring and Health Promotional Activities.

Health Campaigns

Occupational Health / Medical Clinic	2014	2015	2016
Total Number of clients served	7,169	7,349	6,709
Walk- in Clients	6,876	6,353	5,957
Number of Heat Stress Monitoring Instances	2,353	2,544	2,012
Recordable Heat Induced Illness	0	0	0
Number of PAH Bio Monitoring	20	20	55
Urine Fluoride Monitoring	548	122	109

Sohar Aluminium Health Centre has conducted the following health campaigns:

1. Ergonomics Campaign - February to September 2016

Medical Team organized ergonomics awareness campaign in 2016 for staff of Central Maintenance, Reduction GTC, Engineering contractors and Carbon maintenance teams and trained them on ergonomics, shift start stretches and micro break stretches

2. PAH Bio Monitoring and Individual Counselling

Medical Team organized PAH Bio Monitoring for Carbon Paste Plant employees. Samples from 55 persons were collected and evaluated in conjunction with Toxicologie Professionnelle et Environnementale of Grenoble University Hospital in France.

3. World Health Day - April 2016

World Health Day observed on April 7 in smelter and on April 11 in SA Power Plant and Port; Diabetes Prevention and Management was the theme for the year 2016.

4. World Heart Day - September 2016

World Heart Day awareness and screening campaign conducted on September 29. 301 persons participated in campaign in general screening and selected persons were screened for cardiac health parameters in conjunction with Apollo Hospital, Muscat.

5. Breast Cancer Awareness - October 2016

In conjunction and collaboration with CSR department, SA Medical team organized a health awareness sessions for SA Ladies on October 31 2016; 17 ladies participated in the session.

6. World Diabetes Day - November 2016

SA Medical team marked World Diabetes day with screening campaigns organized in Smelter, Port and SA Power Plant; 298

persons participated.

7. First Aid Training Sessions - December 2016

18 Power plant employees were trained and certified as first aid Providers

8. Flu Prevention Campaign

In conjunction with Ministry of Health, Sohar Aluminium health centre organized flu vaccine campaign; 99 individuals participated in the event and were vaccinated against Common Cold and flu.

9. Blood Donation Campaigns

Two blood donation campaigns were organised in conjunction with Sohar Hospital Blood Bank and 147 persons donated blood.

10 CSR Health Campaigns

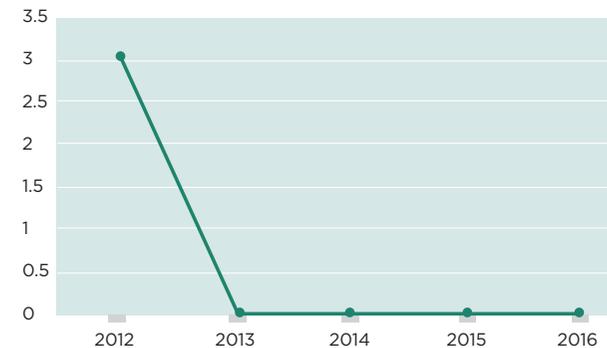
collaboration with CSR Department, Medical team organized various Health screening and awareness sessions for the Community on healthcare aspects such as Chronic diseases, Breast cancer and cardiac health screening. A symposium on Occupational Stress Management was also conducted.



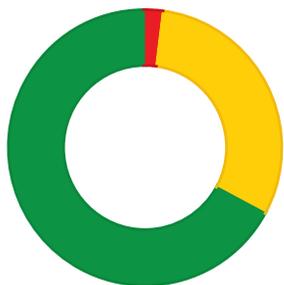
HEAT STRESS PREVENTION, MONITORING AND MITIGATION PROGRAM

The Heat Stress Management Program, coordinated by medical team, is a benchmark program that has been attracting national and international attention and Sohar Aluminium is proud to win the Gulf Aluminium Council award in the category of Health and Safety in recognition of scientific measures and methods of observation, management of Heat Stress and interventions. With the support and participation of all concerned including employees and contractors, Sohar Aluminium achieved its 4th consecutive year without any recordable Heat Illness cases. A total of 2,012 persons (instances of Monitoring) were monitored for hydration status.

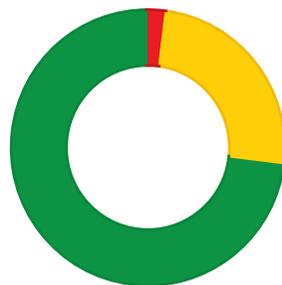
Medical Team also coordinated, in conjunction with Communications Department and HR, activities including electronic communications, fruit distribution to workforce during summer months, 'meet and greet for employees and contractors'.



Number of Recordable Heat Induced Illness



2015
Red Cards - 2%
Yellow Cards - 31%
Green Cards - 67%



2016
Red Cards - 1%
Yellow Cards - 25%
Green Cards - 74%

Results of Hydration monitoring 2015 and 2016



PEOPLE MANAGEMENT APPROACH

we are investing in the skills and leadership of our staff to complement capital investments in our facilities.



PEOPLE MANAGEMENT APPROACH



Sohar Aluminium believes it is an employer of choice in the Al Batinah region through its commitment to creating long term career opportunities with competitive compensation and social support. As our operational focus shifts towards increased efficiency and production refinement, we are investing in the skills and leadership of our staff to complement capital investments in our facilities.

Employee and Training Highlights 2016

- \$1.1 M of Vocational Training investment
- 978 employees
- 75% Omanisation rate
- 15 as average Training Days per employee
- 25 new employee hires
- 119,769 Training Hours
- 81% Organizational Engagement Level of Employees
- The collective bargaining agreement has been concluded and signed
- Sohar Aluminium Training Centre has been upgraded and accredited as Sohar Industrial Training Institute (SITI) by the Ministry of Manpower on 25th July 2016
- Team Leader Development program ended in December 2016
- Technical Development Program (TDP) for Local Community (20 trainees) is in progress. The program is scheduled to be completed in January 2017

Material Issues: People

Local Employment & Omanisation Engaged & Empowered Workforce Talent Development System Competitive Benefits

- New Technician Group 3 (18 trainees) workshop training program was completed. On the Job training in Plant will be for 6 months starting from February 2017
- 493 Technical Personnel were trained and licenced in Mobile Equipment
- Welding & Fabrication Training Program has been accredited by MOM
- Training Days witnessed an improvement in the training programs delivered which resulted in achieving better attendance (434 employees) rates all through the 7 TD sessions
- 883 SA employees trained in Take 5 Pre-Start Task Analysis (PSTA)
- 511 employees trained in Hazardous Energy Control
- 161 Leaders trained in Amanah, the Code of Conduct.
All other employees will be trained in 2017

EMPLOYEES

Our workforce is the pride of our company and our most important asset. Overall employee performance was strong in 2016 which enabled the company to achieve outstanding results in productivity, safety and cost. The organization structure remains stable with a workforce of 978 and steady attrition and hiring rates. Omanisation, employee engagement and competitive compensation are our main strategic initiatives regarding our workforce. As our operations have matured, we have developed dedicated and highly competent employees who share the core values of Sohar Aluminium. As we are working to optimize our operations, we continue to actively recruit new candidates for all position levels.

Supporting National Employment

We are proud to have achieved high level of Omanisation in our workforce in line with Oman Vision 2020 for economic and social development. As part of our commitment, 75% of our total workforce is Omani. As we look towards our long-term sustainability, the focus of our human resources department is to ensure that we are meeting the needs and expectations of our employees and building retention and engagement within the company.

Sohar Aluminium's operations have had a large impact on the economic development of the surrounding region by an intensive focus on increased local supplies and supporting aluminium downstream factories with the hot metal required for their processes. In turn, this leads to increasing income and improving lifestyle.

Collective Bargaining Agreement

At the forefront of the company's people related achievements was the conclusion of the Collective Bargaining Agreement with the Trade Union. The new CBA, which is effective for four years commencing from July 2016 covered a number of action items that matter the most

to SA's employees such as the new annual leave crediting process, continuation of the bonus parameters, additional cases to prolonged sick leaves, schedule of shift employees and continuation of incentives during Ramadan, more remuneration concessions for the Operators and Technicians, a commitment for an enhanced performance management system and acting allowance scheme. More important than these commitments, the exercise has been truly rewarding for both the Union panel and the Management panel of negotiators. The two panels had attended a training together and came up with ground rules on how the negotiation will be conducted. The result was a record-breaking efficiency in the negotiations and a renewed spirit of cooperation between the two parties.

Competency Assessments

From 2009, Sohar Aluminium used a very detailed and thorough competency framework to support the development needs of all its employees. The framework sets objectives to be achieved at all functional levels down to individual tasks.

Employee Attrition

Our employees are our most valuable asset, and we invest significantly in their training and development to ensure retention. The annualised staff turnover for 2015 was 4.86%. Employee turnover is a significant part of people management. We ensure that our employee lifecycle from recruitment to exit is engaged effectively. The employee turnover and new hires have to go in balance in maintaining an optimum number of the skilled workforce.



Performance Management

Each employee at Sohar Aluminium has a Work Performance Plan (WPP) which is established in January of each year and reviewed every six months with interim review. The WPP helps our employees in collaboration with their respective leaders to set goals, understand the company's expectations, establish measures and chart progress. This process ensures the right expectations from the employee are set and agreed upon, providing a platform for objective performance appraisal.

CAPACITY BUILDING AND TRAINING

In 2016, the Sohar Aluminium Training Centre upgraded to Sohar Industrial Training Institute SITI which was accredited by the Ministry of Manpower. Getting this prestigious achievement certifies the comprehensive quality of our training and will provide us with opportunities to offer our excellent industrial training programs to external parties. This is a significant achievement for Sohar Aluminium and a formal recognition of the quality of training that is provided for employees to develop strong technical and leadership skills.

We continue to expand our training and human resources development programs to meet the current and future needs of our operations more effectively. In 2016, the focus of many training programs continued to be delivering refresher courses on fundamental operational procedures and best practices for our operators and to build leadership skills for our aspiring, junior and middle management employees. Recognising the long-term benefits of comprehensive mentorship and leadership skills, Sohar Aluminium provides extensive opportunities for employees at all levels to build leadership, communications, management and all other skills needed for our business improvement.

Higher Education

To further the skills and knowledge of our workforce, Sohar Aluminium provides several scholarship programs for employees every year to obtain advanced technical degrees. In 2016, SA increased its Further Education support by 50% thus supporting 15 employees compared to 10 in 2015.

Summer Student Training Program

Sohar Aluminium offered work placement for 60 students in July and August 2016 as part of an annual program to provide work experience for students undertaking graduate programs in engineering and industrial sciences. These students were deployed across all areas in SA Plant and they gained valuable work exposure on how an industrial plant operates through the production and support services.

Developing Smelter Technicians in Oman

The third batch of Multi-Function Technicians (MFTs) program started in April 2015. The aim of the program is to up-skill some of our existing operators to become full-fledged maintenance technicians ready to be deployed to our various maintenance units. The programme duration is more than 2 years which includes both theoretical and practical elements as well as structured on-the-job training elements. An investment of US\$ 3 Million has been made into the MFT program.

In addition to the MFT program, Sohar Aluminium has delivered a wide range of short courses across several technical subjects such as hydraulics, pneumatics and Programmable Logic Control (PLC). Training Campaigns were conducted on Suspended Loads (Rigging and Slings), Hazardous Energy Control, Work at Height, Pre-Start Task Analysis and Mobile Equipment Training, to name a few.



EMPLOYEE ENGAGEMENT

Sohar Aluminium fosters an environment that encourages working and celebrating success together as teams thus leading to an excellent and highly efficient workforce that continues to achieve new milestones. In 2015 many activities have been conducted for its employees, some of which have been listed below.

Employee Engagement Survey

In October 2016, the company launched an employee engagement survey which was conducted by a third party professional consultant. Many reforms were introduced in the way engagement and satisfaction levels are measured and assessed. With a record period of only 2-3 weeks and a policy that does not seek to force responses from employees, the company achieved a response rate of 71% with a very good penetration rate from all Departments. This was an initial indicator of the good engagement level of employees. When the final tally came, the Organizational Engagement Level of employees came at a remarkable rate of 81%. It is a testament to the employee's positive outlook in working for SA and an indicator that the company has created an environment where employees are happy to stay for the long haul. There were plenty of identified successes and good practices and a few others that need improvement but there was no finding of a major risk. As done in the past, action planning has been activated and currently being carried out by Department Managers with the guidance of HRA.

Employee Recognition

The new and improved Mumtaz scheme that was launched in 2015 continued in 2016. Based on the guidelines of the new scheme, the company has distributed Mumtaz Club passports to everyone in the company. Under the new scheme, an employee may earn points by fulfilling a range of action items stated in the passport. These action items are typical company activities ranging from attendance to a training to having a medical check up to memorizing a safety tenet and other similar activities. Over 500 employees have actively joined this scheme and majority have taken cash tokens in exchange for the points garnered. This program will continue in 2017 aiming to further encourage engagement and reward contributions.

Employee Engagement in the Company's Business Strategy

In line with its commitment to Strong Internal Communication among its employees, SA employees were invited to meet the Executive Committee members who presented the State of the Plant. Various aspects were presented and discussed ranging from the company's Business Strategy, safety aspects, value creation and improvement projects. At the end of each session the employees had the opportunity to put forward questions to the Management on topics that were of concern to them. Additionally, the Business Strategy and company targets were made available at various locations across SA for everyone to stay up to date with the progress of the company's various KPIs.

HR AWARENESS DRIVE



As a means of raising awareness on various Human Resources matters, and to foster and nurture business literacy among all employees, an HR Awareness Drive was

initiated where HR personnel went to all departments on the shop floor, delivering presentations and answering queries. This 6-month campaign was designed to address the life-cycle of an employee; starting with the Business Partners, then Organizational Development, followed by Recruitment, then Compensation & Benefits, then Training & Development, and finally Employee Relations.

Fresh Graduate Program

As a means of nurturing fresh talents and preparing a future leadership pipeline, Sohar Aluminium conducted a Fresh Graduates Campaign in which top graduates in various disciplines were hired and groomed through an intensive training program. Each of the hired fresh graduates will undergo a custom-made development program to ensure their readiness to take on future technical and/or leadership role within the organisation.



SAP E-RECRUITMENT SYSTEM

The SAP E-Recruitment is a web based application implemented in 2015 that handles the entire recruitment system from raising a recruitment requisition by department Manager to hiring an employee and updating the employee data in SAP HR administration system automatically. It has many diverse functions such as approving and releasing the recruitment requisition, posting the advertisement for both internal as well as external candidates, screening, filtering and ranking of the candidates. It has built-in selection processes and activities for step-by-step selection and communication to inform the candidates at every stage.

The application also provides access to Talent Relation Management to build an excellent recruitment repository of potential candidates for future use. In 2016, the e-recruitment system was enhanced with many features such as removal of unnecessary fields in requisition request, enhancement of workflow process to send notifications to all requesters about the final approval. In addition, the e-recruitment application has been fully integrated with HR data base to ensure that the recruiters can display all the requisitions in their dashboard. The communication to the candidates at each stage of selection process was modified in line with the Sohar Aluminium requirement. The e-recruitment system enhancement has brought it at par with the industry best standards and practices.



PRODUCTIVITY MANAGEMENT APPROACH

The highest annual production output in its history and over 9,200 tons more than 2015.



PRODUCTIVITY MANAGEMENT APPROACH

الإنتاجية
إنجاز الخطط التي تتسم بالتحدي الخاصة بإنتاج الألمنيوم وتوليد الطاقة تحسین مستمر للعمليات من أجل تحسین الكفاءة. الإبتكار - أحد مجالات تركيز الشركة اليومي.

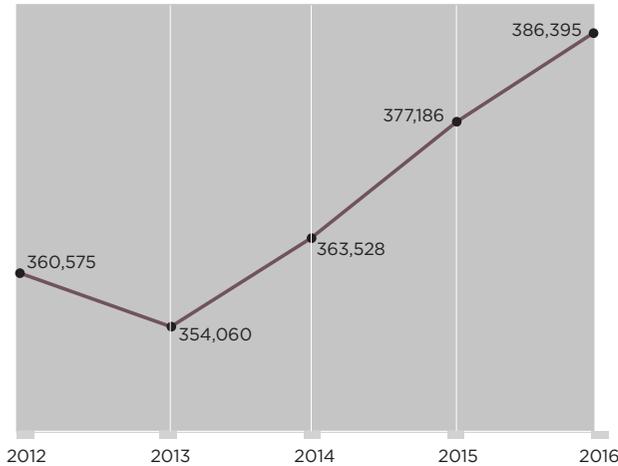
تطبيق أفضل الممارسات العالمية في مجال الصيانة والاعتمادية وإدارة الأصول

Productivity
Achieve challenging plans for metal production and power generation.
Continuous process improvement on efficiency gains.
Innovation - a daily focus area.
Using world class best practices for maintenance, reliability and asset management

Smelter Productivity Update

2016 was another record year for metal production with the company producing 386,395 Tonnes - the highest annual production output in its history and over 9,200 tons more than 2015. This was achieved by operating at the highest amperage- 394kA at the end of the year, better than target current efficiency and operating pots levels and a production rate of 2,962 kg Al/Pot/day - amongst the best in the world for this technology and amperage.

Aluminium Production (Tonnes)



Material Issues: Productivity
Metal Production
Energy Management
Process Improvement
Operational Efficiency & Reliability

2016 Highlights of Productivity		
386,395 (tonnes)	\$19.77 Million	50.09 %
Hot metal production in 2016	2016-Money saved / Additional Revenue earned through Value Creation program	2016-Power Generation efficiency

The Plant experienced a significant challenge at the beginning of August when a rectifier was damaged beyond repair due to an internal fault. This resulted in the plant having to operate without redundancy for at least 9 months until the damaged unit is replaced in June 2017. However, even with these challenges, all departments across the smelter still operated at significantly better levels than in previous years. The plant improved its specific energy efficiency levels further to 13.531 kWhrs/kg. The plant also achieved its highest ever operating amperage at 394kA and best purity levels since April 2011 at 902 ppm of Iron(Fe). To further support the amperage creep project, the “How We Operate program” continued during the year. This ensures sustainable and stable results across the operational departments for high amperage operations. Further improvements in Process Control were also introduced, a program focusing on “Reductions in Process Variation” or RPV.

Whilst some challenges existed through the year, these were systematically resolved using Lean Six Sigma methodology, specifically KAIZEN events with good success.

To ensure Safety production targets are achieved, our plant assets must be reliable. Having reliable equipment allows for stable operation with limited unscheduled maintenance work. Sohar Aluminium is consistently above the target for the number of scheduled work hours, meaning 70% of all the maintenance work carried out across the site is scheduled. To ensure our assets are well maintained we began work in 2016 to have the Original Equipment Manufacturers inspect critical assets site-wide. These inspections are vital as they give a clear indication of the current condition of the asset and the future needs of

the asset i.e. major overhauls and end of life replacement. With this information, we can plan the way ahead in terms of budgeting and meeting production needs.

Expanding Our Production Capacity

Amperage Creep Project: This project to increase production is progressing extremely well and within budget. The project was managed by Sohar Aluminium and great savings have been realised. The operations team has successfully managed the higher operating levels which has contributed to the project being ahead of schedule.

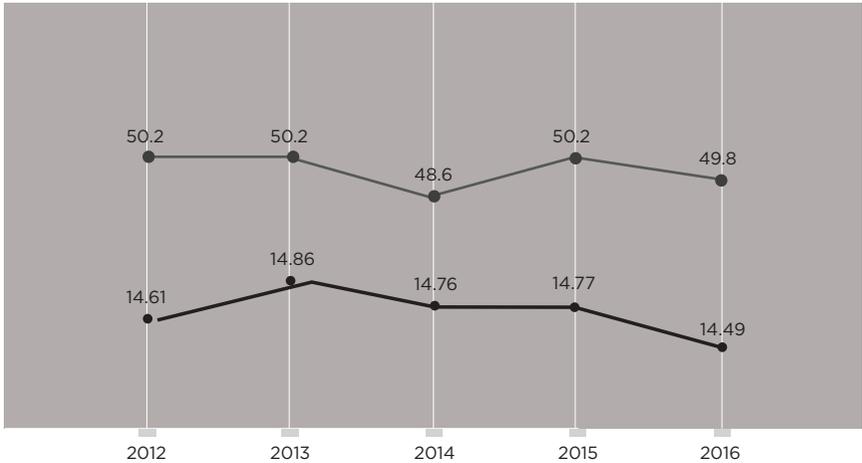


PASSION FOR EXCELLENCE



Power Plant Optimisation

Optimising the operation of our Power Plant is a material aspect of the Productivity pillar. The objective of our Power Plant is continuous reliable and efficient electricity generation to the Smelter. In 2016, AC production efficiency was 14.49 MWhr / tonne of Aluminium while Power Plant generation efficiency was 49.8%, exceeding the target of 49.7%. Power Plant efficiency although lower than 2014, was expected due to a brief, planned total shutdown of the Steam Generating Plant. Operating our Gas Turbines at high load in combination with our Steam Turbines maximised the Power Plant efficiency. Increase in metal production is directly linked to the energy output and both are progressing hand in hand.



● Generation Efficiency (%)
● Conversion Efficiency (MWhr/t Al)

CYBER SECURITY CURRENT SITUATION

Secure automated Industrial Control Systems Assets* are pivotal to any organization that depend on them for their various automated processes. When the phrase “cyber threats”, previously known only in the IT landscape, started making rounds in automation fields, industries, regulatory bodies and governments, no one could ignore its importance in the automation field.

The Authority for Electricity Regulation in the Sultanate, informed in a seminar held in 2014, that all licensees of critical infrastructure (Power and Water Producers) should comply with cyber security standards. Sohar Aluminium was quick to act, putting together a cyber-security committee. It was sponsored by the previous Chief Operating Officer, Serge Gosselin, chaired by James McDonough, SAPP Operations Manager and represented by Paul Ridgway, from the Plant Automation Team, Pradeep Sah from Information Technology team, and Luke Jacob from SAPP Maintenance Team.

Sohar Aluminium’s Cyber security management system is aimed at sustaining operations by mitigating internal and external cyber threats. A systematic approach based on applicable standards is being put in place.

*Automated Industrial Control Systems Assets include: Distributed Control Systems (DCS), Supervisory Control and Data Acquisition (SCADA), and Programmable Logic Control (PLC) assets.

Security in the IT field has matured over the years whereas security in Industrial and Automation control systems are taken after IT systems. The difference is that the priority given to Confidentiality, Integrity and Availability for systems in Automation field is in the reverse order.



SA's Cyber Security Journey and Major Milestones - 2014/2015

Sohar Aluminium (SA) attended a seminar organised by Authority for Electricity Regulation (AER) on 18/03/2014

AER informed about implementing regulatory standards for both power and water generation Licensees and Licence exemption holders

The regulatory standards were in accordance with Article (22) (16) of the sector law

AER handed over the consultant's report that formed the basis of the standards

SA's Executive Committee decided the developed system that should be applicable to all process control, automation and monitoring systems across the plant

Cyber Security Committee was formed

SA decided to follow AER's mandatory guidelines and IEC62443 for implementing SA's own cyber security management system

SA's Industrial Automation and Control Systems (IACS) AND Cyber Security Management System (CSMS) Policy signed off

IT Manager identified as Single point of Accountability (SPoA)

CSMS Risk Assessment Template developed

SA's Cyber Security Journey and Major Milestones - 2016/2017

Power Plant Distributed Control Systems (DCS) Human Machine Interface (HMI) upgrades specified cyber security requirements

Gas Turbine DCS HMI upgrade completed

Plant Automation team disabled all unwanted USB ports from systems

SA participated in Gulf Aluminium Council cyber security meeting and presented the experiences on cyber security implementations

The Symantec Endpoint Protection Antivirus and Firewall implementation project was completed in February 2017

MAINTENANCE TECHNICIAN SKILLS UPGRADE

The IT Automation team in collaboration with Human Resource Development (HRD) initiated the Plant Automation Training Program intended to improve the skills of SA Maintenance Technicians (Electrical and Instrumentation). The program covered ControlLogix refresher, ControlLogix Systems Troubleshooting, Panelview Plus (PV+) Troubleshooting, Variable Frequency Drives and ControlNet/DeviceNet networks. The training is specifically designed based on the existing systems common to all areas of the plant that include Program design and structure, Alarm handling between PLC and PV+, Alarm/Fault handling tracing and Hardware Troubleshooting of ControlLogix, PV+ and Variable Frequency Drives. The Plant Automation Training Program was started with the Pilot group composed of Electrical/Instrumentation Technicians nominated from Reduction, Port and HRD departments. The program will be rolled out soon to a wider group and will be open to Technicians identified for development. This is a value creation initiative that was designed in-house and will utilize the available HRD hardware resources and Automation expertise.

CIS Substation Automation

Sohar Aluminium's Plant Automation team joined forces with the main Substation Operations Team to deliver a one-of-a-kind project - a fully automated CIS Substation designed, engineered and commissioned with resources galvanized entirely in-house. Aside from the significant

cost-savings accrued, the project serves as a paradigm for the pursuit of initiatives that align innovation, enterprise and technical expertise with the company's broader objectives in support of cost optimization, energy efficiency, and value addition.

Automation Team Strengths

From CPR9 Software Mitigation and Factory Talk Historian Implementation to Virtualization Technology and Alarm Optimisation, SA's Plant Automation team has rolled out a succession of far-reaching initiatives that continue to add tangible value to the company's operations. The team's forte lies in its demonstrable ability to implement large-scale, plant-wide projects without depending on external contractors or consultants.



PASSION FOR EXCELLENCE

FINANCIAL STRENGTH MANAGEMENT APPROACH

Local economic development and In-Country Value (ICV) creation are central aspects of Sohar Aluminium's economic considerations.



FINANCIAL STRENGTH MANAGEMENT APPROACH

الأداء المالي
 المحافظة على مركز متقدم في الربع الأول في صناعة الألمنيوم وتوليد الطاقة الإستغلال الأمثل للمواد المخزنة ورأس المال المشغل مع الإدارة المثلى للمخاطر. الوعي التام بالتكاليف على جميع المستويات. تمويل النفقات الرأسمالية لزيادة العائدات للمساهمين وتعزيز إستدامة المصنع.

Financial Strength
 Retain 1st quartile position in Aluminium & Power businesses.
 Optimise inventory and working capital with proper risk management.
 Strong cost awareness at all levels.
 Capex funding to maximize return to shareholders & plant sustainability.

Sohar Aluminium is committed to operate in a financially responsible manner in alignment with the expectations of its shareholders. Local economic development and In-Country Value (ICV) creation are central aspects of Sohar Aluminium’s economic considerations. Sohar Aluminium continued to make a significant contribution to the economy. This has had an important impact on job creation and social development as well as a positive influence on Oman’s gross domestic product.

Supporting Oman’s Economic Development

Sohar Aluminium is considered as one of the leading successful projects to play a major role in Oman’s economic diversification strategy. It differs from most of other heavy industries already established in Sohar Industrial Estate as it is not petro-chemical based, but relies on natural gas to generate power required for smelting.

Sohar Aluminium has three strong shareholders: Oman Oil Company SAOC, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto. Besides injecting funds to launch the construction and operation of the Company, they also support with expertise, technology, and key commercial arrangements.

With the increased local hiring and an intensive focus on increasing local suppliers’ base and supporting Aluminium downstream factories to supply hot metal

Material Issues: Financial Strength
Economic Performance
Optimise Inventory & Working Capital
Cost Awareness and Value Creation
Shareholders’ Value

Highlights of Financial Performance	
53%	Nearly 148 Million US\$
Total local suppliers	Spending on local suppliers (2013-2016)

required for their processes, Sohar Aluminium’s operations have had a large impact on the economic development of the surrounding region by increasing income and in turn improving lifestyle. Sohar Aluminium not only impacts Sohar’s economic development but also affects the national GDP of the Sultanate.

Sohar Aluminium currently supplies liquid metal to two significant value-adding downstream customers in Sohar Industrial Estate, Oman Aluminium Processing Industries LLC (OAPIL) and Oman Aluminium Rolling

Company (OARC), one of which is in full production while the other is ramping up towards its installed capacity. Further two more downstream customer projects are in progress, Oman Aluminium Cast (OAC) is recently started operation and expected to start off-take from 2017 and the second new downstream company under construction (Synergy Wheels) and expected to start its operations in 2018. The capability exists to add some additional downstream businesses, and project proposals will continue to be evaluated on various grounds including increasing local value added and employment creation, as well as financial factors. Supporting potential future investment opportunities in Aluminium downstream businesses will further enhance the Government's long-term vision to diversify Oman's economy.

Since its inception, Sohar Aluminium has remained compliant with applicable laws, regulations and international conventions.

Relationship with local economy

Sohar Aluminium invests substantially in improving the local and national economy. The company has effectively supported the creation of numerous local SME's (small and medium size enterprises) through its initial and ongoing offering of contracts. These companies have become sustainable businesses adding value to the local economy and bringing wealth to the Al Batinah region. Sohar Aluminium attempts in its procurement processes to always maximize the In-Country Value (ICV) of all possible expenditures. Further, Sohar Aluminium successfully formed new joint venture with ORPIC to develop the existing school of Al Batinah International School which offers high education standards.

Cost and productivity effectiveness Mindset

We operate in a dynamic market where new challenges constantly arise, and the sales price of Sohar Aluminium's products are set on international commodity markets. To maintain competitive advantage in our industry, we recognize the need to further enhance and improve our processes to strengthen our results and our position in the industry cost curve, to be competitive in the international market as one of the best Aluminium smelters in the world.

With current overcapacity in international aluminium markets, cost management is an important factor to keep Sohar Aluminium competitive. Communication has been strengthened to raise cost awareness and to ensure all employees understand the economics of the business and the impacts of their decisions on it. The Company uses a process for "Value Creation" in which projects with a positive impact on income or cash are implemented and tracked - and many of these projects are based on ideas collected from employees, who are recognized for their suggestions.

Sohar Aluminium has also implemented the basic Lean manufacturing principles which seek to improve our processes by reducing waste and improving quality using powerful methodology and tools.

In 2016, USD 7.70 million in costs were saved because of the productivity gains. As Sohar Aluminium moves forward with its capital improvement programs such as the amperage creep project, asset reliability and operational efficiency will gain prominence as a significant value creator. In 2016 the total Value Creation achieved for the plant was USD 19.8 million.

Another ongoing financial focus area for the Company is Working Capital - finding and optimising the best levels of money tied up in inventories, raw materials, spares and consumables. This requires effective risk management, as Sohar is fairly remote and getting a key part on site can take time. Given the nature of the production process, the Company can also not take the risk of running out of the main manufacturing raw materials. The Company has benefitted from the significant investment that has flowed into the Sohar port and surrounding infrastructure in recent years, improving logistics and possibilities.

Along with the three strategic shareholders, Sohar Aluminium has been financed by a consortium of international lending banks. The debt has been serviced as prescribed in agreements, and all Lender's requirements have been consistently met. Sohar Aluminium continues to provide satisfactory financial returns to its shareholders, while respecting the needs - economic and otherwise - of its diverse group of stakeholders.



CORPORATE CITIZENSHIP MANAGEMENT APPROACH

Since Sohar Aluminium's establishment, a strong commitment has been made to developing strong ties and support networks in the Al Batinah region.



CORPORATE CITIZENSHIP MANAGEMENT APPROACH



Sohar Aluminium's Corporate Citizenship has been creating business value by caring for the well-being of all stakeholders including the environment.

Since Sohar Aluminium's establishment, a strong commitment has been made to developing strong ties and support networks in the Al Batinah region. It engages with key stakeholders on a regular basis in a variety of ways to identify social issues that it can support in addressing them and mitigating their risks. Sohar Aluminium has a well-established Corporate Social Responsibility (CSR) framework which is guided by the CSR Committee that reports to the Chairman of the Board. The committee comprising of the Chief Executive Officer, Chief Financial Officer, Communications Manager and CSR Superintendent of Sohar Aluminium, offers strategic guidance in identifying the vulnerable population, target activities and events, budgeting and organising the community engagement.

Sohar Aluminium engages with its various stakeholders in a variety of ways and through various channels. This will provide a warmer image of the business that stakeholders will be more eager to engage with. All actions in the community aim the highest visibility and increase the pride to be a Sohar Aluminium team member. Many of 2016 events recognized Sohar

Material Issues: Corporate Citizenship

Reputation and Brand Management

Corporate Social Responsibility

Community Engagement

Downstream Industrial Development

Al Batinah International School

Aluminium as an asset for the development of the country and as a major player to the International Aluminium Industry.

From the auditor's report from the annual lender's audit: "...best practices implemented in Communications and Community Engagement, not only a regional benchmark but a global one."

Corporate Social Responsibility Strategy

It is the mission of Sohar Aluminium to bring wealth, prosperity and growth to the Al Batinah region through excellence and ownership and this is vital for us to pursue sustainable business operations. Sohar

Aluminium regularly engages with the community to identify their essential needs and address them in the best possible way.

The Board of Directors endeavours to allocate appropriate investments for CSR and make a commitment to set an independent budget for CSR activities. This commitment is one of the key drivers for Sohar Aluminium’s high investment in its CSR programmes. The

Amount of Community Investment (USD)	2013	2014	2015	2016
	1,361,292	972,327	1,685,726	91,927,950

annual budget allocated directly by the Board of Directors is equal to 1.5% of shareholders’ distributions (no less than US\$1 million and not exceeding US\$3 million annually).

Sohar Aluminium’s CSR projects have focused on six main priorities, being:

- **Jusoor Projects.**
- **Sustainable Projects.**
- **Education.**
- **Social Contribution and Voluntary Projects.**
- **Environment, Health and Safety Projects.**
- **Gulf Aluminium Council & Oman Oil Company Group Initiatives.**

A significant portion of community investment funds are allocated to the Jusoor Foundation, a collaborative CSR organisation established jointly by Sohar Aluminium, Vale and Orpic to address common social development opportunities in Oman, particularly in the Al Batinah region.



COMMUNITY SERVICES

Building Oman Association for Disabled (OAD) in Wilayat Sohar

SA funded building new premises for the Oman Association for Disabled (OAD) in Wilayat Sohar at a cost of OMR 110,000. The new fully-equipped OAD building will serve as a training centre for the region and aims to improve the quality of life of more than 450 people with disabilities from Al Batinah North and South, Ad Dhahirah, Al Buraimi as well as Musandam Governorates. Construction was completed in December 2016 and the building is expected to be inaugurated in the second quarter of 2017.

Welding & Fabrication Training Program

SA started a one year program targeting Secondary school graduates from surrounding communities. Twenty young trainees joined the program at SA Training Institute where they will undergo comprehensive courses in several fields such as welding and fabrication, safety, math and English. This program is part of SA's efforts to provide training opportunities to members of the surrounding communities and qualify them to enter the job market. This program will be completed in the first quarter of 2017

Aluminium Handicraft Training Program

This program that was launched in April 2013 in cooperation with the Public Authority for Craft Industries continued through 2015 until first quarter of 2016. The objective of this program was to train and develop ladies from the local community for a period of 3 years to develop skills for manufacturing aluminium handicrafts and eventually become entrepreneurs in this trade. The trainees developed their English proficiency and took courses in Entrepreneurship and technical skills. The Aluminium Handicraft program was completed on 31 March 2016. During the training period, Sohar Aluminium qualified the trainees to follow the basics and principles on financial systems, human resources,



procurement and marketing expertise from its qualified employees who volunteered as well as creation of new company with all required branding to allow them to start their own company called 'Siwar'. SA will allow them to use the workshop with existing equipment for not less than 3 years, ensure all required systems, polices, procedure, forms, KPIs required are established, provide continuous advice and support and fund operating cost of the first year with a total amount of R.O 25,000 (including salary & PASI contribution).

New Community Service Prosthetic And Orthotic Services Centre at Khoula Hospital

Sohar Aluminium (SA) in cooperation with Salalah Methanol (SMC) and Oman India Fertiliser (OMIFCO) signed a Memorandum of Understanding with the Directorate General of Khoula Hospital for the funding of a Prosthetic and Orthotic Services Centre. Costing more than OMR150K, the advanced new facility will provide a variety of valuable services including the assessment, prescription, design, manufacture and fitting of artificial limbs for patients from across Oman.

Volunteering initiatives

SA launched the "Sohar Aluminium Volunteering program", an initiative to encourage SA employees to utilize their skills as well building good relationship with the surrounding community. In 2016, several initiatives were executed such as installations of fans in government schools, maintenance of public parks & coral reefs and fishing port.

Sohar Aluminium Volunteering initiatives aims at promoting SA's 'Zero Harm' mindset in the local community and is part of SA's social responsibility to preserve the integrity of the nature.



PASSION FOR EXCELLENCE



Shades for school yards

Recognizing the importance of avoiding heat stress and ensuring students enjoy their recess at school, Sohar Aluminium provided schools in Al Batinah Governorates with shades in their assembly yards.

In cooperation with the Directorate General of Education in Al Batinah Governorates, Sohar Aluminium funded the installation of shades in the assembly yards of several schools in several wilayats in Al Batinah North and South Governorates. The number of students that benefitted from these shades total between 3500-4000 students. Through such initiatives SA aims at creating a pleasant learning environment for the young generations.

Liwa Park

SA in cooperation with Orpic launched the second phase of Liwa Park construction project. The project which costs OMR 400,000 will provide facilities for the social and cultural activities for the local community members once completed. SA had already invested OMR 78,000 for phase one of this project

KEY STAKEHOLDERS ENGAGEMENT

Key Stakeholder engagement is a central part of Sohar Aluminium's commitment to corporate citizenship. Through its multiple community engagement efforts Sohar Aluminium aims to maximise its positive impact in community services and be recognised as an asset by surrounding communities. During 2016, SA organised 6 public community events, 3 key stakeholders high profile events, participated in 6 regional and national major exhibitions, and sponsored more than 40 national initiatives engaging all key stakeholders in genuine and sustainable ways for the social good and development.

Here are some highlights from our key events in 2016:

Technical Dictionary

The Sohar Aluminium (SA) Technical Dictionary was been launched and made available for all SA Employees to view it. This specialized dictionary includes a list of 642 technical terms used in the various areas of our business with their bilingual definitions. It is organised alphabetically and contains clear and concise descriptions with visuals where appropriate. The terms have been chosen by the Operations teams and are related to our main operational areas, equipment, KPIs, EHS, raw materials and products. This project started in April 2016 and was accomplished through the valuable input and active involvement of SA's various departments. Assigned Champions coordinated with employees across the Company to compile comprehensive lists of technical terms used in their respective areas. The content was reviewed by the concerned area for accuracy, proficiency and to ensure that it does not contain proprietary information or confidential data. The language used is simple and friendly to be easily understood by non-technical people.

Sustainability Report Launch

On 29 June 2016 Sohar Aluminium (SA) unveiled the Company's seventh annual Sustainability Report under the patronage of His Excellency Sheikh Muhanna bin Saif Al Lamki, Governor of North Al Batinah. The report provides a detailed overview of the company's economic, environmental and social contributions and performance. During the event, the keynote speech was delivered by Mohamed bin Salim Al Musalami, Vice President of the Executive Committee of the Omani Association for the Disabled, Sohar branch representing one of the Corporate Social Responsibility (CSR) beneficiaries of SA's community centered initiatives.

The highlights of the report were published on recycled FSC certified paper using soy-based ink to minimize SA's footprint on the environment while the full report was published on SA's website.

GAC's First Electrolysis Conference in the GCC

The Gulf Aluminium Council (GAC) held its first Electrolysis Seminar from 5 to 7 December 2016 at Radisson Blu in Sohar. The conference and its activities which were hosted by Sohar Aluminium (SA) gathered 50 professionals from the international aluminium industry to expand their technical knowhow on the Electrolysis process and discuss safety and environment improvements in the process. The attendees joined a tour of the smelter after which they commented

about SA's exceptionally high standards in health and safety and their visual management. SA led by its Communications team invited all participants to a traditional Omani social dinner to showcase Oman's exquisite hospitality standards. The attendees were welcomed by an Omani Marine Band performing traditional dances telling a story of Omani fishermen and the history of sailors in Oman. The guests joined in the dances and listened to stories told by an old fisherman about his voyages across the oceans, always longing to come back to his beloved Oman. The fisherman also spoke about the cultural, social and historical ties that bind the GCC countries together. The guests were offered self-portrait paintings by talented Omani painters from Sohar Art as gifts. The set-up, the music and the food complemented the activities to provide the guests with an authentic Omani experience. The attendees extended their sincere appreciation for SA's hospitality which exceeded their expectations. They described their stay as an exceptional experience and expressed their desire to come back to Oman and attend Arabal in November 2017.



Launch of Oman's First Aluminium Handicrafts Centre

Under the auspices of H.E. Sheikh Muhanna bin Saif Al Lamki, Governor of Al Batinah North, Sohar Aluminium (SA) inaugurated the Sultanate's first Aluminium Handicrafts Centre. Launched in collaboration with the Public Authority for Craft Industries (PACI) in 2013, the Centre facilitated training programs designed to empower traditional artisans with the skills required to create authentic Omani handicrafts out of aluminium and establish their own business enterprises. Nine craftswomen graduated from this three-year Aluminium Craft Industries Program which was funded by SA.

Media Exposure

Sohar Aluminium (SA) received excellent media exposure in 2016 featuring its achievements in various areas. The press coverage highlighted SA's community services, safety achievements and operations milestones. SA also published 4 community magazines with a distribution exceeding 200,000 copies throughout Oman. These magazines included news about SA major internal and external activities. Moreover, greetings to His Majesty and the people of Oman were published on Oman's 46th Renaissance Day, Oman's Industrial Day, and during His Majesty's visit to Sohar.

Digital Media

In 2016, SA revamped its Social Media platforms to provide an interactive tool and communicate directly with its various stakeholders and community members. Throughout the year followers have progressively increased by 179% on Twitter (total of 1,090 followers) and by 131% on Facebook (total of 3,272 followers). Positive interactions and impressions were maintained with zero negative comments. SA Social Media links have been published in all press and online communication channels, and displayed during public events.

Further to the success of our active social media platforms, we implemented a tool that monitors the activity of visitors on our website and intranet. This tool also captures the number of downloads of our Community Magazines, Sustainability Reports and other important data that allows us to generate usage statistics.

Reputation Management and Media Relations

The Communications team met with all major publishing houses in Oman and their Chief Editors to capitalize on our good media relations. Letters were handed out with our Contact details assuring 24/7 availability to validate any information related to Sohar Aluminium prior to release.

His Majesty's Celebrations in Sohar

SA sponsored the Public Celebrations for His Majesty Sultan Qaboos bin Said's visit to Sohar. The full week of celebrations was organised by H.E. Dr. Mohammed bin Ibrahim al-Zadjali, member of Majlis A' Shura. SA also installed signboards on the highway rejoicing with the people of Sohar on the presence of His Majesty among us during Eid Al Adha.

Community Engagement Events

There has been significant progress in the Community Engagement events since their launch in August 2014. These events are held 6 times per year in high footfall locations in Sohar. During these events, representatives from SA lead a session of games and quizzes with the attendees and their children. These awareness campaigns are dedicated to engage and share the Company's knowledge about health and safety matters with the community members in a fun and entertaining way to spread awareness.

Sohar Aluminium (SA) created awareness on the safe usage of electrical appliances at home during one of SA's community engagement events. It was attended by more than 500 people, mostly family with young children.

Engaging Downstream Customers

In line with promoting the importance of our industry and its future potential in the region, several initiatives were agreed with our downstream customers. These included collaborations during key stakeholder engagement events, and communication synergies with maximized reach and media exposure.



Sohar Aluminium Contribution to Golf in Oman

SA hosted a reception in Crowne Plaza Sohar, gathering more than 25 CEOs and senior representatives of the biggest industries in Sohar and the Port area. The reception was held to discuss opportunities of development in Sohar through establishing a Golf Course. The reception ended on a favourable note with 5 members volunteering to form a steering team and explore the various aspects of this venture. SA also sponsored the two main events of Golf in Oman thereby promoting Oman as a major tourist attraction for this sports in the region.

SA Volunteering Program

Sohar Aluminium (SA) Employees completed 884 Man-hours of Community volunteering initiatives in 2016, setting a record for the Company. The SA Volunteering Program saw excellent involvement from various departments across the plant where activities were tailored around the employees' skills, talents, and areas of expertise. Employees are encouraged to come up with ideas for causes that they feel strongly about.

Heat Stress Awareness

An Awareness Campaign was launched illustrating employees from various operational units stating that drinking sufficient amounts of water helps them be more productive, efficient and feel healthier. The campaign was customized during Ramadan to create awareness on how to stay hydrated and eat a balanced meal during Iftar and Suhoor. SA also introduced a "Quench Squad", a bus that carries volunteers and visits all various facilities in the Company to remind and encourage their colleagues to stay hydrated. The SA's Heat Stress Management campaign was also extended to the employees' children through an Activity Book to educate them about the dangers of heat stress.

This important campaign was also spread to the community by conducting daily radio broadcasts in Arabic and English reaching out to more than 1 Million listeners across Oman. Supported by the Ministry of Health, our aim was to contribute in reducing heat stress illnesses during summer season.

Ramadan Acts of Kindness in the Community

A charity drive was conducted at Sohar Aluminium during the month of Ramadan benefiting 225 needy families from the community in remotely located villages in the Wilayats of Sohar, Liwa and Shinas. The charitable donations were distributed by 20 employees who volunteered to visit the families in their homes and wish them a blessed Eid. Another group of volunteers visited 200 patients in Sohar Hospital, offering them gifts on Eid Al Fitr.



PASSION FOR EXCELLENCE

Basma campaign

Basma Project is an initiative of SA to bring a smile on the faces of those admitted at the Sohar hospital during the Eid Al Fitr period. In 2014 Sohar Aluminium volunteers distributed gifts to 300 patients including children and adults, from various units of Sohar Hospital.

Student Visits

SA received more than 50 students from various colleges and universities part of their educational tour about the major industries in Oman. The schools and colleges were appreciative of SA's willingness to receive students for these educational tours which further enhances their learning experience.

The initiative also aimed to boost the cooperation between Sohar Aluminium and the medical fraternity in Sohar.

Sponsorships and Exhibitions

SA has a comprehensive Sponsorship program supporting big initiatives across Oman that impact various aspects of the society. In 2016 we sponsored initiatives that target themes such as Environment, Health, Safety, Community Services, Social Activities, In-Country Value, Education, and Sports activities.

Sohar Aluminium (SA) sponsored a number of community events and strategic events in Oman throughout the year. These included health awareness campaigns, blood donations, safe driving awareness drive, awareness campaign against drug abuse in Al Batinah, leading conferences and national initiatives for the development of Oman, SMEs and its various investment opportunities. These activities and sponsorships communicate our commitment to the community and aid in creating a good "Corporate Citizen" role. They also create positive publicity and heighten SA's visibility within its community.





EMPLOYEE ENGAGEMENT AND INTERNAL COMMUNICATION

Amanah

After concluding a series of brainstorm sessions, the Communications team chose “Amanah” as the title of Sohar Aluminium’s Code of Conduct and its Reporting System. “Amanah” originates from the Arabic word “Amn”, meaning guarding and protecting. It synonyms with loyalty, sincerity, trust, faithfulness, and it implies honesty and integrity. In the closest literal English translation, it means fulfilling or upholding trust. The new code of conduct booklets were printed and distributed in the Company’s various departments. The Hotline was also published on SA website and Intranet.

Monthly Safety Focus Campaigns

SA activities focused on safety through an annual plan to create awareness about 12 major health and safety related issues. Every month all departments ensured visible implementation of sustainable steps to promote and maintain the Safety Focus. The desk calendar was used as a daily reminder of the safety focus. Moreover, Health Awareness Campaigns remained a big focus in cooperation with the Medical Centre Team.

Employees Deals and Offers

Special deals and offers were arranged for SA Employees and their families to benefit from discounts on goods and services for their personal use. The list of these offers incorporates more than 15 vendors across Oman and the GCC. Offers include discounts from restaurants, clothing shops, perfume shops, kids’ entertainment playgrounds, car dealerships, language institutes, car tyre dealerships, and hotels.

Employees Sports Activities

Sports activities were launched to engage employees and contractors in team-building activities, create interaction between teams from various areas of the Company, and promote a high sporting spirit and a healthy lifestyle.

A committee was formed to set the rules of play, ensure adherence to safety without any negative impact on our operations. Following an activity survey to identify the interest of the employees, we launched the First Interdepartmental Football Tournament. The tournament which was concluded in January 2016, received excellent feedback from all departments who highly appreciated the Company’s initiative. In February, the Fun Run event was conducted which was extended to all employees and contractor’s families, along with Al Batinah International School staff. The first inter-departmental Volleyball Tournament was concluded in August 2016. Six teams participated in this tournament which witnessed a high level of team spirit and generated excellent feedback from the employees.

Mumtaz Club Gala

This grand event was organised on 1st March 2016 at Majan Hall in Sohar to recognize more than 800 Sohar Aluminium employees who broadly contributed to all the pillars of Sohar Aluminium’s Business strategy. Special certificates were presented to employees who were nominated as the best contributors towards the objectives of each of the Business Strategy pillars. One employee was then selected for each pillar to receive the highest achievement award from the pillar’s champions.

Oman's 46th National Day

A series of jubilant activities were organized on the occasion of Oman's 46th National Day for Sohar Aluminium's employees to express their deep love and appreciation for the country's visionary leader, His Majesty Sultan Qaboos bin Said. The celebrations were concluded by an award ceremony for the winners of SA's Painting Contest, which was launched for the occasion under the theme of "Omani Traditions and Culture". The Celebrations were extended to the Community through one of SA's engagement activities in Safer Mall. The event was attended by hundreds of employees with their families and members of the community. Greetings to His Majesty were also published in Oman's main newspapers for this occasion and to SA employees.



RECOGNITIONS

Global Benchmark

During Sohar Aluminium's Environment and Social review for 2016, the Lender's Auditor highly praised Sohar Aluminium (SA) for its best practices implemented in communication and community engagement: "Sohar Aluminium is not only a regional benchmark but truly a Global Benchmark in terms of environmental management and social responsibility". The auditor stated in its closure statement: "...a number of positive issues were noted most specifically in relation to Community engagement, communication and corporate social responsibility..."

Regional acclaim for innovative Heat Stress Management Campaign

SA was recognized for its innovative annual Heat Stress Management Campaign by the Gulf Aluminium Council (GAC). The campaign aims to build a culture of high safety standards among its employees and community. The SA Heat Stress Management Campaign is carried out across all SA operations and throughout the Sohar region.

Commemorative Publication

Sohar Aluminium was featured in the commemorative book marking 25 years of HM awards for Industrial Excellence with 10 pages profiling the company. More than 35,000 copies of the book were distributed to Ministers, Diplomats, government offices, major investors and institutions in the public and private sector.

Recognition from PACI

The Public Authority for Craft Industries (PACI) recognised Sohar Aluminium for establishing the Aluminium Handicrafts Centre during their annual celebration for Omani Craftsman Day. The event was held

under the patronage of Her Excellency, Sheikha Aishah bint Khalfan Al Siyabiyah, Head of PACI and in the presence of a number of dignitaries and delegations from government and private entities.

Academic Partnership

SA led by its CEO gave Key Lectures to Sultan Qaboos University Students at the Pre-Innovators' Incubator (PII) of the Independent Learning Center (ILC). The CEO delivered a lecture on the importance of the Aluminium Industry in Oman, and how we are maintaining focus on our long-term vision during the current world economic challenges. Since its initiation SA has been a great support to the academic field. We believe that it is these students who will carry the responsibilities of industrial progress at the local and regional levels and add value to our national economy.



JUSOOR



Based on their genuine belief in their social responsibility, Sohar Aluminium, Orpic and Vale had a vision of a collaborative Social Responsibility Foundation that can translate their commitment to the community where they operate into social projects that touch the needs of the people. This vision was realized in 2011 with the formation of Jusoor.

The approach of the Foundation is based on a strategy of broadly structured social investment, designed for short, medium and long-term horizons, and managed in a professional manner. This strategy is

constructed jointly with government, civil society organizations, partners and other related organizations, based on a shared vision. This distinctive approach taken by the Foundation makes it a model in terms of developing links and partnerships between the public and private sectors and leveraging local resources.

Following are snapshots from the main projects implemented by Jusoor in 2016

Drugs Rehabilitation Center

This specialized center for the treatment and rehabilitation of drug addicts is the first of its kind in the Sultanate. The center was established in cooperation with the Ministry of Health and will contribute to reducing the impact of drug addiction and its spread in the region through training and awareness programs within the community.

The center which is being built on a 40,000 m² plot of land in Sohar with a capacity of up to 40 beds will be equipped with the latest treatment and rehabilitation means by a specialized medical team to facilitate rehabilitation.

Investment Buildings for Sport Clubs (Suhar – Majees – Al Salam)

Jusoor supports initiatives that helps in providing many opportunities in the fields of rehabilitation and professional development, discovering new talents, supporting sports activities and creating social integration. From this standpoint, Sohar Aluminium and Orpic, in cooperation with the Ministry of Sports Affairs represented by the General Directorate of Sports Affairs in Al Batinah North Governorate, funded the investment buildings projects for the clubs of Suhar, Majees and Al Salam. Through the investment building these clubs can receive additional revenue to fulfil their civic duties by conducting various sports and youth programs thereby making a positive impact on the community.



PASSION FOR EXCELLENCE

Handicapped Center in Liwa

Jusoor started the establishment of Al Wafa Centre for Handicapped Children in Liwa, in cooperation with the Ministry of Social Development represented by the Directorate General of Social Development at the North and South Al Batinah Governorates. The Centre aims to provide educational, cultural and mental health care for children with special needs and find appropriate medical, educational and therapeutic means.

It is being built on a 1200 m2 plot of land in Wilayat of Liwa will contain a theater, 5 special education classes, 2 occupational therapy classes, 2 halls and 4 pronunciation treatment rooms. The total budget for this project is 250,000 OMR.

Liwa Public Park

Liwa Public Park is one of the most vital projects in North Al Batinah and it aims to create a natural outlet for the people of Liwa and neighboring Wilayats. The park is also characterized by its location in the heart of Liwa, which will help increase the number of visitors and beneficiaries of the existing facilities, with a total area of 66,000 square meters.

The park is financed by Sohar Aluminium and Orpic, it has several features such as a water fountain, walkways, children equipment and Handicapped children playing area and general facilities.

Artificial Reefs in Majees

In cooperation with the General Directorate of Fisheries at North Al Batinah Governorates, Jusoor financed the artificial reefs project to support local fishermen in Majees and the surrounding villages. The

project involves fixing 60 artificial reef units in the sea. The reefs were fixed in an area of 40,000 m2 at a depth of 15-17 m. The artificial reefs units that weigh 12,000 kgs each are expected to contribute to increasing the fisheries wealth reproduction in the area.

Major milestones and achievements in 2016

- Jusoor was awarded the Social Responsibility Award as one of the pioneer foundation in Corporate Social Responsibility field across the GCC, during the 33rd Session of the Council of Ministers of Labor and Social Affairs held in Riyadh.
- Foundation Stone Laid for Drugs Rehabilitation Centre in Suhar
- Inauguration of three social projects: Falaj Public Park, Falaj Al Subakh Maintenance and Sign Language Training Program



AL BATINAH INTERNATIONAL SCHOOL

Founded in 2007 by Sohar Aluminium, the Al Batinah International School (ABIS) has quickly positioned itself as the leader in quality education in the Sohar region. ABIS is one of only 3 International Baccalaureate (IB) authorized schools in Oman to offer the IB Diploma and the only IB school in the Al Batinah region. ABIS is also a member of the Middle East International Baccalaureate Association (MEIBA) in addition to being authorised to offer the IGCSE qualification by Cambridge University for its Grade 10 students.

ABIS has had an exciting and successful year with many positive milestones achieved.

Council of International Schools Accreditation

One of the biggest achievements during 2016 was the CIS (Council of International Schools) Accreditation for ABIS. This process took nearly three years of hard work and preparation, making it only the second school in Oman to achieve this accreditation.

CIS is a non-national, non-regionally affiliated organisation and the status of CIS Accreditation confers an international recognition. The status of international accreditation demonstrates a school's commitment to high quality international education to the school community as well as to the outside world. The significance of this is that ABIS has been awarded the 'highest recognition available in international education'.

This is a huge achievement for ABIS and for the school's community.





Company Formation

The joint venture between Sohar Aluminium 50% and Orpic 50% recently reached a major milestone with the incorporation of Al Batinah International School (ABIS LLC) as a separate legal entity. Mr. Nofal Al Saidi (Orpic) was elected as Chairman of the Board, with Mr. Ibrahim Al Kalbani (Orpic), Mr. Jerry Van Alphen (SA) and Ms. Aneseri Chetty (SA) appointed as Board members from each shareholding company. The Board further confirmed the appointment of Mr. Neil Tomalin as the Head of the School, and General Manager.

This joint venture paves the way for the completion of phase 1 expansion, raising ABIS's eventual capacity from 200 to up to 750 over several years, while the International Community Section and recently added Global Section, which has an increased emphasis on English, Arabic and Islamic studies, will continue to grow.

ABIS believes in holistic development of its students in line with the International Baccalaureate (IB) Learner Profile. It seeks to develop not only academically able but also ethically and morally sound students, who are technologically capable, caring and internationally minded individuals.

Students who are successful in the IB programme can study at the best universities around the world. ABIS is proud to be able to offer this gold standard programme to its expatriate and Omani students which will bring about benefits for the region over the medium and long term.

CUSTOMERS MANAGEMENT APPROACH

Strong relationship development is at the core of fulfilling our customers' needs in a successful and sustainable way.



CUSTOMERS

MANAGEMENT APPROACH



Strong relationship development is at the core of fulfilling our customers' needs in a successful and sustainable way. Through our commitment to reliable delivery of quality metal products, Sohar Aluminium is realizing the full potential of our business to be a driver for economic development through revenue generation, shareholder returns, and provision of aluminium for local and regional markets. Sohar Aluminium is strongly positioned as a partner of choice for Oman's burgeoning downstream metals industry, both through direct supply of metal to local manufacturers, and also through strong participation in local markets for procurement of goods and services.

Meeting the needs of our customers is heavily dependent on responsible and effective supply chain management, both critical parts of Sohar Aluminium's long term strategy. Our supply chain and customer relationships maximise the value of our products and puts our business in a better position to continue to be the partner of choice, a leader in our markets and a creator of significant value for our customers and business partners

Our Customers

We believe in long term supply relationships with our customers and that's why we strive to build lasting arrangements based on quality and reliability. 2016 marked another year of strong customer services performance in which all existing metal supply agreements were fulfilled on schedule and as required. In

Material Issues: Customers

Product Quality

Supply Reliability

Product Sales & New Sources of Revenue

Supply Chain Management

In addition, we have been able to expand our customer base into the broader region through the sale of available metal resulting from increased annual production. Direct metal supply and the expansion of Sohar Aluminium's customer base is a significant opportunity that we will continue to realize as our production and product availability allow.

Over the last year, Sohar Aluminium met all of its delivery quotas, delivering 64,316 tonnes of hot liquid aluminium to our downstream customers in Oman - Oman Aluminium Rolling Company (OARC) and Oman Aluminium Processing Industries Limited (OAPIL). Successful product management allowed us to maintain on-schedule delivery of metal products, with no product delivery interruptions and resolution of 100% of customer inquiries regarding product quality. We see this as a significant achievement fully aligned to the promise of reliable and on-time delivery that is expected from our customers.

New Customers, New Potential

In 2016, we continued our long-term project to establish new relationships with customers in the UAE through the sale of solid metal and further opportunities for liquid metal sales in the Sohar Industrial Estate.

This will provide Sohar Aluminium with new sources of revenue which will grow going forward.

Our Products

Sohar Aluminium sells aluminium in three forms:

- Ingots (23.7 kg)
- Sows (700 kg)
- Hot metal (for local downstream partners)

Looking forward, maintaining and building strong relationships with our customers will continue to create value for Sohar Aluminium. Revenue generation from product sales and favourable customer relationships will also maximize the value that is generated from Sohar Aluminium’s increasing production capacity resulting from major plant upgrades such as the pot relining and amperage creep projects. As our customer base expands, so too does our internal capacity and management systems.

Quality and Reliability

Product quality and reliability are key factors in successful customer relationships. All aluminium produced follow’s Sohar Aluminium’s Quality Policy, which designates specifications for the technical specifications of our metal products. Sohar Aluminium Casthouse and Power Plant are certified under ISO 9001:2008 Quality Management

2016 Customer Highlights

Revenue generation through additional solid metal sales

Total 64,316 Tonnes liquid metal sold to existing downstream customers

100% Customer inquiries resolved

Systems as part of the company’s commitment to delivering comprehensive, quality based management for successful customer relationships and product sales.

Annual customer satisfaction surveys are a part of our quality policy and provide one of many direct communication channels with our customers to address concerns and inquiries and ensure we are meeting the expectations of our customers and delivering superior customer experience.

SUPPLY CHAIN MANAGEMENT

Successful supply chain management focuses on minimizing risks, optimizing price and elimination of production disruption through on time 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. All suppliers are assessed during the evaluation process on the basis of EHS performance and mandated to abide by Sohar Aluminium's rigorous safety standards. Safety induction trainings are provided for all contractors and service providers as part of Sohar Aluminium's uncompromising commitment to safety.

In 2016, supply chain management continued to evolve as Sohar Aluminium began a number of new supplier agreements to improve reliability and optimize costs for the supply of significant production components such as major raw materials. We used a new CPC supplier in 2016 based on work we did during prior years. In addition, we continued to mature our supplier management systems through enhanced inventory systemization and monthly supplier relationship evaluation meetings.

Building Local Supply Chain

Sohar Aluminium is committed to developing partnerships with local Omani suppliers as a means to improve our supply chain and support local economic development. While Sohar Aluminium's primary raw material, alumina, and a majority of machinery and heavy equipment is sourced from outside of Oman, Sohar Aluminium has developed a strong network of nationally-based suppliers who provide a variety of

goods and services from administrative items to specialized manpower. Site visits and quantitative supplier assessments allow Sohar Aluminium to build strong relationships with suppliers and ensure that our expectations for safety, quality, and operational management are met.

Local suppliers represent a significant opportunity to enhance the Omani metals and manufacturing sector while reducing costs and product delivery time. Our partnership with local manufacturing companies continues to grow as Sohar Aluminium further identifies items that can be localized. The upcoming Pot Change Project will present various opportunities to create in country value.



PASSION FOR EXCELLENCE

Safety Performance Indicator	Unit	2013	2014	2015	2016
Injury Frequency Rate*	200,000 man-hours	0.33	0.17	0.33	0.56
Recordable Injury/Illness* Frequency Rate	200,000 man-hours	0.70	0.50	0.54	0.31
Lost Time Injury Rate*	200,000 man hours	0.33	0.33	0.20	0.00

Contractor Management

Contractors continue to be a key stakeholder at Sohar Aluminium as they provide specific technical and maintenance services to meet the requirements of our assets and manpower demand. They comply with Sohar Aluminium's requirements to work on site which includes operational and EH&S 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 being continuously reviewed and improved.

Contractor management meetings are regularly being conducted to share learnings across site and to provide the necessary training and development. They are encouraged to develop their company's EH&S plan and present at these meetings.

Whilst on site, the contractor workforce is considered as Sohar Aluminium's resources and as such their key performance indicators for successful engagement are included in that of Sohar Aluminium. In 2016, contractors performed almost 1.4 million work hours for Sohar Aluminium with improved performance in lost time injury frequency rate.

APPENDIX REPORTS

This report highlights the Sohar Aluminium's sustainability performance that is of particular interest to a broader set of stakeholders.



APPENDIX A.

REPORT PARAMETERS

This report highlights the Sohar Aluminium's sustainability performance that is of particular interest to a broader set of stakeholders. It is the 8th Sustainability report since 2009, Sohar Aluminium is committed to the sustainability of its business and region and accordingly intends to continue to issue a sustainability report annually. This report is printed on a recycled paper.

GRI Content Index

This report was prepared according to the GRI G4 Guidelines, in accordance with the Core option. Please refer to Appendix C for further information.

Boundary of the Report

This report covers the operations of Sohar Aluminium as an independent entity operating only in the Sultanate of Oman through its headquarters located in Sohar. Sohar Aluminium does not have control or significant influence with regard to financial and operating policies of any other entity and does not own any subsidiaries nor is part of any joint ventures; therefore, there are no limitations on the scope or boundary of this report.

Our Materiality Test

The scope of this report was prepared with the four GRI principles; materiality, stakeholder inclusiveness, sustainability context, and completeness. It aims to ascertain the definition of materiality for Sohar Aluminium and what this report shall cover.

Stakeholder Inclusiveness

At Sohar Aluminium we value the opinions of our stakeholders and believe that a systematic dialogue can assist us in better identifying opportunities for further development or conflict issues that may arise. Our operations affect many different stakeholders, ranging from our employees, social partners, investors and suppliers to governments and influencing groups as well as our neighbourhood communities from the Al Batinah region.

Completeness

In identifying the scope of the report, we took into consideration issues that are relevant both upstream and downstream to Sohar Aluminium. Our aim was to cover all significant actions and events within the reporting period and put forward all information that can be of importance to our stakeholders.

APPENDIX B.

COMPANY PERFORMANCE 2013-2016

Environmental Health and Safety

Waste management

	2013	2014	2015	2016
Waste Disposal (Tonne)	5,534	7,677	6,252	5,554
Waste Disposal (Kg/T Al)	15.5	21.1	16.6	14.4

Waste Recycled

Non Hazardous Waste Recycled	2013	2014	2015	2016	Final Disposal
Recyclable Steel (m3)	840	738	576	1,118	Steel Recycler
Recyclable Wood (m3)	4,350	5,826	1,614	2,136	Wood Recycler
Paper and Cardboard (m3)	1,308	1,596	1,074	1,128	Paper Recycler
Recycled Plastic (m3)	780	783	522	366	Plastic Recycler
Hazardous Waste-Non Recyclable (m3)	3,054	2,442	2,376	2,244	Stored On-site
Total Recycled (m3)	7,418	9,066	5,817	4,748	
Metal Production (Tonnes)	354,060	363,528	377,186	386,395	assumed as hot metal production

Energy Management

	2013	2014	2015	2016
Natural Gas Consumption(mmbtu)	38,026, 750	37,151,064	38,265,529	38,873,353
Fuel Oil / Diesel Usage (Litres)	368,925	274,076	134,036	40,471
Total Power Generated (MWHr)	5,420,247	5,466,811	5,586,481	5,706,811
Power Used by Smelter and Port Operations (MWHr)	5,228,457	5,344,877	5,467,238	5,579,039
Energy Consumed (GJ)	40,133,253	39,206,207	40,377,046	41,015,005
Energy consumption intensity (GJ / Tonne)	113.3	107.8	107.0	106.1
Generation Efficiency (%)	48.6	50.2	49.8	50.09
Conversion Efficiency (AC.MWHr/t Al)	14.76	14.77	14.49	14.44

Water Management

	2013	2014	2015	2016
Sea Water Use for Cooling (m3)	354,358,291	365,209,405	372,250,419	390,469,778
Seawater Consumption in the Reverse Osmosis Plant (m3)	1,033,437	0	0	0
Brackish Well Water Extraction (m3)	1,901,568	2,645,864	2,928,257	2,965,676
Well water intensity (m3 / tonne Al)	5.37	7.27	7.76	7.68
Process Water Produced (m3)	1,025,981	972,952	1,120,327	1,153,851
Brine Discharged to the Sea (m3)	1,752,446	1,486,714	1,604,753	1,622,590
Demineralised Water Used for Heat Capture in the Heat Recovery Steam (m3)	136,588	144,490	175,145	175,818
Process water (non-potable) exported to Majis Industrial Services Company (m3)	566,832	499,643	599,231	617,571
Sewage Water Imported from neighbouring community for irrigation (m3)	114,153	111,577	109,141	105,288
Treated Sewage Water Used for Irrigation (m3)	126,426	127,805	133,329	136,910
Percentage of Treated Sewage Water Re-used for Irrigation (%)	100%	100%	100%	100%

Emissions Management

	2013	2014	2015	2016
Total CO2 emissions generated (Tonnes CO2 /MWhr)	0.50	0.50	0.50	0.51
PFC emissions (t CO2 eq./ t Al)	0.12	0.03	0.17	0.19
Total CO2 emissions from smelter activities (t CO2 eq./ t Al)	1.81	1.70	1.78	1.83
Total CO2 emissions from Sohar Aluminium facilities (Smelter, Power Plant and Port) per tonne of aluminium produced (t CO2 eq./ t Al)	7.85	7.47	7.51	7.58
Hydrogen Fluoride-Gas Treatment Centre (GTC) (Tonne Gaseous HF)	20.00	16.18	15.39	27.2
Total Fluoride Emissions-Smelter (kg HF/t Al)	0.59	0.47	0.50	0.61

People

Employee breakdown by designation

Levels	2013			2014			2015			2016		
	Omani	Expat	Total									
Semi-Skilled	353	0	353	329	0	329	340	0	340	343		343
Skilled	207	133	340	219	136	355	219	125	344	219	118	337
Professional	79	51	130	74	48	122	82	44	126	81	43	124
Management	76	98	174	82	91	173	84	88	172	90	84	174
Total	715	282	997	704	275	979	725	257	982	733	245	978

Turnover and Retention	2013	2014	2014	2015
New Employee hires	105	46	51	25
Employee Turnover rate	5.92%	6.43%	4.85%	2.97%

Employee Age	2013	2014	2015	2016
20-30	399	305	236	111
30-40	434	497	564	633
40+	164	177	182	234

Training

	2013	2014	2015	2016
Investment in vocational training	0.9 M US\$	0.9 M US\$	1.2 M US\$	1.1 M US\$
Average training day per employee	14 days	12 days	12 days	15 days
Number of employees received training	990	990	982	978
3-year Maintenance Technician Program-Omani Employees	21	30	22	18
Total number of training hours	90,279	90,000	94,609	119,769
Training hours per employee	91	91	96	122

Corporate Citizenship

CSR Budget breakdown	2013	2014	2015	2016
Jusoor Projects	37%	55%	60%	70%
Sustainable Projects	24%	26%	22%	5%
Education	6%	3%	5%	6%
Social Contributions & Voluntary Projects	15%	10%	10%	10%
SMEs	6%	3%	0%	0%
EHS	12%	3%	3%	8%
Group Initiatives			1%	1%

Percentage of Local and Foreign suppliers	2013	2014	2015	2016
Local Suppliers	38.1%	67.1%	47.3%	53.0%
Foreign Suppliers	61.9%	32.9%	52.7%	47.0%

APPENDIX C.

GRI CONTENT INDEX



The table below provides the disclosure of GRI content for 'In accordance' – Core report.
 Further explanation for each indicator is presented online at
<https://g4.globalreporting.org/Pages/default.aspx>

GENERAL STANDARD DISCLOSURES		
Indicator	Page reference (or direct response in case of omission)	External Assurance
Strategy and Analysis		
G4-1	8-11	Not Assured
G4-2	23, 29-30	Not Assured
Organisational Profile		
G4-3	13	Not Assured
G4-4	81	Not Assured
G4-5	13	Not Assured
G4-6	13	Not Assured
G4-7	14	Not Assured
G4-8	14, 80-81	Not Assured
G4-9	14, 20-21, 49, 80	Not Assured
G4-10	20-21, 42	Not Assured
G4-11	30% of Sohar Aluminium employees are members of the Trade Union	Not Assured
G4-12	82-83	Not Assured
G4-13	No changes	Not Assured
G4-14	8-11	Not Assured
G4-15	25-28	Not Assured

GENERAL STANDARD DISCLOSURES		
Indicator	Page reference (or direct response in case of omission)	External Assurance
Organisational Profile		
G4-16	Sohar Aluminium is part of the following associations: <ul style="list-style-type: none"> • Oman Chamber of Commerce and Industry • Gulf Aluminium Council • International Aluminium Institute • AP 30 Club 	Not Assured
Identified Material Aspects and Boundaries		
G4-17	85, The company has no annual report or public financial statements.	Not Assured
G4-18	22, 28, 85	Not Assured
G4-19	22	Not Assured
G4-20	85	Not Assured
G4-21	28	Not Assured
G4-22	6, 22	Not Assured
G4-23	No changes	Not Assured
Stakeholder Engagement		
G4-24	24-27	Not Assured
G4-25	24-27, 64-65, 85	Not Assured
G4-26	24-27, 64-65, 85	Not Assured
G4-27	24-27	Not Assured

GENERAL STANDARD DISCLOSURES		
Indicator	Page reference (or direct response in case of omission)	External Assurance
Report Profile		
G4-28	January 1–December 31, 2016	Not Assured
G4-29	23, Sohar Aluminium 2015 Sustainability Report was published in 2016.	Not Assured
G4-30	24	Not Assured
G4-31	6	Not Assured
G4-32	65-70	Not Assured
G4-33	This report was not checked by third-party.	Not Assured
Governance		
G4-34	15-18	Not Assured
G4-35	15	Not Assured
G4-36	15	Not Assured
G4-37	17	Not Assured
G4-38	15-16	Not Assured
G4-39	15	Not Assured
G4-40	15	Not Assured
G4-48	15	Not Assured
G4-49	15	Not Assured
Ethics and Integrity		
G4-56	13	Not Assured
G4-58	17	Not Assured

SPECIFIC STANDARD DISCLOSURES			
DMA and Indicator	Page reference (or direct response in case of omission)	Omissions	External Assurance
CATEGORY: ECONOMIC			
Material Aspect: Economic Performance			Not Assured Yet
G4-DMA	55		Not Assured
G4-EC1	20, 55		
G4-EC4	No assistance received from Government		Not Assured
Material Aspect: Indirect Economic Impacts			Not Assured Yet
G4-DMA	55		Not Assured
G4-EC7	55		Not Assured
Material Aspect: Procurement Practices			Not Assured Yet
G4-DMA	81, 82		Not Assured
G4-EC9	82		Not Assured
CATEGORY: ENVIRONMENTAL			
Material Aspect: Energy			Not Assured Yet
G4-DMA	32, 36		Not Assured
G4-EN3	86		Not Assured
G4-EN5	86		Not Assured
G4-EN6	36, 86		Not Assured
G4-EN7	51		Not Assured
Material Aspect: Water			Not Assured Yet
G4-DMA	32, 34		Not Assured
G4-EN8	86		Not Assured
G4-EN10	34		Not Assured

SPECIFIC STANDARD DISCLOSURES			
DMA and Indicator	Page reference(or direct response in case of omission)	Omissions	External Assurance
Material Aspect: Emissions			
G4-DMA	32, 36		Not Assured
G4-EN15	88		Not Assured
G4-EN16	88		Not Assured
G4-EN18	36		Not Assured
G4-EN19	35-36		Not Assured
G4-EN21	35-36, 88		Not Assured
Material Aspect: Effluent and Waste			
G4-DMA	32, 34, 86		Not Assured
G4-EN22	86		Not Assured
G4-EN23	34, 86		Not Assured
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
Material Aspect: Employment			
G4-DMA	41, 42		Not Assured
G4-LA1	88	New hires by age group and gender is not available	Not Assured
G4-LA2	41		Not Assured
Material Aspect: Occupational Health and Safety			
G4-DMA	36, 37		Not Assured
G4-LA5	36, 37		Not Assured
G4-LA6	36, 37		Not Assured

SPECIFIC STANDARD DISCLOSURES			
DMA and Indicator	Page reference(or direct response in case of omission)	Omissions	External Assurance
Material Aspect: Training and Development			
G4-DMA	44		Not Assured
G4-LA9	83		Not Assured
G4-LA10	44		Not Assured
G4-LA11	43		Not Assured
Material Aspect: Diversity and Equal Opportunity			
G4-DMA	41, 42		Not Assured
G4-LA12	88, 89		Not Assured
Material Aspect: Supplier Assessment for Labour Practices			
G4-DMA	82		Not Assured
G4-LA14	82		Not Assured
G4-LA15	82		Not Assured
SUB-CATEGORY: HUMAN RIGHTS			
Material Aspect: Non-discriminations			
G4-DMA	18		Not Assured
G4-HR3	Zero		Not Assured
Material Aspect: Child Labour			
G4-DMA	18		Not Assured
G4-HR5	Zero		Not Assured
Material Aspect: Forced of Compulsory Labour			
G4-DMA	18		Not Assured
G4-HR6	Zero		Not Assured

SPECIFIC STANDARD DISCLOSURES			
DMA and Indicator	Page reference (or direct response in case of omission)	Omissions	External Assurance
Material Aspect: Supplier Human Rights Assessment			
G4-DMA	82		Not Assured
G4-HR11	82		Not Assured
SUB-CATEGORY: SOCIETY			
Material Aspect: Local Communities			
G4-DMA	60-70		Not Assured
G4-SO2	65-70		Not Assured
Material Aspect: Anti-corruption			
G4-DMA	18		Not Assured
G4-SO3	100%		Not Assured
G4-SO4	100%		Not Assured
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
Material Aspect: Customer Health and Safety			
G4-DMA	82		Not Assured
G4-PR1	100%		Not Assured
Material Aspect: Marketing Communication			
G4-DMA	82		Not Assured
G4-PR6	None		Not Assured
G4-PR7	None		Not Assured



**SOHAR
ALUMINIUM**

 Follow us on
[@SoharAluminium](https://twitter.com/SoharAluminium)

 Like us on
[@SoharAluminium](https://www.facebook.com/SoharAluminium)

 Connect with us on
[Sohar Aluminium](https://www.linkedin.com/company/SoharAluminium)