

# Powering the next generation

**Bapco Energies**  
Annual Report 2023

20  
23



**His Majesty**  
**King Hamad bin Isa Al Khalifa**  
King of The Kingdom of Bahrain



**His Royal Highness**  
**Prince Salman bin Hamad Al Khalifa**  
Crown Prince, Deputy Supreme  
Commander of the Armed Forces  
and Prime Minister

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# Company overview

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# Reshaping the energy sector in the Kingdom of Bahrain

On behalf of the Board of Directors, I am honored to present the 2023 Annual Report for Bapco Energies B.S.C. (closed), marking another significant step forward in our journey towards reshaping the energy sector in the Kingdom of Bahrain and embracing a sustainable future.

Under the visionary leadership of His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, Chairman of the Higher Committee for Energy and Natural Resources, the Kingdom of Bahrain has reaffirmed its commitment to achieving critical sustainability targets, notably our ambitious goal of reaching net-zero emissions by 2060.

At COP 28, His Majesty King Hamad bin Isa Al Khalifa unveiled "Blueprint Bahrain," an action plan designed to propel the nation towards carbon neutrality, foster a low-carbon economy, and unlock sustainable opportunities in the green economy. His Majesty's announcement reinforces the commitment made at COP26 by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, that the Kingdom of Bahrain would achieve net-zero by 2060, reduce emissions by 30 percent through decarbonization and efficiency initiatives by 2035, and double the deployment of renewables.

Bapco Energies' transition targets are intricately linked with the Kingdom's ambition and timeframe as outlined in the National Energy Strategy (NES), endorsed in October 2023 by the Higher Committee of Energy and Natural Resources (HCENR). The National Energy Strategy provides a vital implementation roadmap aligned with the principles of Sustainability, Affordability, and Security of Supply, and reinforces our trajectory towards economic resilience and prosperity as outlined in the "Economic Recovery to Sustainable Development" program (2023-2026).

In response to this imperative, 2023 witnessed the launch of the Bapco Energies brand, ushering in a transformative era in the Kingdom's energy sector. Leveraging our rich 90-year legacy, the Bapco Energies brand marks our journey to build and consolidate our nation's portfolio of energy companies and infrastructure under a future-facing group of companies.

Throughout 2023, we have been working to consolidate the energy value chain in the Kingdom of Bahrain. As a result, we are proud that the Bapco Energies portfolio today encompasses a range of wholly-owned subsidiaries including Bapco Refining, Bapco Upstream, Bapco Gas, Bapco Tazweed, and Bapco Air Fueling. In addition, our portfolio includes specialized Operating Companies such as Bahrain LNG, Gulf Petrochemical Industries Companies (GPIC), BAC Jet Fuel, and Arab Shipbuilding and Repair Yard Company (ASRY).

To realize efficiencies and enhance operational excellence, leadership teams across all Operating Companies have begun streamlining functions and initiatives across the Group. These efforts resulted in the achievement of key milestones such as the issuance of a Groupwide Environmental, Social, and Governance (ESG) Policy, which signals our commitment to meeting our sustainability targets.

**In 2023, the Group achieved significant milestones in the Kingdom's energy landscape:**

- **The Bapco Modernization Program (BMP)**, the largest capital investment in the Kingdom's history, is approaching its final stages. Once completed, the BMP will establish one of the region's most competitive and environmentally responsible refineries, contributing significantly to the Kingdom's economic and environmental goals.
- **BMP** has set impressive Health, Safety, Security, and Environment (HSE) standards achieving remarkable results. **The Refinery recorded over 75 million hours without a Lost Time Injury (LTI)** which is a record achievement and was equivalent to over 12 months without an LTI.
- In July 2023, **Bapco Refining inaugurated its state-of-the-art BMP control room**, which was recognized with the **"Oil & Gas Project of the Year"** award at the 13th Annual MEED Projects Awards 2023, underscoring the Company's commitment to engineering and operational excellence.
- **Bapco Energies successfully priced US \$750m international trust certificates** receiving strong interest from regional and international investors. The sukuk was **five times oversubscribed** demonstrating our strong credit and transition into an integrated energy company.
- The Group received the prestigious awards of **Best Islamic Finance Facility** at the 15th EMEA Annual Achievement Awards, as well as **ESG Loan of the Year** at the Annual Bonds, Loans and Sukuk Middle East Awards.
- **Bapco Upstream** continues its **successful drilling operations**, achieving milestones in both gas and oil well exploration. These milestones are pivotal in meeting the Kingdom's average and peak energy demands, ensuring a reliable and sustainable energy supply.
- Achieving a financial record year at **Bapco Gas and Bapco Gas Expansion** by completing a scheduled turnaround and inspection program on time and in budget.

**His Highness Shaikh Nasser bin Hamad Al Khalifa**  
Chairman of the Board of Directors  
Bapco Energies B.S.C (closed)

- **Bapco Tazweed** introduced its new branding, which led to the development and refurbishment of its stations. This initiative encompassed a new approach to digitalization focused on streamlining operations and enriching customer experiences. Additionally, the Company implemented strategic partnerships, leveraging innovative models to improve revenue generation.
- In 2023, **Bapco Air Fueling refueled a record-breaking 41,360 flights, the highest number of flights in a decade.** This achievement reaffirms the Kingdom's pivotal role as an aviation hub in the region and highlights the exceptional services offered at Bahrain International Airport (BIA).
- In July 2023, **Bapco Energies launched its Sustainability-Linked Finance Framework**, allowing the Group to link its financing with decarbonization goals in line with the Kingdom of Bahrain's commitment to sustainability and climate action. In doing so, we are proud to be **the first National Oil Company (NOC) to include Scope 3 emissions, which complement our Scope 1 and 2 reduction commitments.**
- Bapco Energies announced **the first ESG-linked Interest Rate Swap in the Kingdom of Bahrain.** This groundbreaking financial milestone builds on Bapco Energies' recent achievement in closing the largest ESG-linked financing in the history of the Kingdom of Bahrain.
- In November 2023, we also successfully executed an **"Amend & Extend" of the US\$ 2.2 billion Sustainability Linked Loan, including an additional US\$ 300 million green shoe option.** This transaction demonstrates the trust of the investment community in our journey towards a low-carbon future.
- Bapco Energies issued its **first ESG Report** in December 2023, showcasing our resolute commitment to fulfilling our Environmental, Social, and Governance (ESG) responsibilities amid a shifting global energy landscape.
- In December 2023, we were the first NOC in the region to launch a **Transition Finance Framework**, aligning our endeavors with the Kingdom of Bahrain's climate action goals. The Framework will allow Bapco Energies to raise financing geared towards its transition projects for categories such as Renewable Energy, Carbon Capture and Storage, No/Low Emissions Fuels, and Energy Efficiency amongst others.

In the Framework, **Bapco Energies lists its Scope 1 and 2 net emissions intensity reduction targets, using 2017 as a baseline.** Bapco Energies is committed to **reducing absolute Scope 1 and 2 emissions by 30%** from 2017 levels by 2035. For its landmark Scope 3 targets, Bapco Energies will **reduce absolute Scope 3 emissions** within the Kingdom of Bahrain by 30% from 2017 levels by 2035; and by 2060, reach net-zero Scope 3 emissions.

Moreover, our membership in the Oil and Gas Methane Partnership 2.0 (OGMP) demonstrates our commitment to reducing methane emission by leveraging cutting-edge solutions. As a signatory of OGMP, Bapco Energies pledges to annually report Scope 1 methane emissions and employ accurate measurement methods across all operated and non-operated assets.

Bapco Energies has delivered strong results in 2023. Our net

profits and revenue growth attest to our resilience and strategic foresight.

The Group increased its asset base by **US\$ 900 million** primarily through ongoing developments at Bapco Refining for BMP and Bapco Upstream's Capex Program. Despite lower oil prices during the year, the Group continued to deliver positive results in 2023, with **US\$ 573 million in net profit.**

In November 2023, **Fitch Ratings reaffirmed Bapco Energies' rating at B+ with a stable outlook**, thereby validating the ongoing positive momentum and efforts within the Kingdom's energy sector. It is a testament to the strong financial standing of the Group and reflects the trust and confidence of the international investment community.

As a Group, we are committed to working closely and collaboratively with our partners and stakeholders as we adapt to the ever-evolving landscape of our industry. The strides we have made stand as testimony to the dedication and ingenuity of our teams, whose relentless pursuit of excellence will continue to propel us forward. It is through their pride and unyielding efforts that we have been able to achieve remarkable milestones and set new benchmarks in our industry.

I want to express my sincere appreciation for the collective effort and dedication shown by the Board of Directors, Executive Management team, and our employees. Their contributions have been and will continue to be, instrumental in promoting our strong governance and responsible practices, which serve as the cornerstone of our operations.

Together, and under our Kingdom's wise leadership, we remain as committed as ever to our mission of **powering the next generation.** This mission encapsulates our collective vision to not only meet the energy needs of today but also to pave the way for a sustainable and prosperous future for the energy sector and the nation at large.

**Nasser bin Hamad Al Khalifa**  
Chairman of the Board of Directors  
Bapco Energies B.S.C. (closed)



**Mark Joseph Thomas**  
Group Chief Executive Officer  
Bapco Energies B.S.C (closed)

# Maximizing the value of national resources

Dear Stakeholders,

Under the leadership of our Chairman His Highness Shaikh Nasser bin Hamad Al Khalifa, Bapco Energies is transforming the energy sector in the Kingdom of Bahrain. We are attracting investment and fostering strategic partnerships with the best in their field, enabling us to leverage world-leading expertise to meet the evolving demands of Bahrain's energy sector.

As we celebrate our first year of operation as an integrated energy company under the name Bapco Energies, we are pleased to report that we saw strong financial performance for the year ending December 31st, 2023.

The Company has successfully attracted interest from both regional and international investors, and the US\$ 750m sukuk was five times oversubscribed. We also executed an "Amend & Extend" of the US\$ 2.2 billion Sustainability Linked Loan, which included an additional greenshoe option.

Likewise, Bapco Energies signed a US\$ 200 million revolving credit facility to manage one of the largest Sharia-compliant renewable credit facilities in the sector, supporting the Company's financial plans, and meeting our mandates, which are aligned with the Kingdom's Economic Vision 2030. These achievements demonstrate the strong belief in Bapco Energies' ability to drive economic growth and secure the nation's energy future.

His Royal Highness Prince Salman bin Hamad Al Khalifa, The Crown Prince and Prime Minister, inaugurated Bapco Energies on May 29th, 2023, marking a historic milestone in the Kingdom's energy sector. Our portfolio was consolidated under the new Bapco Energies brand, and we successfully streamlined 15 companies into 7 integrated companies, which include a range of wholly-owned subsidiaries and specialized companies.

This year also witnessed key collaborations, which has helped to guide our decision making and drive the business forward. The Company has access to world-leading expertise, which will continue to extend our global reach and cultivate an innovative spirit.

These collaborations contributed to an increase in our operational efficiencies, enabling the Company to maximize the value of national resources, and to venture into new areas of growth and opportunity. Consequently, in 2023, Bapco Energies increased its asset base by US\$ 900 million, with US\$ 573 million in net profit, driven by a share of profits from associates and joint ventures.

Our strategic approach to decarbonization aligns with the Kingdom's efforts to reduce carbon emissions by 30% by 2035, achieve Net-Zero emissions by 2060, and double the deployment of renewables, as declared by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, at COP26.

With a focus on accelerating the energy transition, this year saw the Company exploring renewable and sustainable clean energy sources while demonstrating local excellence. Of course, people are at the core of the business, and we have invested in training and development programs to enable our employees and leadership teams to reach their full potential.

Bapco Energies has a highly skilled workforce, whose expertise and knowledge contribute directly to national economic growth and meeting the evolving demands of the Kingdom of Bahrain's energy sector. Equally, the Company's commitment to human capital development supports job creation and strengthens the Kingdom's global competitiveness in the energy market.

Coming together as a united group, Bapco Energies is committed to fostering collaboration and expertise. We will continue to invest in innovative projects and to focus on developing strong partnerships as we evolve from a traditional oil and gas holding Company into a progressive, and ambitious organization.

We are committed to transparency and accountability, and we invite you to hold us to the highest standards. Together, we can build a more sustainable future to power the next generation of energy.

**Mark Thomas**  
Group Chief Executive Officer  
Bapco Energies B.S.C (closed)

# An integrated energy company

Bapco Energies is the integrated energy company leading the energy transition in the Kingdom of Bahrain. Under the guidance of His Highness Shaikh Nasser bin Hamad Al Khalifa, Chairman of Bapco Energies, the Company consolidated its energy value chain into a progressive group of companies covering upstream, midstream, and downstream operations.

By embracing a diversified energy mix with sustainable and renewable sources, the Company aims to ensure energy security and maximize returns on the Kingdom of Bahrain's natural resources.

This strategic approach aligns with the Kingdom's decarbonization efforts, aiming to reduce carbon emissions by 30% by 2035, achieve Net-Zero emissions by 2060, and double the deployment of renewables, as declared by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister.

To achieve these goals, Bapco Energies has aligned with "Blueprint Bahrain" framework and the National Energy Strategy to streamline energy demand across all sectors. The Company aims to enhance the oil & gas recovery rate of domestic fields, diversify the future electricity mix by introducing renewable energy, and transition the Kingdom of Bahrain to a greener economy.

The Bapco Energies portfolio includes Subsidiaries, such as Bapco Refining, Bapco Upstream, Bapco Gas, Bapco Tazweed, and Bapco Air Fueling. It also encompasses specialized Associated Companies such as Bahrain LNG, the Gulf Petrochemical Industries Company (GPIC), BAC Jet Fuel, and the Arab Shipbuilding and Repair Yard Company (ASRY).

## Our values

Agile

Innovative

Responsible



# Legacy and transformation

## 90 years

Over 90 years of experience in the oil & gas industry

## 2019

the commencement of the Bapco Modernization Programme (BMP)

## 2023

nogaholding rebrands as Bapco Energies

## 2060

Net-zero

## 2007

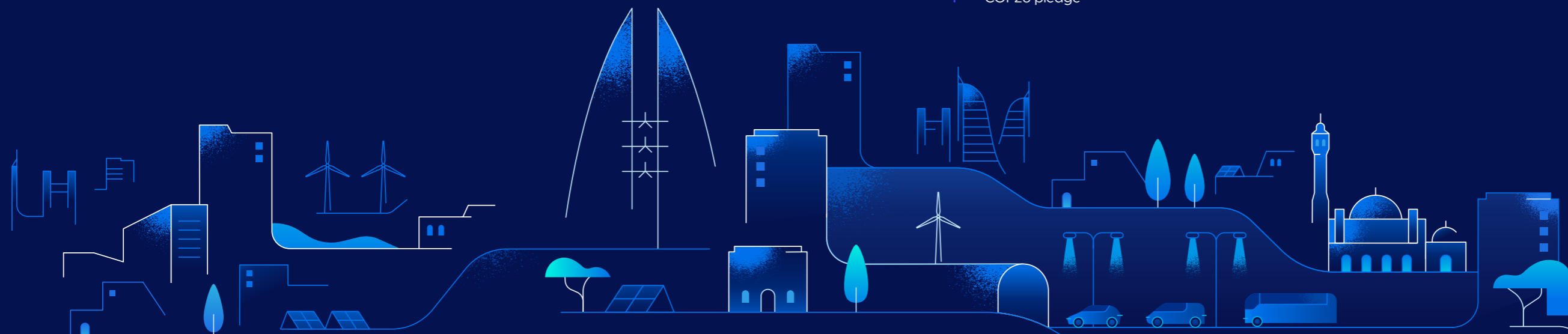
nogaholding is established

## 2021

- His Highness Shaikh Nasser bin Hamad Al Khalifa is appointed
- Bahrain's decarbonization COP26 pledge

## 2035

30% GHG reduction



# Legacy and transformation

Bahrain's oil discovery positively transformed the economy of the nation and had a lasting impact on the development of public infrastructure, education, healthcare, and trade, among other sectors. Following the oil discovery in the late 1920s, the first oil well was set up in the Kingdom of Bahrain in June 2nd, 1932, and the first refinery was built in 1936.

In 2007, the Oil and Gas Holding Company (nogaholding), is the energy investment and development arm of the Kingdom of Bahrain, was established to manage the government's assets in the energy industry.

In April 2021, His Majesty King Hamad bin Isa Al Khalifa has appointed His Highness Shaikh Nasser bin Hamad Al Khalifa, His Majesty the King's Representative for Humanitarian Works and Youth Affairs, as the Chairman of the Board of Directors of nogaholding. His Highness is leading the industry's transition towards a sustainable future in the Kingdom of Bahrain.

At the heart of his vision for the energy sector is His Highness' commitment to a sustainable transformation aligned with the Kingdom of Bahrain's decarbonization goals, as pledged by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, at COP26.

In 2023, nogaholding underwent a major transformation. The Group's 15 companies were restructured into 7 integrated Operating Companies along the value chain, and the organization rebranded as Bapco Energies.

With a renewed focus on 'powering the next generation', the Company is trusted to maximize enterprise value and facilitate the energy transition across the Kingdom of Bahrain in line with the Economic Vision 2030.

Looking towards the future, Bapco Energies is planning to establish several new companies to further accelerate the Kingdom's economic development. The companies include Bapco Trading Company, Bapco Sustainable Solutions, and BeVentures .





# The road to Net-Zero

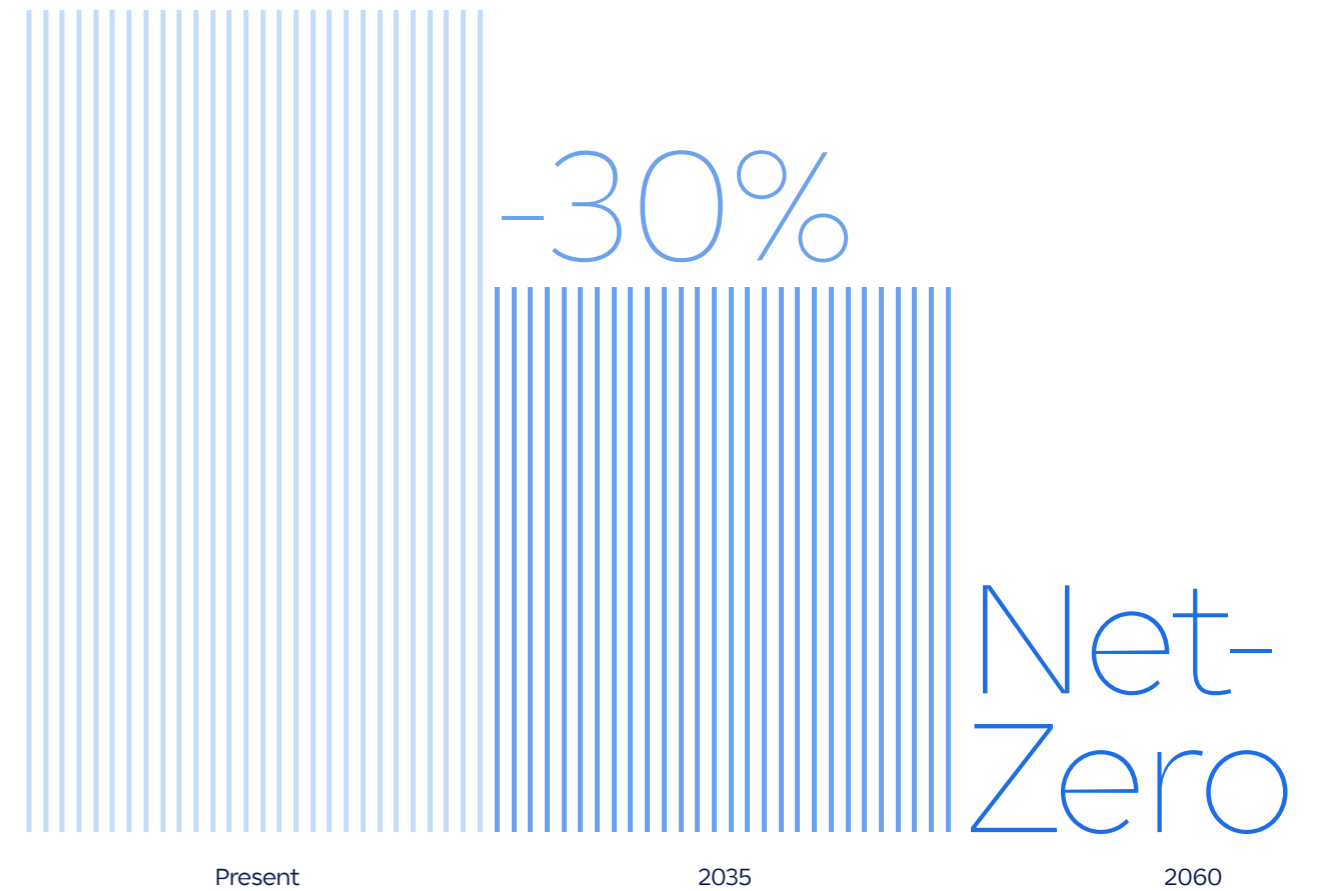
The Bapco Energies brand operates with the singular purpose of transforming the Kingdom of Bahrain's energy sector. The Company understands the responsibility it has towards the people of Bahrain, and is led by the guiding principles of sustainability, affordability, and security of supply as it transitions to a low-carbon future.

At COP26, His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister of the Kingdom of Bahrain, set the target of achieving Net-Zero by 2060. In the interim, the Kingdom of Bahrain aims to reduce emissions by 30% by 2035.

This will be achieved by implementing decarbonization and energy efficiency initiatives, as well as doubling the deployment of renewables.

These commitments underscore the proactive approach of Bapco Energies, the government of the Kingdom of Bahrain, and other industries across the Kingdom in combatting climate change and building a sustainable and resilient future.

## CO<sub>2</sub> emissions reduction



## National energy strategy

During his Majesty King Hamad bin Isa Al Khalifa's speech at the COP28 Summit, His Majesty announced the Kingdom's National Action Plan, "Blueprint Bahrain". The Plan aims to achieve carbon neutrality by focusing on three pillars: low-carbon economy, climate change adaptation, and creating sustainable opportunities in the new green economy.

Within this framework, the Government of Bahrain is leading the Kingdom's National Energy Strategy (NES), which will place the Kingdom of Bahrain at the forefront of the energy transition and ensure the development of the local energy sector. Bapco Energies is tasked with facilitating the energy transition across the Kingdom and preparing the sector for a diversified and affordable energy transition in line with the Economic Vision 2030.

To ensure a comprehensive and sustainable approach to meeting the Kingdom's energy needs, the NES comprises several core pillars, including optimized energy demand, enhanced oil & gas, and an unconstrained power mix. These pillars will help guide policy development and operational decisions while supporting the Kingdom of Bahrain's long-term energy objectives, economic prosperity, and environmental stewardship.

The strategy also aims to diversify the Kingdom's power mix to ensure reliability and security of supply, while meeting environmental commitments to reduce Bahrain's carbon footprint by 30% by 2035, leading to Net-Zero by 2060.

## Decarbonization strategy

In transitioning to a low carbon future, the Kingdom of Bahrain is committed to developing a resilient and carbon-neutral energy sector. The Kingdom is prioritizing energy security and long-term sustainability, while ensuring the national socio-economic system provides social protection and wellbeing to future generations.

As such, Bapco Energies is implementing a decarbonization strategy to meet the Kingdom's commitments. The strategy includes several core initiatives, including the implementation of energy efficiency improvements. In leveraging energy-efficient technologies and practices across operations, the Company aims to minimize energy consumption and optimize its resources.

To reduce the Kingdom's carbon emissions, Bapco Energies is focused on collaborating with other industries in Bahrain to further integrate renewable energy sources such as carbon capture utilization (CCUS) and to accelerate the use of alternative energy sources to meet emissions reduction targets.

Similarly, Bapco Energies aims to diversify the Kingdom of Bahrain's energy mix and promote the use of renewable energy sources by investing in renewable energy projects and exploring partnerships that will result in sustainable and clean energy.

To fulfil its Net-Zero commitments by 2060, the Company has included an interim absolute reduction target for Scope 1 and Scope 2 emissions. In setting these incremental targets, the Company can systematically reduce greenhouse gas emissions from direct operations and purchased energy, driving immediate and measurable progress in reducing the Kingdom of Bahrain's carbon footprint.

## Kingdom of Bahrain National Energy Strategy (NES) Pillars



## Bapco Energies Decarbonization Strategy



# Business performance

Over the past year, Bapco Energies has delivered strong business growth. It has achieved notable financial and operational milestones, underscored by the successful consolidation of its Operating Companies and subsequent launch of the Bapco Energies brand.

This new chapter in the Company's legacy is reflective of its strategic move towards diversifying its energy portfolio and enhancing its operational efficiency. As it evolves from a traditional oil and gas holding company, into an innovative, progressive organization, Bapco Energies is poised to meet the challenges and opportunities of the future by remaining committed to innovation, sustainability, and excellence.

2023

Asset base

+\$900m

Net profit

\$573m

# Delivering shareholder value

The past 12 months have been marked by resilient financial performance and a commitment to enhancing shareholder value amidst an evolving global energy landscape. Bapco Energies has demonstrated robust financial health, driven by strategic investments, operational efficiencies, and a diversified energy portfolio. It has delivered strong revenue growth, reflecting the Company's ability to adapt and thrive in changing market conditions.

The Company's disciplined approach to capital management, and its focus on sustainable growth has yielded impressive returns for its shareholders. Looking ahead, the Company remains dedicated to optimizing its financial performance and delivering long-term value.

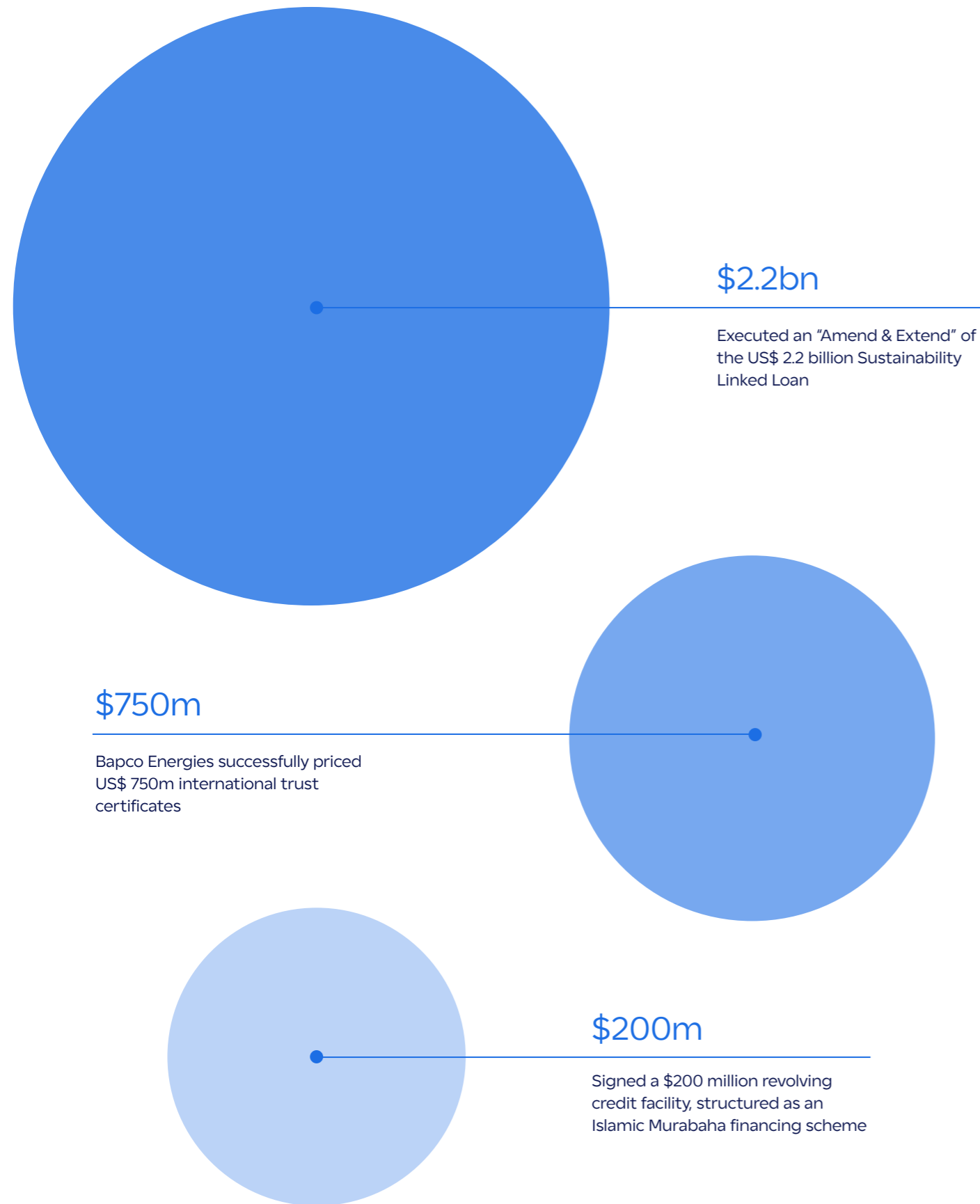
In 2023, the Group increased its asset base by +US\$ 900 million through ongoing developments at Bapco Refining and Bapco Upstream's CAPEX Program. In total, the Group delivered US\$ 573 million in net profit.

Bapco Energies successfully issued international trust certificates worth US\$750 million, attracting significant interest from both regional and international investors. The Sukuk was five times oversubscribed and will play a key role in managing the Company's debt profile.

In November 2023, Bapco Energies carried out an "Amend & Extend" for its US\$2.2 billion Sustainability Linked Loan, incorporating an additional US\$300 million greenshoe option, demonstrating the Company's commitment to transitioning towards a low-carbon future.

Bapco Energies is also proud to be the first National Oil Company (NOC) in the region to introduce a Transition Finance Framework, aligning our initiatives with the nation's climate action objectives.

Looking to the future, Bapco Energies is committed to delivering shareholder value through continued financial growth and strategic investments. By maintaining financial discipline and investing in sustainable practices, the Company is well-positioned to capitalize on emerging opportunities and green investment. Bapco Energies is confident that its strategic initiatives will continue to generate favorable returns, positioning the Company for future success and ensuring lasting benefits for its shareholders.



# Financial milestones

## Exercised greenshoe option

Executed an "Amend & Extend" of the US\$ 2.2 billion Sustainability Linked Loan, including an additional US\$ 300 million greenshoe option.

## Attracted investors

Bapco Energies successfully priced US\$ 750m international trust certificates and received strong interest from regional and international investors.

## Oversubscribed the Sukuk

The US\$ 750m Sukuk was five times oversubscribed, demonstrating strong credit and a successful transition into an integrated energy company.

## Managed renewable credit facility

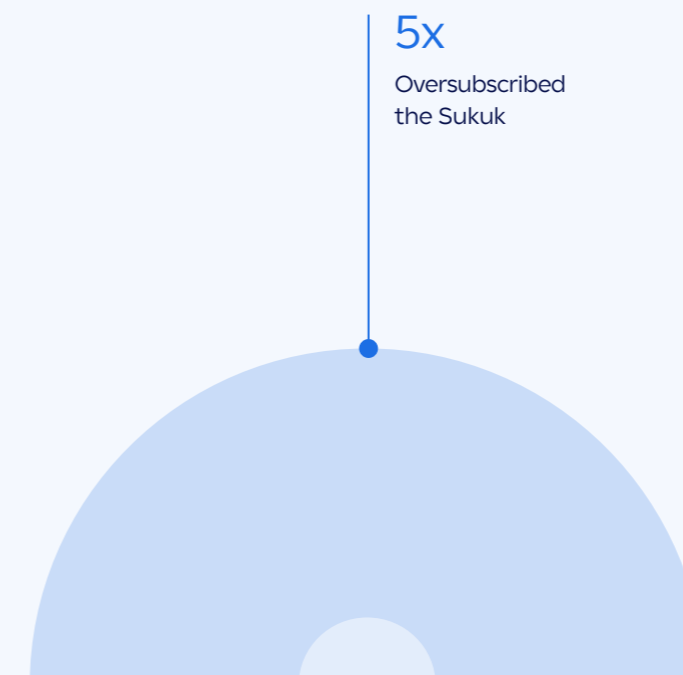
Signed a \$200 million revolving credit facility, structured as an Islamic Murabaha financing scheme, to manage one of the largest Sharia-compliant renewable credit facilities in the sector.

## Launched a sustainability-linked finance framework

With the support of Standard Chartered, Bapco Energies launched a Framework, which received a Second Party Opinion from ISS, confirming its alignment with the ICMA Sustainability-Linked Bond Principles (SLBP) and the LMA Sustainability-Linked Loan Principles (SLLP). In linking the Group's financing with its decarbonization goals, Bapco Energies became the first National Oil Company (NOC) to include Scope 3 emissions, complementing its Scope 1 and 2 reduction commitments.

## ESG-linked interest rate swap

Strategically hedged a portion of Bapco Energies' interest rate exposure, correlating the hedged rate with specific sustainability-based key performance indicators (KPIs). This innovative approach supports Bapco Energies' sustainability objectives and effectively manages the risks associated with interest rates fluctuations.



# Operational performance

Bapco Energies' unwavering commitment to excellence and efficiency is reflected across all areas of its business operations. The Company's achievements over the past year reflect its strategic focus on leveraging technologies, fostering a culture of continuous improvement, and maintaining operational resilience.

Under the Bapco Energies Operating Strategy (BOS), the Company restructured and streamlined its Group of 15 companies into 7 integrated Operating Companies, encompassing a range of wholly-owned subsidiaries including Bapco Refining, Bapco Upstream, Bapco Gas, Bapco Tazweed, and Bapco Air Fueling.

The consolidation was enabled by centralized support functions across several key areas, including Strategy & Performance, Legal, Finance, Treasury, HR, IT Shared Services, Corporate Communications, Audit & Risk, and Procurement. These functions have helped enhance the Company's capabilities, resilience, and agility.

As part of the consolidation, a strategic internal initiative called Project Harmony was launched to enhance efficiency across the Group in the following areas: Finance, Procurement, HR, Maintenance, and Supply Chain.

This project underscores Bapco Energies' commitment to modernizing operations by streamlining processes, standardizing best practices, and fostering a collaborative environment. The project is integral to realizing Bapco Energies' Chairman, His Highness Shaikh Nasser bin Hamad Al Khalifa's vision of a unified Group that leverages Oracle Fusion technology to ensure all processes are interconnected for long-term value.

As Bapco Energies moves forward, its operational priorities will continue to drive value, innovation, and sustainable growth for the Company and its stakeholders.





# Operational milestones

## Established a transition finance framework

Bapco Energies became the region's first National Oil Company (NOC) to publish a transition finance framework. The Company aligned its endeavours with the Kingdom of Bahrain's climate action goals, enabling the Company to raise financing towards its transition projects for categories such as Renewable Energy, Carbon Capture and Storage, No/Low Emissions Fuels, and Energy Efficiency.

## Set a refueling record

Refuelled a record-breaking 41,360 flights at Bapco Air Fueling - the highest number of flights in a decade.



## Launched Bapco Energies

The group holding underwent a transformation as the Group's 15 companies were consolidated into 7 integrated Operating Companies under the name Bapco Energies. The Company is trusted to maximize enterprise value and facilitate the energy transition across the country, in line with the Kingdom of Bahrain's Economic Vision 2030.

## Introduced a control room

Inaugurated a state-of-the-art Bapco Modernization Program (BMP) control room at Bapco Refining, which won the "Oil & Gas Project of the Year" award at the 13th Annual MEED Projects Awards 2023.

## Issued an ESG policy and report

An Environmental, Social, and Governance (ESG) Policy was implemented across the Group to meet sustainability targets, in addition to the Company's first ESG report, showcasing Bapco Energies' commitment to fulfilling its responsibilities amid a shifting global energy landscape.

## Signed an agreement with Oracle

Elected to use Oracle's Fusion Cloud Applications Suite to help automate core business processes and streamline operations across all operating companies.

## Signed an MoU with Mitsui O.S.K. lines

To establish a carbon capture and storage (CCS) value chain to significantly reduce greenhouse gas emissions in line with the Kingdom of Bahrain's goals to achieve Net-Zero emissions by 2060.

# Awards & recognitions

Industry awards are more than symbols of achievement; they validate the dedication and hard work of Bapco Energies' employees, the effectiveness of its strategies, and its leadership in the energy industry.

Each award and recognition received reflects the Company's pursuit of the highest standards in operational performance, environmental stewardship, and corporate social responsibility.

By celebrating these milestones, the Company acknowledges its progress and renews its commitment to delivering exceptional value to its stakeholders and the communities it serves.

In 2023, Bapco Energies received two notable awards: the Best Islamic Finance Facility at the 15th EMEA Annual Achievement Awards, and the ESG Loan Deal of the Year, awarded by the GFC Media Group at the Annual Bonds, Loans and Sukuk Middle East Awards.

Both awards recognized the Company's successful refinancing of its US\$ 1.6 bn Murabaha Facility, and upsizing it to US\$ 2.2 bn. The new facility, which is the first of its kind for Bapco Energies, and the largest sustainability-linked facility in the Kingdom of Bahrain, was structured as a dual-tranche sustainability-linked loan.

The facility demonstrated high investor confidence in Bapco Energies' credit and sustainability efforts and attracted interest from international, regional, and local banks, which led to a two-time oversubscription.

These awards demonstrate the great potential for ethical ESG and sustainability-driven transactions, and the continued growth of sustainable funding across the Kingdom of Bahrain.

1st

Best Islamic finance facility

1st

ESG loan deal of the year

# Strategic partnerships

To guide future decision making and to drive business expansion, Bapco Energies is proactively developing partnerships to accelerate the adoption of new technologies, innovation, and infrastructure as the Kingdom charts a new future. In forging strategic partnerships with the best in their field, the Company aims to leverage its world-leading expertise to maintain its high performance.

Over the last 12 months, Bapco Energies has proactively developed and maintained several partnerships, which includes the signing of a memorandum of understanding (MoU) with Mitsui O.S.K. Lines (MOL). The partnership aims to establish a carbon capture and storage (CCS) value chain to significantly reduce greenhouse gas emissions in line with the Kingdom of Bahrain's goals to achieve Net-Zero emissions by 2060.

To streamline operations across the Group, the Company signed an agreement with the multinational computer technology company, Oracle. Bapco Energies will use Oracle's Fusion Cloud Applications Suite to help automate its core business processes and continue its commitment to excellence and efficiency across all areas of the business.

In upholding its environmental commitments, the Company continued its ongoing partnership with the Bahrain International Circuit as part of the Green Ticket Initiative. The venture funds a program of mangrove planting, supporting the Kingdom's ambitious pledge to quadruple mangrove coverage by 2035.

Bapco Energies recognizes that employee health and wellbeing is one of its most critical assets in driving sustained success. A healthy and motivated workforce is essential to achieving operational excellence and fostering a culture of safety, productivity, and innovation.

Consequently, to enhance employee benefits, the Company signed a long-term agreement with Bahrain National Life Assurance Company. The partnership was facilitated by Protection Insurance Services (PIS) and will consolidate the Bapco Energies Group under a unified medical and life insurance policy.

These strategic partnerships have been instrumental in driving Bapco Energies' business growth and accelerating its innovation. They have enriched the Company's capabilities, enabling it to undertake ambitious projects, enhance operational efficiency, and meet the evolving demands of the Kingdom of Bahrain's energy sector.



# Corporate governance

The Group is committed to embedding the principles of good governance, transparency, integrity, and ethical conduct in everything it does. This is reflected in its adaptable behaviors, which include embracing change, seeking opportunities to grow as a company, applying innovation across the business, and holding itself to the highest levels of accountability.

Likewise, Bapco Energies' internal behaviors help define the Company's attitude and human character. As such, its brand culture is defined by bravery, ambition, progress, consciousness, and openness.

To ensure consistency in behaviors and ways of working, it is essential that the Company integrates best practices across all Operating Companies. By implementing robust corporate governance mechanisms, Bapco Energies ensures compliance with relevant laws and regulations throughout the organisation. Specifically, it adheres to the Bahrain Ministry of Industry and Commerce Corporate Governance Code.

Of course, regulations evolve, and Bapco Energies closely monitors any change in the regulatory requirements across the Kingdom of Bahrain and updates its operational policies and procedures accordingly. The Company acknowledges that good governance is essential to enhancing the Company as a whole, and delivering on its vision, while maintaining stakeholder confidence.



# Board of Directors



**His Highness Shaikh Nasser bin Hamad Al Khalifa**

His Majesty the King's Representative for Humanitarian Works and Youth Affairs  
Chairman of the Board of Directors



**H.E. Shaikh Salman bin Khalifa Al Khalifa**  
Deputy Chairman



**H.E. Dr. Mohamed bin Mubarak Bindaina**  
Board Member



**H.E. Mr. Khalid Amro Al Rumaihi**  
Board Member



**H.E. Mr. Abdulla Jihad Al Zain**  
Board Member



**Mr. Faisal Mohamed Al Mahroos**  
Board Member



**H.E. Ms. Hadyah Mohammed Fathalla**  
Board Member



**Lord Edmund John Phillip Browne**  
Board Member



**Mr. Robert Warren Dudley**  
Board Member



**Mr. Anthony Bryan Hayward**  
Board Member

# Executive Management



**Mr. Mark Thomas**  
Group Chief Executive Officer



**Mrs. Elina Mohamed**  
Group General Counsel



**Dr. Osama Rayis**  
Group Chief Financial Officer



**Mrs. Nouf Al-Sowaidi**  
Group Chief Human Resources Officer



**Dr. Hassan Al Mulla**  
Vice President – Corporate Development & Portfolio Management



**Mr. Oz Ozkan**  
Vice President - Strategy Office



**Mr. Mohamed Al Shehab**  
Vice President - Corporate Finance & Investor Relations



**Mr. Mohammed Sater**  
Vice President – Information Technology



**Mr. Ahmed Sulail**  
Vice President - Finance

# Committees

Bapco Energies comprises a respected group of leaders who bring a wealth of experience and expertise to the Company. The Committees steer Bapco Energies towards achieving its strategic objectives, ensuring its sustainable growth, and maintaining its position as the integrated energy Company, leading the energy transition in the Kingdom of Bahrain. Together, the Committees provide invaluable oversight, driving the Company forward in its mission of powering the next generation.



# Responsibilities & commitments

As the integrated energy Company leading the energy transition in the Kingdom of Bahrain, Bapco Energies aims to uphold its responsibilities and commitments to ensuring energy security, economic stability, and environmental stewardship. In adhering to rigorous operational standards, and by investing in clean and renewable energy sources, the Company continues to meet the Kingdom's growing energy demands while minimizing its environmental impact.

04





# Transparency and ethics

The Company recognizes the importance of communicating who it is and what it stands for to all its stakeholders and employees across the Group

As a part of the Company's ongoing centralization efforts, it has been revising its policies to cover Group-wide operations effectively. It has developed a new Code of Conduct, Data Privacy Policy, and Directors Policy.

Bapco Energies' Code of Conduct encourages respect, fairness, and civility in the workplace. It sets clear expectations for employee behavior with guidelines on anti-bribery, anti-corruption, conflict of interest, ethical decision-making, integrity, and responsible business practices.

The Company has implemented a Group-wide Whistleblowing Policy and a Whistleblowing Channel, enabling employees and stakeholders to Speak Up and report unethical practices or suspicious activities confidently.

Among its various initiatives, every year, Bapco Energies acknowledges Ethics Awareness Week by organizing a series of sessions for employees across the Group to improve awareness on the application of ethical values.

## Developing our people

People are the Company's life force, and it celebrates them as part of its culture and objectives by fostering a community of agility, innovation, and responsibility. Bapco Energies is very proud of its inclusiveness and diversity, and this is reflected throughout the organization with the number of women in leadership positions, as well through the Company's graduate and internship programs.

In providing comprehensive training, the Company empowers its employees to adopt best practices, make use of new technologies, and adhere to the highest operational standards. This commitment to continuous learning not only enhances individual performance and career growth, but also drives Bapco Energies' collective organizational excellence.

The Company takes pride in developing and training its people across all levels of seniority, including executive leadership. During this new era of transformation, where the Company relies on attracting the very best talent, Bapco Energies is committed to empowering the next generation and supporting the Kingdom of Bahrain's energy transition.

# Corporate social responsibility

Bapco Energies is mindful of its responsibility to the communities in which it operates and is focused on its core corporate social responsibility (CSR) pillars, including health, environment, equal opportunities, youth, and culture.

In working towards securing the Kingdom's energy future, and in powering sustainable economic growth, Bapco Energies aims to contribute to an improved quality of life for people living in the Kingdom of Bahrain.

## Environment

Bapco Energies is committed to environmental responsibility and aims to lead the Kingdom of Bahrain's energy industry in sustainable practices, minimizing its carbon footprint, and contributing to a greener future.

In its pursuit of carbon removal, the Company is actively pursuing carbon capture and storage technologies. Through these measures, the Company aims to contribute to a cleaner, more sustainable future for the Kingdom of Bahrain, aligning with the Kingdom's efforts to achieve Net-Zero emissions by 2060.

The Company has invested in a variety of initiatives that underscore its commitment to supporting the Kingdom's environmental objectives. It has allocated significant resources towards diversifying its energy portfolio and reducing its carbon footprint.

As a founding partner of the Green Ticket Initiative, Bapco Energies contributes to the funding of a program that oversees mangrove planting, supporting the Kingdom's target to quadruple mangrove coverage by 2035. The Company also organized group-wide mangrove tree planting and beach cleanup activities at Ma'ameer Channel-Southern Area.

## Youth

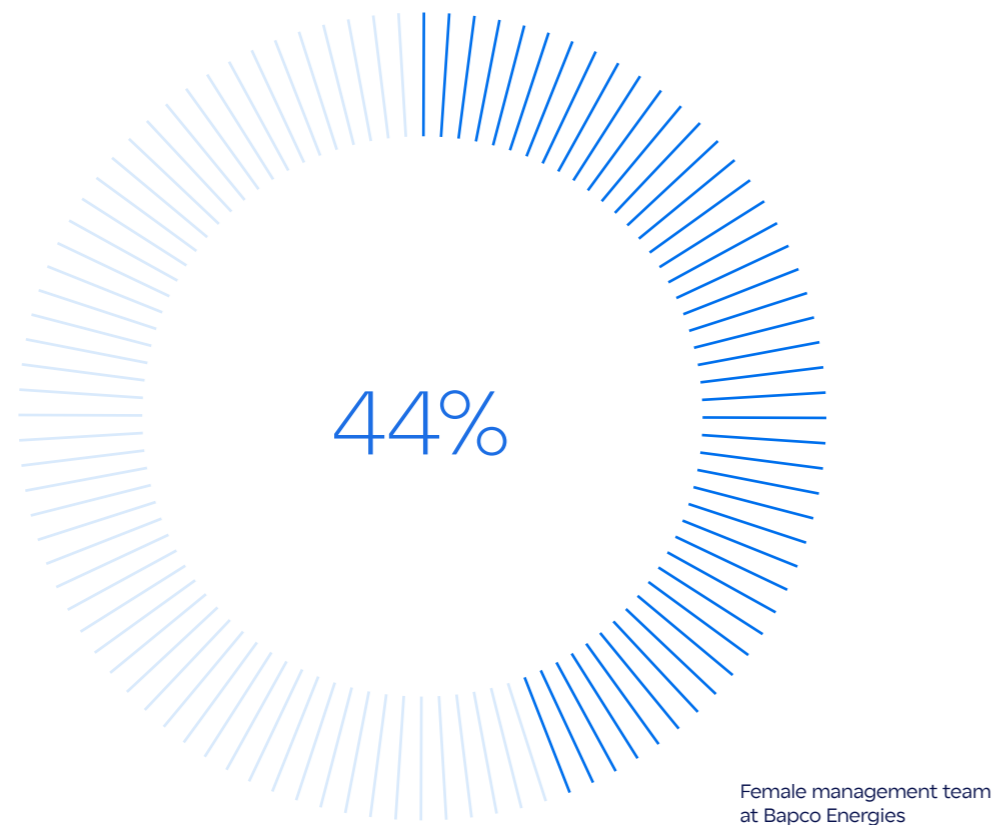
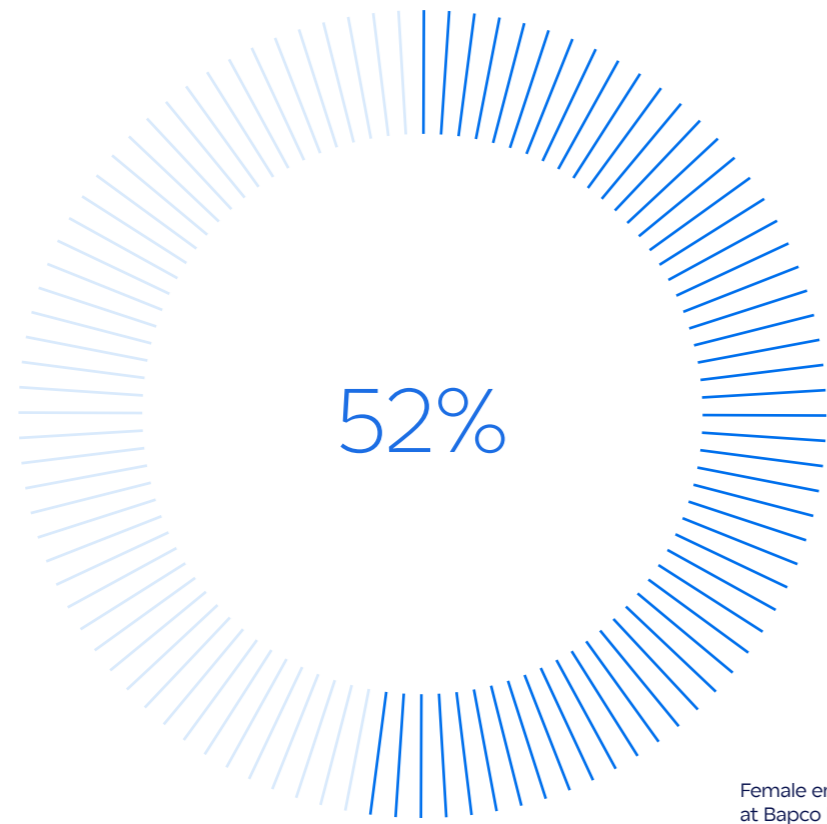
His Highness Shaikh Nasser bin Hamad Al Khalifa, His Majesty the King's Representative for Humanitarian Works and Youth Affairs, Chairman of Bapco Energies, has championed numerous projects aimed at empowering young people, fostering their talents, and enhancing their skills to prepare them for future leadership roles. Under his guidance, extensive efforts have been made to improve educational opportunities, support entrepreneurial ventures, and promote sports and cultural activities that enrich the lives of young Bahrainis.

Bapco Energies' commitment to youth development remains a cornerstone of its corporate social responsibility strategy and its mission to power the next generation. Through an array of educational programs, internships, and scholarships, the Company is dedicated to nurturing young talent and providing them with the tools and opportunities they need to thrive.

Whereas technology is essential to achieving operational efficiency and growth, youth development and education drive the future of both Bapco Energies and the Kingdom of Bahrain. By investing in the education and development of young people, the Company nurtures the next generation of leaders and innovators, who will drive the energy sector forward.

As such, through initiatives such as the Empower Development Program, Bapco Energies provides the national youth with opportunities to gain practical hands-on work experience in the energy industry. The program aims to empower young people to own their economic success and be prepared for today's business challenges. In turn, they can develop their knowledge and experience through real work situations that will benefit them in shaping their future careers.

Through these youth development programs, Bapco Energies will be able to achieve its mission of powering the next generation by providing young people with the opportunity to participate in the transformation and advancement of Bahrain's energy sector. As Bapco Energies continues to invest in the leaders of tomorrow, it is building a foundation for a sustainable and prosperous future for both the Company and the Kingdom of Bahrain.



## Equal opportunities

Bapco Energies' commitment to creating an inclusive workplace is reflected in its comprehensive diversity initiatives, which aim to cultivate an environment where every employee feels valued and empowered.

By promoting equal opportunities, implementing inclusive policies, and investing in training programs, the Company strives to build a workforce that mirrors the rich diversity of the Kingdom of Bahrain.

In 2023, the Company implemented a Group-wide Joint Commission for Equal Opportunities and Gender Balance to promote inclusive employment practices, enhance Company culture, and to contribute to a more equitable and inclusive energy industry.

## Health

The wellbeing of Bapco Energies' employees is paramount to the Company's success. By implementing comprehensive health and wellness programs, the Company promotes physical, mental, and emotional health within its workforce.

Likewise, by ensuring a culture of health and safety, Bapco Energies enhances the quality of life for its employees, while ensuring operational excellence and resilience. It protects the fundamental rights of its employees and their right to a healthy and safe working environment.

The Company ensures this by complying with national and international health and safety standards. All of its employees, contractors, and workers are covered under Bapco Energies' Occupational Health and Safety (OHS) programs.

## Culture

In recognition of the Kingdom of Bahrain's traditions and vibrant culture, Bapco Energies supports initiatives aimed at supporting local communities and revitalizing the Kingdom's heritage. Through partnering with cultural institutions and promoting cultural events, the Company honors its own history while contributing to the social and economic development of the communities it serves and ensuring the Kingdom's cultural legacy thrives for future generations.

# Portfolio companies

Bapco Energies portfolio today, encompasses a range of wholly-owned subsidiaries and specialized Operating Companies. To realize efficiencies and enhance operational excellence, the Company is streamlining its operations as part of the consolidation to fulfill His Majesty King Hamad bin Isa Al Khalifa's vision and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister's aspirations for the energy sector. By cultivating close partnerships across the Group, Bapco Energies maintains the highest operational standards and encourages excellence across its portfolio.

05

# Bapco Refining

Bapco Refining B.S.C (closed)



Year of establishment	1929
Bapco Energies Shares	100%
Business sector	Refining, marketing and distribution of petroleum products
Accreditation	ISO 9001 QMS, ISO 14001 EMS, ISO 45001 OH&S, ISO 22301 BCM, OEMS (Operational Excellence Management System designed to PAS 99), City and Guilds Approved Center, Institute of Leadership and Management Approved Center



## Operational performance

Throughout 2023, Bapco Refining successfully achieved numerous milestones and accomplishments. Significant progress has been made on the strategic investment programs and initiatives, the cornerstone of which, is the multibillion-dollar Bapco Modernization Program (BMP).

# 2023 highlights

In July 2023, the Bapco Modernization Program Main Control Room was energized and officially inaugurated by His Highness Shaikh Nasser bin Hamad Al Khalifa, His Majesty the King's Representative for Humanitarian Works and Youth Affairs, Chairman of Bapco Energies.

Bapco Refining significantly lowered and maintained reduced operating costs compared to previous years. This was managed without impacting the Refinery's safety, reliability, or daily operations. The year 2023 stands out as one of the most reliable years in the Refinery's performance history.

A middle-distillates yield of 59.9% was achieved, setting a record for the highest figure ever recorded in the history of Bapco Refining.

No. 2 Berth and No. 4 Berth were successfully commissioned and returned to service on 14th December 2023 after the BMP modifications were completed.

The Legal Department facilitated and managed the registration and the trademark process of the Company and its product in over 100 countries.

The Company achieved 13.6 million Bapco Refining and contractor employee hours without any Lost Time Injury (LT), or Non-Lost Time Injury (NLT) - the highest milestone ever achieved.

The 2023 Turnaround and Inspection Shutdown' was safely and successfully completed across 12 processing units, executed in two overlapping phases.

The Margin Improvement Initiatives (MII) estimated benefit exceeded the figures achieved in previous years, despite volatile market conditions.

The Legal Department reviewed, drafted, and negotiated over one thousand agreements, and successfully managed and resolved claims in excess of US\$ 100 million.

# Sales & marketing

# 3.66 million

barrels of total imports including Cutterstock, Vacuum Gasoil and Atmospheric Residue

# 94

Spot contracts were issued for petroleum products and Abu Safah Crude

# 56

Term contracts were issued for petroleum products and Abu Safah Crude

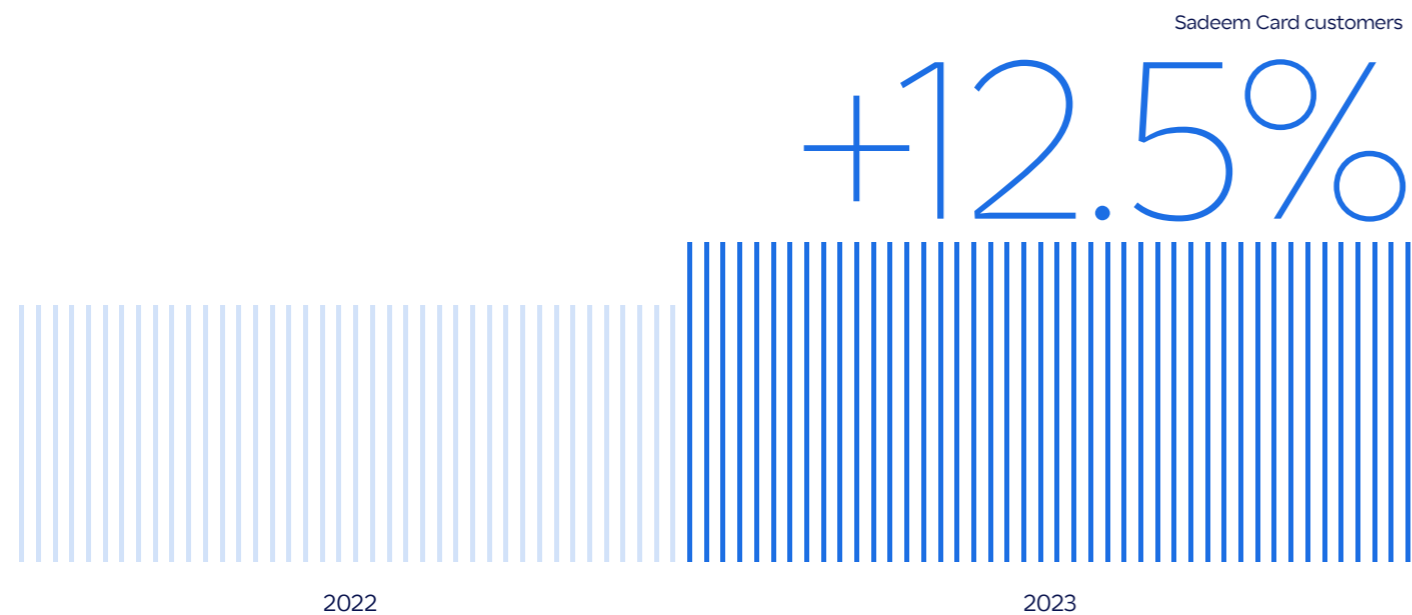
## Exports

# 53,325,707

Abu Safah Crude Oil barrels exported

# 135,992,193

Total barrels of Petroleum Products exported



# Awards & recognitions

## Awards & recognitions

- Awarded the RoSPA Gold Award at a ceremony in London for health and safety performance during the period spanning 1st Jan 2023 to 31st Dec 2023.
- Received the Al Bilad Newspaper Corporate Social Responsibility (CSR) Platinum Award.
- Bapco Refining recognized with Dual Honors at the HRM Summit Awards 2023.
- Received prestigious award for Outstanding Support and Volunteerism at INJAZ Bahrain Annual Appreciation Ceremony 2023.
- Won the prestigious British Safety Council International Safety Award.
- Received an Ethical Certificate and signed a Memorandum of Understanding with The Chartered Institute of Procurement and Supply (CIPS).
- Won "The Best in Country Award" from the British Safety Council, for the best overall application with highest score in the Kingdom of Bahrain for the International Safety Award.
- Received Arabia CSR Award, in the Large Business Category.
- Attended NEBOSH Graduation and Awards Presentation Ceremony.

# The Bapco Modernization Program (BMP)

The BMP is the largest capital investment ever undertaken by Bapco Refining in its 90+ years existence. The project changing the Company into a more modern, complex, competitive, profitable, and environmentally-friendly facility, ready to meet the needs of the industry and Bahrain's Economic Vision 2030. By transforming Bapco Refining into one of the region's most competitive and environmentally responsible refineries, this multibillion-dollar investment will support the Kingdom's long-term socioeconomic sustainability.

- The Main BMP Control Room was energized and inaugurated by His Highness Shaikh Nasser bin Hamad Al Khalifa, Chairman of Bapco Energies Board of Directors, in July 2023.
- Khuff Gas from the existing refinery was routed to the BMP Greenfield to support the successful commissioning and start-up of No. 10 High Pressure Steam Boiler.
- Efforts are ongoing to commission one Desalination Unit and related condensate receiving and polishing systems by year end.
- Successfully commissioned the first large piece of rotating machinery and the Instrument Air Compressors.
- Start-up and circulation of Cooling Water Tower (secondary loop) was completed successfully.
- All substations within the Greenfield Areas were successfully energized.
- Several BMP Utilities Units were started in 2023.
- The BMP completed over 175 million project hours and peaked at nearly 20,000 workers on site.



175m  
Project hours

20,000  
Workers on site



# Environment, social and governance

- The Bapco Refining Greenhouse Gases (GHG) Emissions Report 2022 was published in February 2023, covering Scope 1, Scope 2 and Scope 3 emissions from sold products.
- Bapco Refining successfully achieved re-certification for ISO 14001:2015 Environmental Management System.
- A Net Metering System for Bapco Refining Solar Installations was installed allowing Bapco Refining to receive compensation for the energy exported to the EWA grid.
- An Energy Conservation Campaign was conducted with the aim of raising awareness about the importance of energy saving and promoting a culture of energy conservation.
- The bi-annual groundwater monitoring program was completed for the Refinery and Sitra to identify any potential groundwater contamination from historic operations.
- Bapco Refining's ESG Policy was introduced on 24 December 2023, in line with Bapco Energies' ESG Policy and the Economic Vision 2030.



# Investing in people

# 72,969

Patients were seen at Awali Hospital and the Refinery Clinic

## Human capital

- In 2023, 1,851 employees were recognized for their outstanding performance demonstrating Bapco Refining’s commitment in valuing its employees. In addition, the innovative ‘Bapco Heroes Award’ was introduced for the first time, which aims to honor 100 employees for their remarkable achievements.
- Internal Recruitment provides Bapco Refining employees with fair opportunities for career advancement. The Human Capital department posted 74 internal recruitment vacancies during 2023.
- Promoted 17 Bahrainis with outstanding performance to leadership positions within the Company.
- Bapco Refining launched the ‘Children of Bapco Refining Grant Scheme’ for the year 2023. This program aims to provide grants to the children of Bahraini employees who aspire to pursue higher education at institutions such as the University of Bahrain, the Bahrain Training Institute, or other private universities, both within the Kingdom of Bahrain and overseas.
- The Human Capital department introduced a new medical insurance policy for all employees .
- Bapco Refining identified 100 potential successors for 41 executive positions, and 350 potential successors for 123 middle management and specialist positions.
- The carve-out of Awali Hospital Company was successfully completed.
- In October 2021, Bapco Refining set a recruitment target of 500 Bahrainis. To date, 84.2% of this target has been achieved, with a total of 421 Bahrainis recruited.
- Successfully completed the mapping of 3,000+ employees to the newly approved organizational structure, consisting of 2,798 positions.
- Memorandum Of Understandings signed with National Vocational Training Center (NVTC), Bahrain Polytechnic and Institute of Public Administration (IPA)

100

potential successors for 41 executive positions

350

Potential successors for 123 middle management and specialist positions.

84.2%

500 Bahraini Recruitment target

38%

Young workforce

23%

Female senior management

## Training & development

The Training and Development Department delivers a wide range of Technical, Health and Safety, functional and professional training to meet the future needs of the Company. This includes various methods of training like e-learning, on-the-job training, and technical training. It also covers HSE training, refresher and compliance training, leadership and management programs, English language courses, including IT and business support programs.

127

Young professionals undertaken the Graduate Development Program (GDP)

900

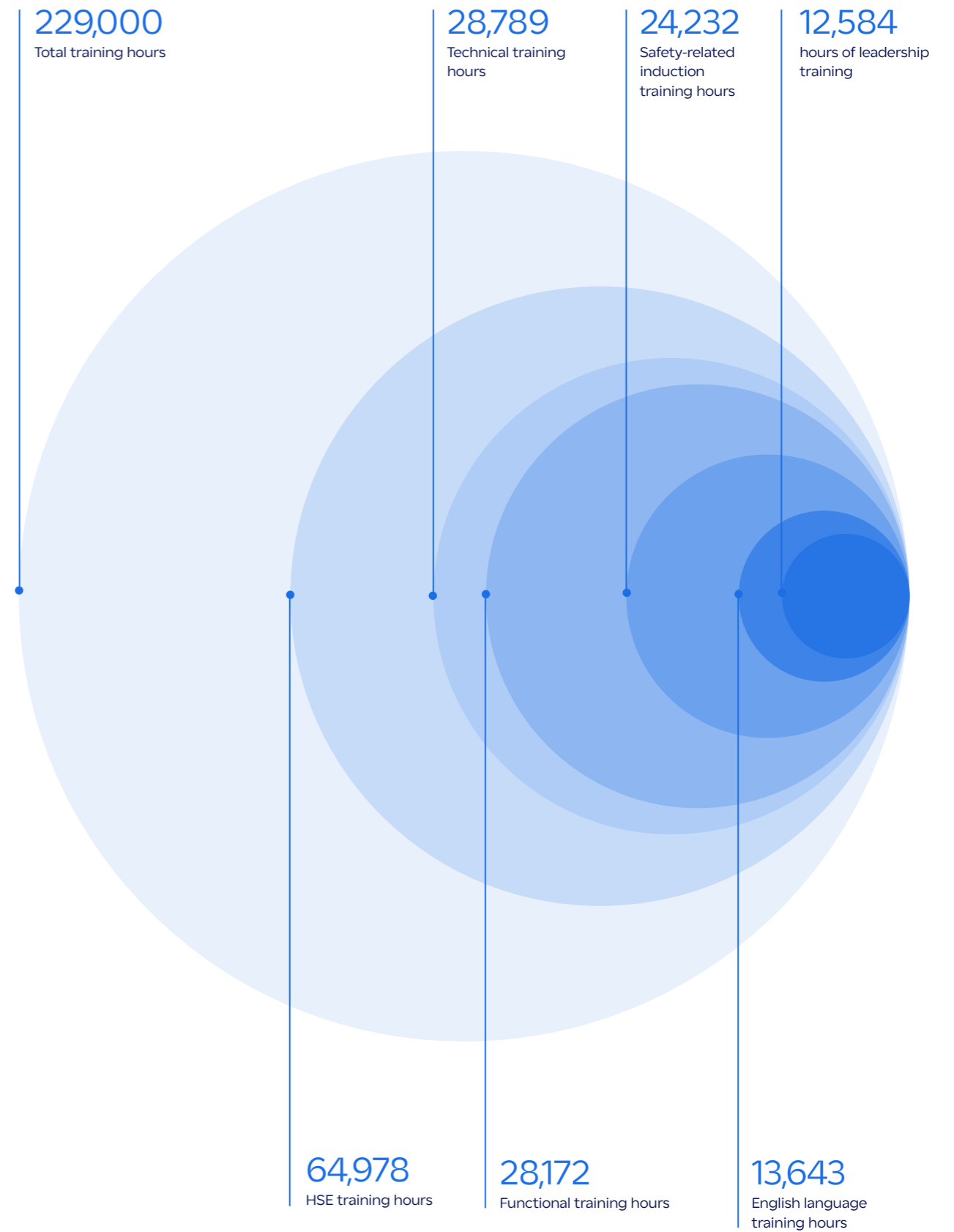
Assessments conducted for development and recruitment

365

Summer trainees hosted at Bapco Refining during the summer months

148

Chartership program engineering





# Bapco Upstream

Bapco Upstream W.L.L.



# 1.75<sub>bscfd</sub>

2023 gas production

# 1,732

Total wells till end of 2023, including 12 exploration wells and 36 Khuff wells

# 38.9<sub>mbopd</sub>

Barrels per day average oil and condensate production 2023

Year of establishment	2009
Bapco Energies shares	100%
Business sector	Upstream – exploration and development of the Bahrain Oil Field Total Oil and Condensate production (average): 38,900 barrels per day
Accreditation	ISO 9001 QMS, ISO 9001:2015 QMS, ISO 45001:2018, CIPS Corporate Ethics



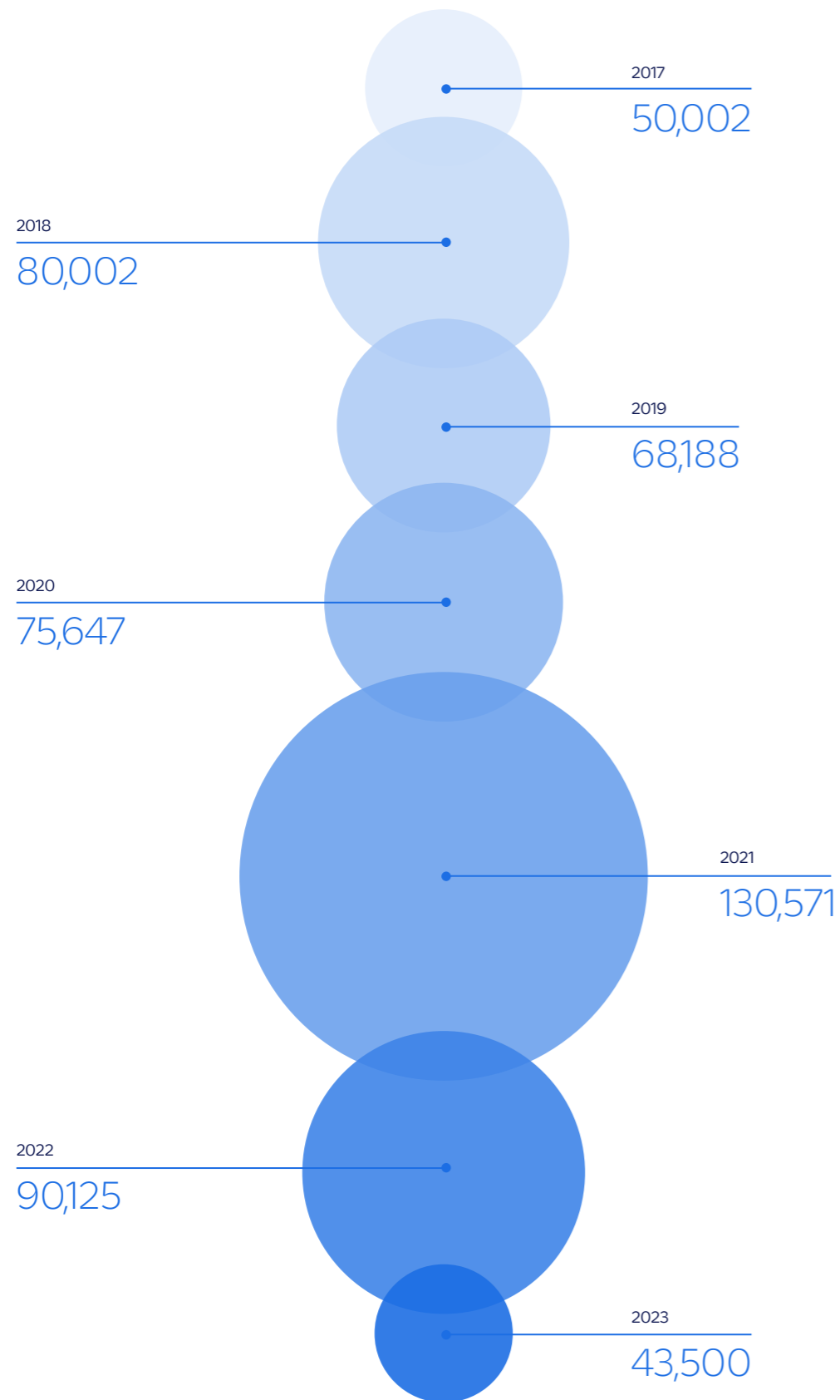
## Operational performance

Bapco Upstream carried out all drilling operations and related activities safely and according to the international standards.

The company is exploring two additional reservoirs below the producer Jauf reservoir, which are Tawil and Sarah. In addition to that drilling and testing Horizontal wells in Jubah which is on going.

## Training & development

Hours



## Achievements

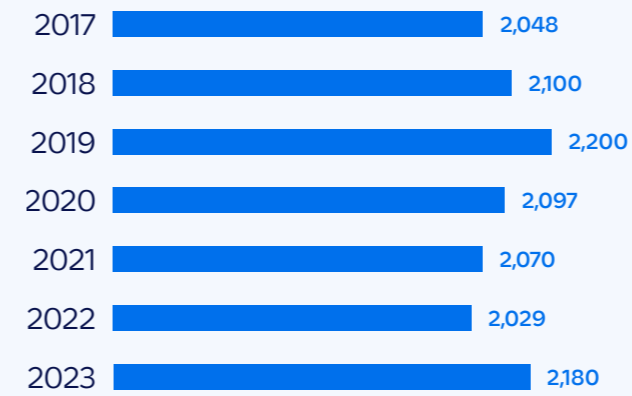
# 90%

Bahrainization rate

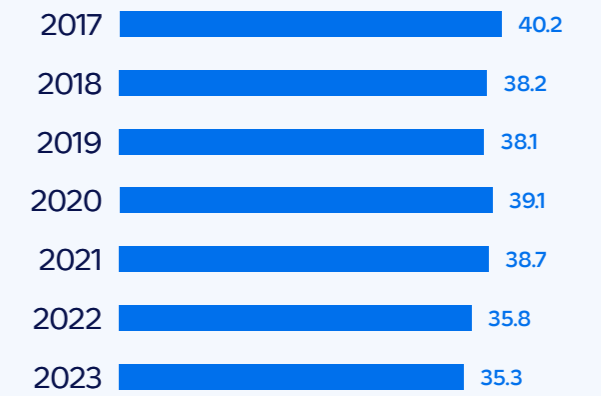
Bapco Upstream continued to participate in the Furas internship program in collaboration with the Ministry of Labor and Tamkeen, providing learning and work experience through the provision of on-the-job training and delivering fundamental concepts of technologies, work ethics, and leadership courses to Bahraini BSc. holders (fresh graduates).

### Non-Associated Gas (MMSCFD)

Peak Production Rate

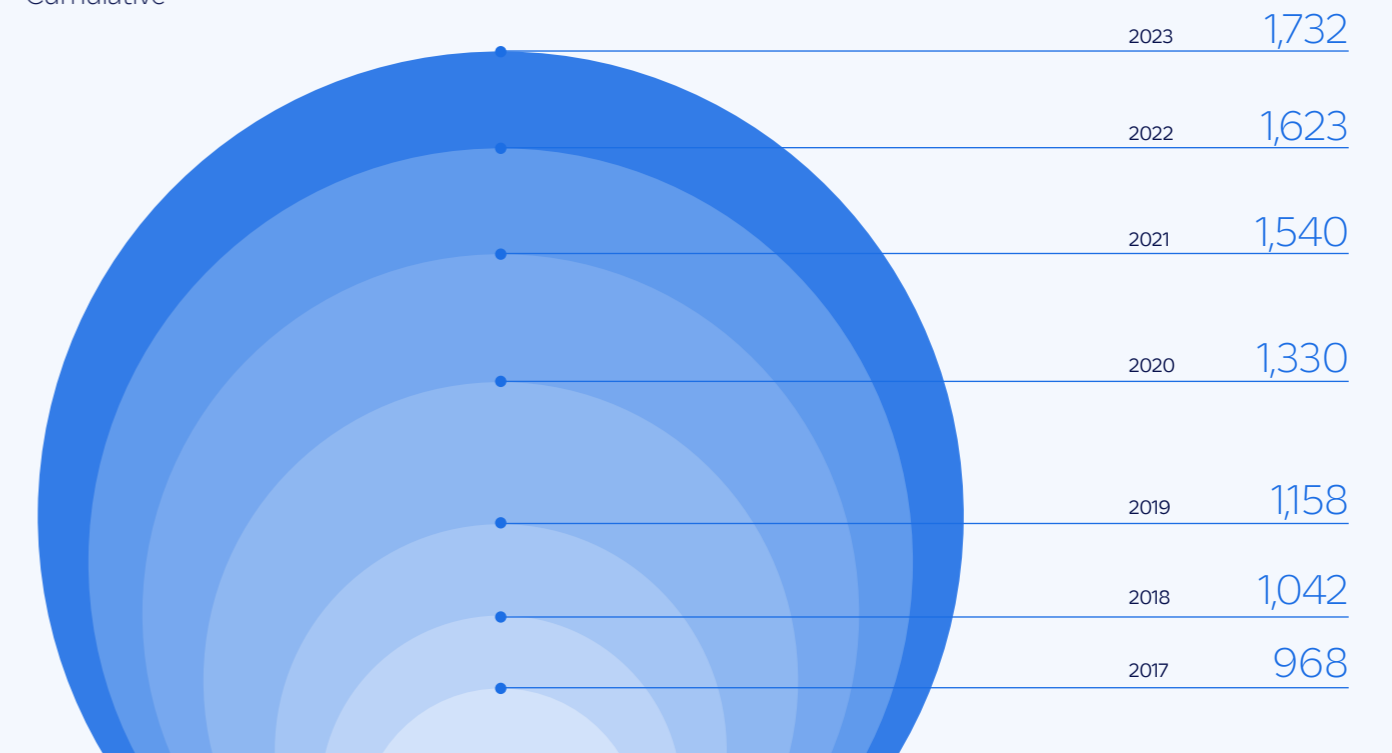


### Black Oil Production (MBOPD)



## Number of wells

Cumulative



# Bapco Gas

Bapco Gas Co. B.S.C (closed)



# Bapco Gas Expansion

Bapco Gas Expansion W.L.L



Year of establishment	1979
Bapco Energies shares	75% Bapco Energies, Kingdom of Bahrain
Business sector	Gas processing unit
Accreditation	ISO 9001 QMS, ISO 14001 EMS, ISO 45001 OHSAS, ISO 20001 IT, ISO 31000 RM
Year of establishment	2008
Bapco Energies shares	100% Bapco Energies, Kingdom of Bahrain
Business sector	Gas processing unit

## Finance

- Successfully transitioned from LIBOR to SOFR on the Hedge Agreement. The Company semi-annually pays a fixed rate of 1.2545% and receives the floating compounded SOFR plus 0.405%. The expected hedge income stands at US\$ 104 million as of December 2023.
- Successful Placement of Property Damage and Business Interruption Insurance Programs valued at approximately US\$ 2 billion.
- Completed an Independent Asset Valuation onsite and Risk Engineering Survey for Insurance Purposes.
- Achieved 100% placement of BGEC Surplus Funds in line with Board of Directors directives. In 2023, interest income was in excess of BHD 4 million.
- Declared BHD 24,690 BGEC Dividends in 2023, which was offset against advance dividend previously paid in 2021 and 2022.
- Fully settled an insurance claim for CS-7 breakdown with and all monies collected.

## Information Technology

Bapco Energies have initiated various IT Initiatives to create a framework that will streamline operations within the Group.

### The key projects undertaken during 2023:

- Company prioritized cybersecurity with a comprehensive program designed to adapt to emerging threats and safeguard against cyberattacks and data breaches through dedicated program of dynamic nature of the cybersecurity landscape and proactively implementing measures to stay ahead of evolving risks.
- As part of Bapco Energies transformation initiatives to create a secure modern workplace, the Company completed the migration to the Bapco Energies Microsoft 365 Unified tenant. The transition included the migration of over 600 accounts and over 300 endpoints that now provides the Company with enhanced security, reliability, and ease of maintenance through standardization of Operating System and Security software on all user devices.
- The on-prem network file server was successfully migrated to the Microsoft SharePoint platform as part of the Bapco Energies unified tenant.
- Website enhancements have been deployed to submit Expression of Interest of Vendor and to assist in the Cybersecurity Awareness drive.

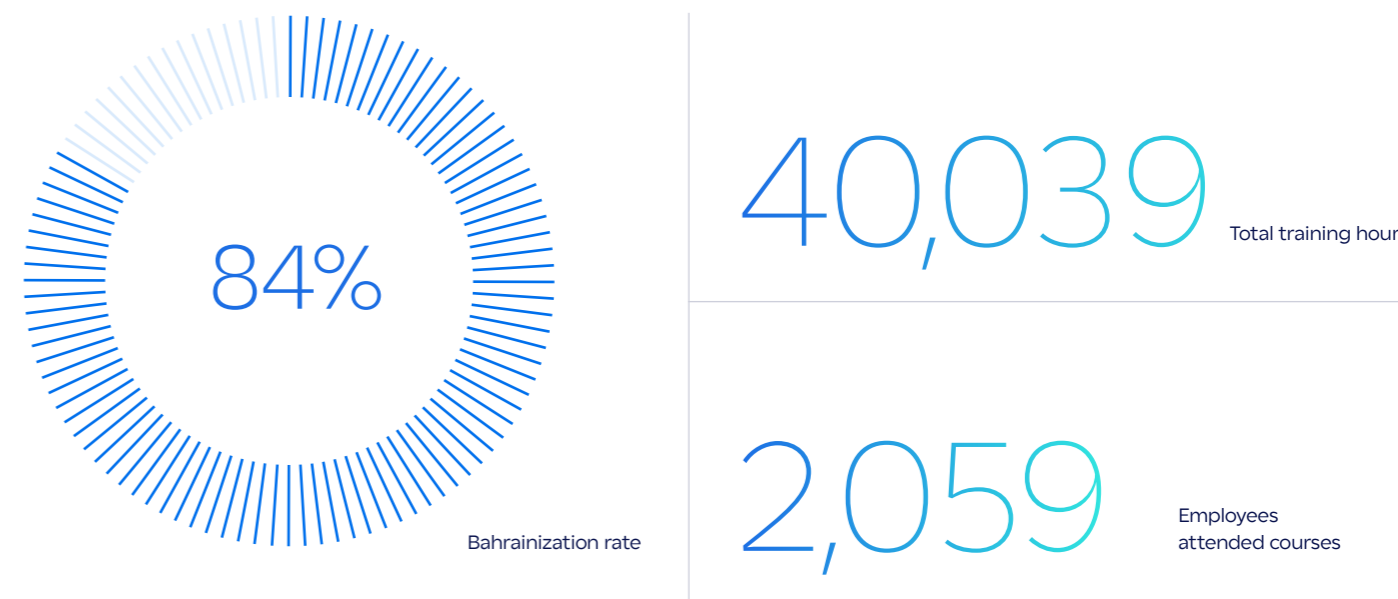
## Supply chain & contract management

- A new centralized Contract Management function became fully operational in a very short period, effective 16th April 2023, with the launching of relevant job descriptions, guiding procedure, and appropriate amendment of other related process workflow and forms. The centralized function immensely benefited the end user sections as their own resources are freed up to invest more time in managing contractors and monitor contract's execution.
- Contract Management function also assumed the responsibility of suppliers' pre-qualification as a centralized process catering to both Contract Management and Procurement functions. Going green, the process became paperless which effectively saved approximately 65,455 sheets of A4 size papers which is equitable to saving 8 big trees.
- A total of 69 tenders of cumulative estimate of Bahraini Dinars Eight million six hundred forty-two (BD 8.642m) were handled. All shutdown requests related to CGP-III and CS-7 2024 were successfully liquidated resulting in engagement of contractors well within time.
- Pursuant to His Excellency the Minister of Oil & Environment's idea to embed the requirement of "sustainable development of local talents" into contracting strategy, a detailed strategy document was developed, and an interactive workshop was held which was participated by 34 service providers. Based on the feedback from the workshop and practical considerations, work on partial implementation of the strategy commenced in November 2023.
- The procurement team successfully sourced the entire list of spare materials needed to complete the CGP III T&I shutdown safely and on time. A total number of 2,556 orders were processed with a total value of BD 13,639,309/- the highest in 10 years record.
- In obtaining competitive pricing for purchased materials, the procurement team achieved a cost saving of BHD 273,270 – the equivalent to an average of 1.7% of total spend for the year.

## Sales & management systems

- Managed to lower the initial demurrage claims amount by US\$ 50,000 during 2023 due to the counter claims issued by Sales and Marketing.
- Sales tenders for 2024 were issued on time and successfully awarded.
- The LPG tender concluded successfully, achieving a higher price than typical market rates and the highest ever premium received in the history of Bapco gas. This tender was awarded to SHV Gas, a leading global trader in LPG.
- The Naphtha tender also concluded successfully, achieving market price premium. This tender was awarded to Saudi Aramco Trading company (ATC), a subsidiary of the state-owned oil giant Saudi Aramco.
- Established the Customer Risk Classification Framework to effectively evaluate the Customer Risk profile by reinforcing current risk measures prior to pre-qualification.
- Successfully enhanced and centralized the Corrective Action process within the Quality Management System to record and monitor the implementation status in coordination with the departments.
- Streamlined the Corporate Strategic Planning process and updated the Key Performance Indicators (KPI) procedure to align the KPIs with the Company's Strategic Objectives.

# HR & Admin Services



## Human resources

- 33 New Employees Joined the Company and completed their Orientation Induction Programme Successfully.
- Furas Program was introduced in coordination with the Human Resource Development (HRD) Team and other departments.

### Training Courses:

- Total completed training hours were 40,039.
- A total of 2,059 employees attended 181 short-term courses.
- A Total of 5 employees are under the company academic sponsorship program.

The total number of employees under Career Development Plans (CDPs) was 241 (159 existing employees plus 82 newly hired).

### INJAZ Program:

- A total of 46 employees have participated in INJAZ programs

### Internship program

- 25 undergraduate students have been accommodated in different departments as part of the graduation requirements.
- 24 students have been accommodated in different departments as part of Takween Program.
- 6 trainees have been accommodated in different departments as part of Furas Program.

### Digitalization of financial records

- Transitioned from maintaining employees' financial records in personal files to a centralized digital system.
- Ensured the security and accessibility of financial information by digitizing and centralizing records.
- Improved data management and retrieval processes, enhancing efficiency and reducing the risk of data loss.

### Health, safety & environment

- Commended in Oil and Gas Sector from The Royal Society for the Prevention of Accidents (RoSPA), UK.
- Received the "RoSPA's Life President's Award" from The Royal Society for the Prevention of Accidents, UK.
- Received the International Safety Award from British Safety Council (BSC), UK.
- Received the Occupational Excellence Achievement Award from National Safety Council (NSC), USA.
- Recertified for ISO 14001:2015 and ISO 45001:2018 standards.
- 10,000,000 safe man-hours without a lost time accident.



# Engineering & special projects

- Achieved around 4% improvement in CGP-I, CGP-II and Compressor Stations energy efficiency performance.
- Optimized Compressor Stations sparing philosophy to rationalize operating expenditures, improve energy efficiency and minimize greenhouse gas emissions.
- Finalized Energy Management system framework and commenced phase wise implementation of the system.
- Successfully closed EPCC project for upgrade of instrumentation, control system and switchgears for 33+ years aged refrigeration trains at Sitra storage facilities without any cost variations.
- Successfully awarded EPCC contract for an amount within Company's budgetary estimate for upgradation of turbo-machinery control system at Compressor Station-7, to mitigate the risk of long unplanned downtime of the station and associated production loss due to unavailability of spares and OEM support.
- Successfully completed gap assessment of passive fire protection at CGP-I & II against API-2218 recommended engineering practice.
- Successfully and safely completed engineering, procurement, construction, installation, and commissioning of a new Feed Gas Filter Separator at CGP-II.
- Successfully and safely completed engineering, procurement, construction, installation, and commissioning of a new water chiller package unit CGP-I.
- Successfully procured, installed, and commissioned new online Oxygen analyzer for CGP-II Hot Oil Heater.
- Completed inhouse design and procurement of Fuel Gas Knock Out Drum at CGP-I.
- Completed engineering and procurement of new Diesel Engine Driven Firewater Pumps for Compressor Stations- 1, 3 and 4.
- Completed engineering and procurement of new Instrument Air Compressor Package Unit for CGP-I.

## Engineering & technical services

### Reliability

- Completed CGP-III pre shutdown piping UT gauging 100% of scope completed, which resulted in a reduction in the main shutdown duration.
- In house NDT Level-II PT, MT, and UT as per SNT TC 1A and employer written practice training and certification was completed as part of the section development plan.
- API 510 and 570 training courses were attended, and exams passed by some of our Engineers.
- New IPI based on damaged mechanisms introduced.

### Engineering Services Completed

- CCTV Surveillance System Project at All BAPCO Gas Facilities.
- Central Gas Plant Train II Turnaround & Inspection Shutdown.
- Sitra Storage Train II Turnaround & Inspection Shutdown.
- Compressor Station CS-4 Turnaround & Inspection Shutdown.
- Emergency Shutdown of CGP-III Absorber: 306C-203A/B/C.
- Intermediate Storage Turnaround & Inspection Shutdown at Central Gas Plant – Train III.
- Replacement of Fireproofing and inspection of spheres structures and spheres stands at Central Gas Plant – Train I & II.
- Preventive Maintenance of RLPG Storage Tank Foundation: 207D-001 and 207D-002.
- Life Assessment of Compressor and Turbine Foundation at CS-5.
- Life Assessment of Compressor and Turbine Foundation of 205K-001 at CGP-II.

### Laboratory

- Completed the renovation of the laboratory building. This accomplishment marked a major milestone as it demonstrated a commitment to modernization.

## Maintenance

- Replaced Air Intake Filtration system and inlet Silencers for 205KT-001 & 002 in CGP-II which will improve air filtration and hence improve reliability of the gas turbines by providing clean air quality to the turbine.
- Thorough inspection and repair of Gas Turbine Exhaust system including replacing the insulation and weld repair of cracks, was carried out in accordance with Siemens requirements, with in-house resources and hence improved safety and reliability of the turbine.
- Completed all the planned shutdown activity for critical turbomachinery.
- The HMI of CS-7 Process Control System (PCS) was successfully upgraded to the latest Window OS and Rockwell application software. Upgraded operating software has the capability of long-term data trend record, diagnostic and caters to system obsolescence.
- The obsolete Jaquet make overspeed controllers of CS-9 Power turbine speed (N3) was upgraded to the Braun make over-speed controller. This has resulted in ease of configuration and long-term maintainability.
- The Electrical Power Reliability Improvement Project: EPC Contractor M/s. Comsip, has made significant progress in finalizing the Engineering design documents and Procurement activities for key Electrical equipment's, following Company review and approval. The construction of the new 11kV Substation is in progress, with the project expected to be commissioned by Q3, 2024.

## Operations department

### Central Gas Plants I/II/III

- Central Gas Plants have exceeded expectations in terms of operational efficiency and productivity. Both CGP-I and CGP-II have consistently performed exceptionally well, averaging an impressive 3734685 barrels of Liquefied Petroleum Gas (LPG) and Naphtha per year. This remarkable output demonstrates our dedication to meeting the requirements of the company annual goals to contribute to the kingdom growth and prosperity. Furthermore, the Central Gas Plant (CGPIII) has showcased excellent performance throughout the year. With yearly production of 2970977 barrels.
- Successfully completed the T&I inspection of CGP-II and Sitra train-II, in line with the scheduled timeframe.

- Successfully managed to replace the CGP-III molecular sieve driers and recently carried out a 3-day unplanned shutdown to address the water breakthrough in the NGL system.

### Wharf Berth I/II

- Loading Arms 1 and 2 pm was successfully completed by the vendor, Woodfield. During the inspection, Woodfield was able to identify and resolve the issue of the Berth 2 Arm overreaching.

### Strategic Achievements

- Successfully commissioned new residue gas gathering header and have diligently carried out the necessary repairs for the old gathering header.
- Successfully initiated the required documentation to start a five-year project with YOKOGAWA to provide an operator training simulator that will enhance the skills of our DCS operators. Investing in this advanced technology will streamline our processes and achieve better outcomes in the coming years.

# Bapco Tazweed

Bapco Retail Company S.P.C



379.4 million litres ▲

Fuel sold, 25% increase compared with 2022

57.63 million BD

Fuel revenue, 26% increase compared with 2022 (million BD)

2.63 million BD ▲

Net Profit, increased by 104 times compared to 2022 (fair value)

441.5 thousand BD ▲

Cash investment earned

Year of establishment 2019

Shareholding 100% Bapco Energies, Bahrain

Business sector Fuel sales

## Major projects

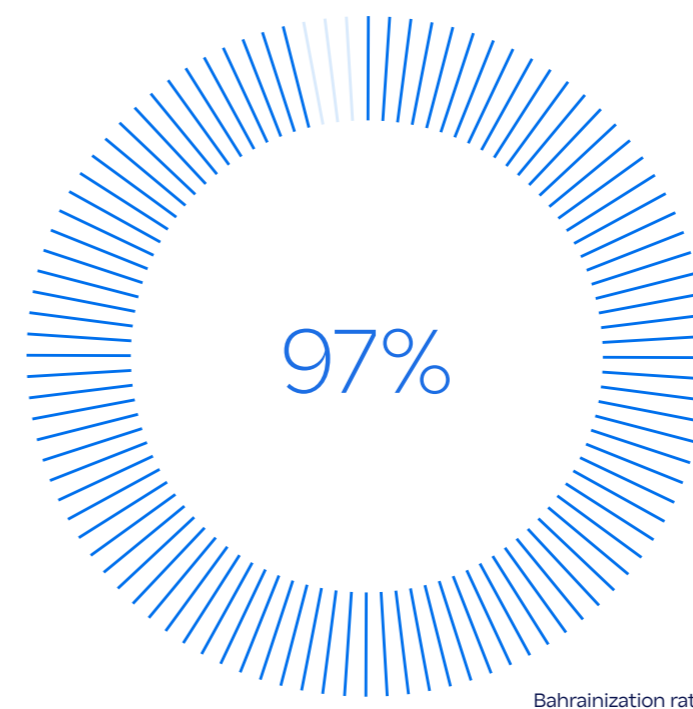
Completion of development Hamad town R2 service station in September 2023.

Introduced 'Electronic Payments' solutions Debit/ Credit Cards payments.

Introduced Digital billboard(s) at Tazweed's service stations

## Key highlights

HR



1st

Highest employment rate for Bahrainis during the fourth quarter of 2023 as per Ministry of Labor.

# Bapco Air Fueling

Bapco Air Fueling Company B.S.C (closed)



# 41,327

Aircraft refueled in 2023

# 3,366,281

 hours

Worked since last LTI (March 2010)

# 179

 million US gallons

Of Total Volume Uplift in 2023

Year of establishment	1985
Bapco Energies shares	60%
Business sector	Operate and maintain pipeline, aviation fuel storage and handling and into-plane delivery services
Accreditation	ISO 9001 QMS, ISO 9001:2015 QMS, ISO 45001:2018

## Operational performance and achievements

Bapco Air Fueling Company (BAFCO) volumes went from 109 musg in 2021 to 172 musg in 2022 and finished at 179 musg for 2023. There were 23,046 flights refuelled in 2021, 36,850 in 2022 and 41,327 flights refuelled in 2023. Whilst monthly average volumes in the second half of the year decreased compared to the same period in the previous year, flights refuelled continued to increase. The significant increase in activity took a lot of management to ensure customers were serviced on time and safely with the existing front-line workforce and an aged vehicle fleet with a tremendous effort by the operations and maintenance teams.

Against this background of growth, it is very pleasing to report BAFCO had another strong safety performance with no injuries to the team in 2023. In terms of incidents BAFCO equipment was damaged by impact from other ramp users and in October a BAFCO tanker clipped the rotor wing tip of a US navy helicopter. The initiative to migrate BAFCO IT systems to BAPCO refining was well managed with great support from the refinery IT team and has strengthened BAFCO's cyber defenses.

The introduction and embedding of BAFCO's safety leadership values has further enhanced an environment of trust and learning. All objectives associated with the HSES program were delivered. An initiative to improve the '360' walkaround and look up process' was implemented with the aim of reducing the risk of drive aways and harm to people on the ramp.

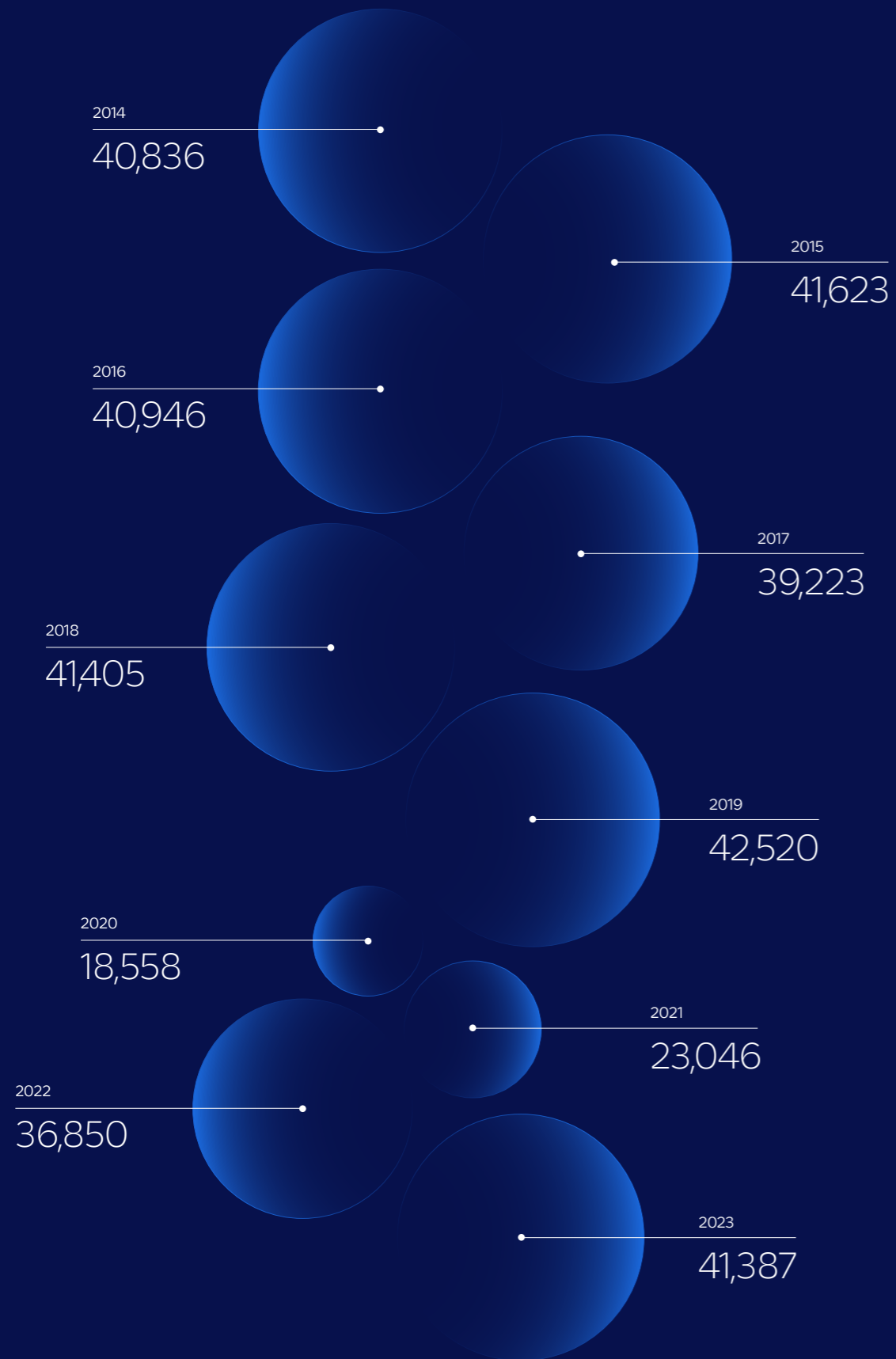
A significant achievement of 2023 was the safe completion of the Arad depot demolition project. The most concerning corrosion on the Sitra pipeline was addressed with repairs at multiple locations and in December BAFCO received the final approval for the wayleave for the new pipeline section paving the way for this project to get underway in 2024. The year also was characterized by a lot of project support to BACJET with overview of permitting, support to defect rectification and work was completed to commission a section of BACJET's hydrant that was installed in 2010 but has never been used.

BAFCO's people objectives progressed. A focus on gender diversity and inclusion has resulted in 8 % of the team now being female front line refueling operators which started from a base of zero females in 2021. The rehabilitation program for staff with injuries is now well embedded and absenteeism has at times this year been below 2%. A two-year drive on annual leave has lowered the overall leave balance debt on BAFCO's ledger.

In a year with a 12% growth in flights to be refueled it was pleasing to see the feedback from the customer survey with all 16 stakeholders rating BAFCO's performance in safety and reliability very highly.

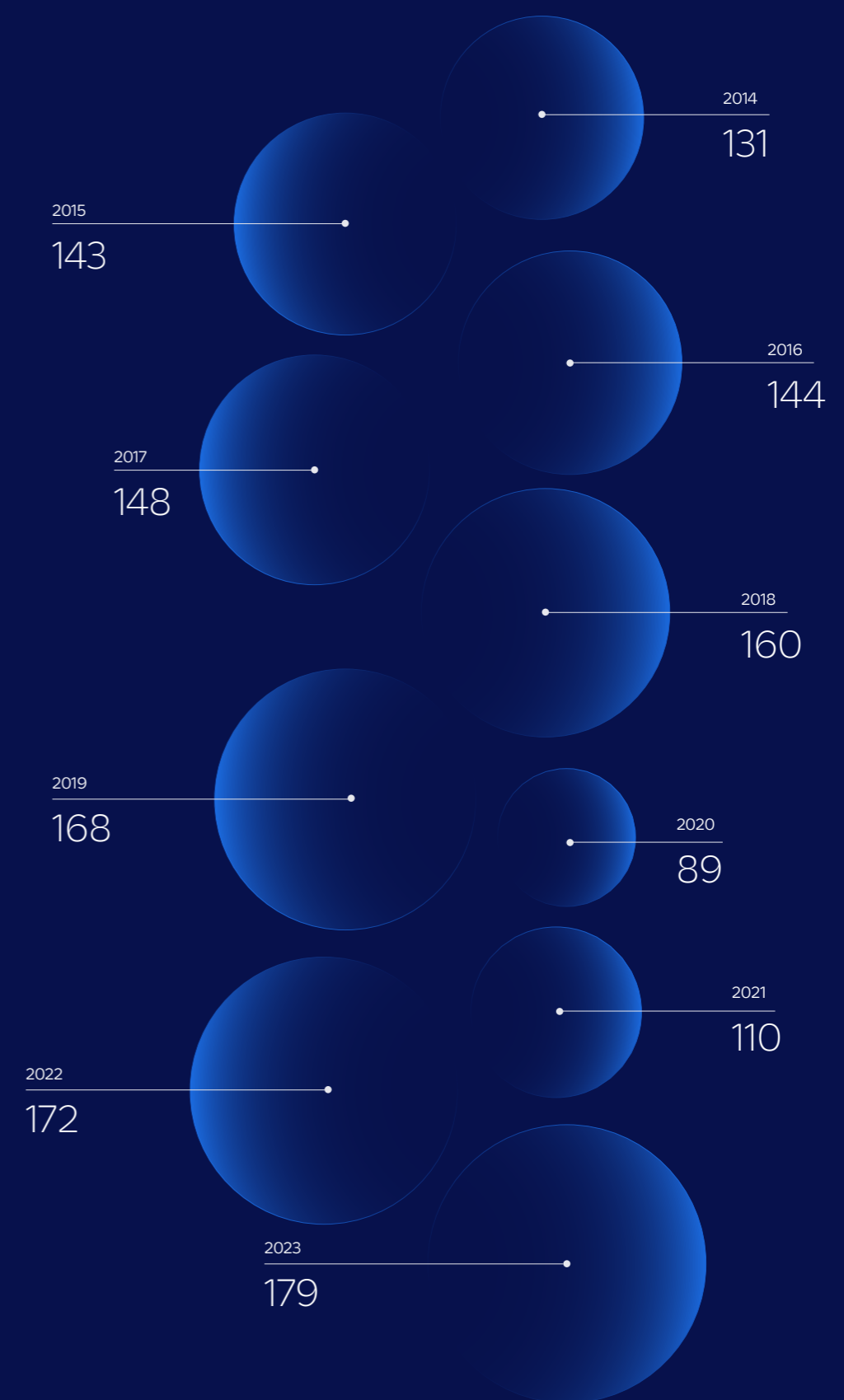
As of 31 December 2022, Bapco Energies held investments in 15 companies, all of which are involved in the energy supply chain in the Kingdom of Bahrain.

## Number of aircraft refueled

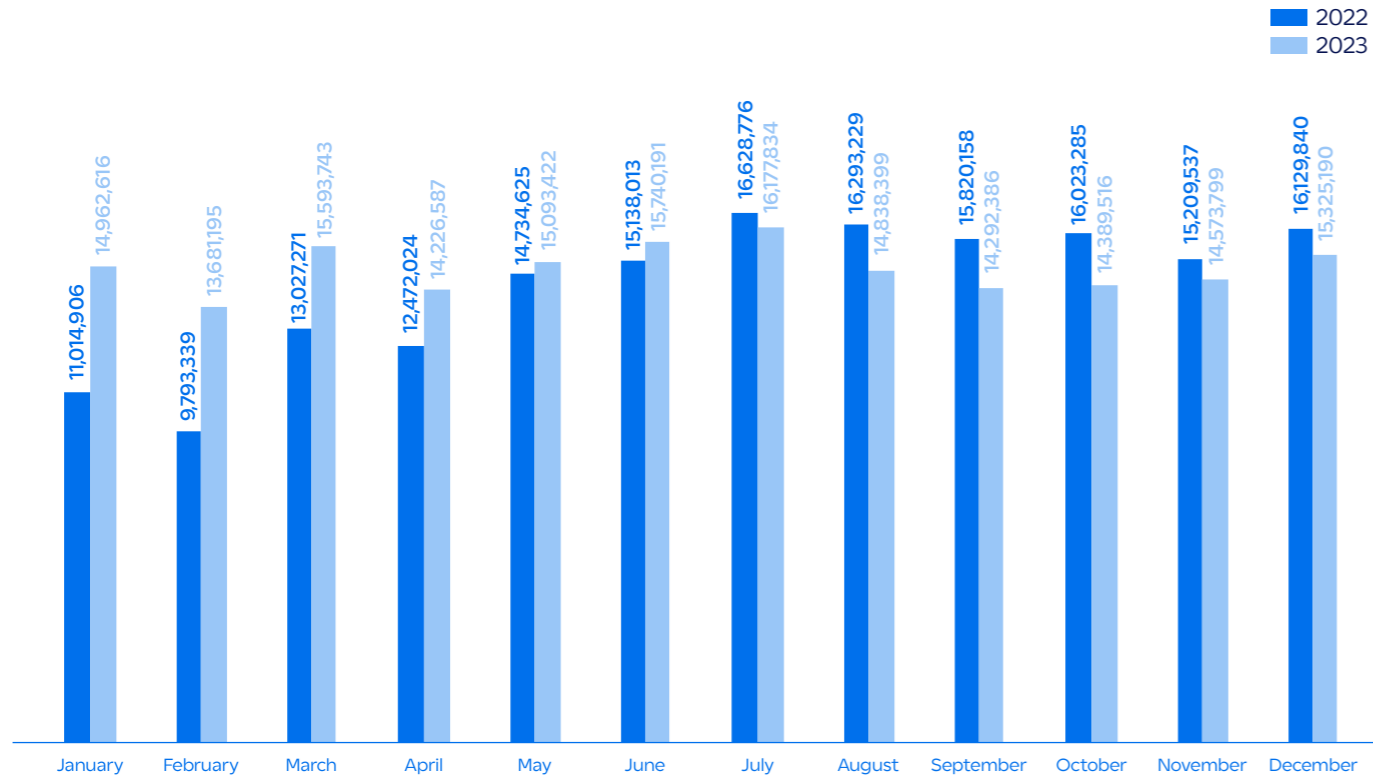


## Total volume uplift

(Millions USG)



### Bahrain airport jet volumes



### Operation data

Year to date

178,894,878

Volume delivered (USG)

41,387

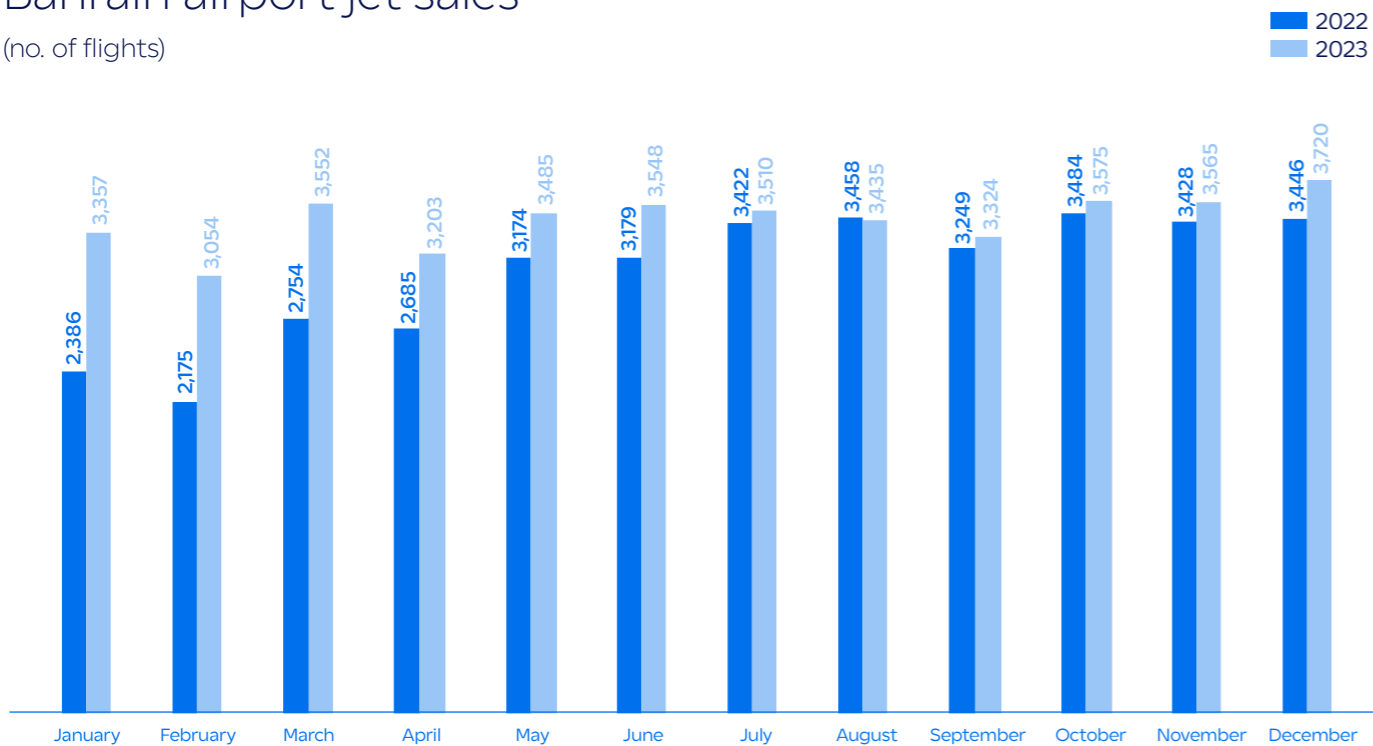
Aircrafts fueled

223,308

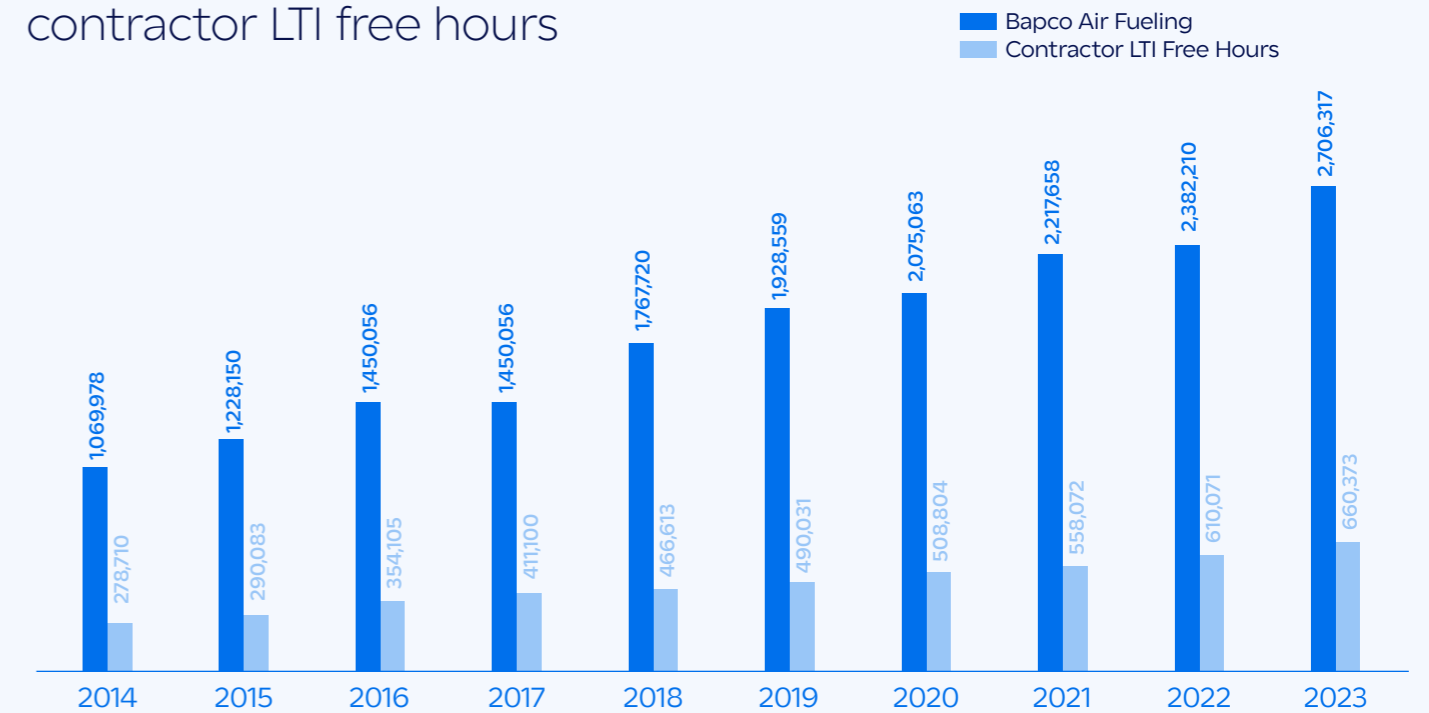
Hours worked

### Bahrain airport jet sales

(no. of flights)



### Bapco Air Fueling and contractor LTI free hours



# 2019

BLNG remained Available since attaining CSD in December 2019.

# \$134m

Of revenues earned in 2023

# 2023

Met all the Safety, Environment and Social requirements

# \$151m

Repaid out of total drawn loan of US\$ 717 million (US\$ 32 million in 2023)

Year of establishment	2015
Bapco Energies shares	30%
Business sector	Liquefied Natural Gas receiving, storage and regasification terminal
Accreditation	800 MMFCSD



Maximized savings to the Customer during the Temporary Shutdown period whilst maintaining a fully operational Facility.

No Loss Time Injury since CSD

# \$62.6M

FSU redeployed under sub-charter, passing on earnings of US\$ 62.6 million to the Customer

## BLNG – Environment and Safety Highlights



# BAC Jet Fuel Company (BACJFOC)



BAC Jet Fuel Company W.L.L

## Key achievements

- Hand-Over Certificate for the Fuel Farm Complex was issued to the Operator on 20th March 2023
- H.E. Dr. Mohamed bin Mubarak Bin Daina, the Minister of Oil and Environment and Special Envoy for Climate Affairs, officiated the inaugural ceremony of the Fuel Farm & Fuel Hydrant project at BIA in September 2023
- The Defect Liability Period for the Fuel Farm & Fuel Hydrant System was concluded by December 2023

Year of establishment	2016
Bapco Energies shares	50%
Business sector	Construction, owning and operating refueling infrastructure at Bahrain International Airport

## Principal activities

BAC Jet Fuel Company (BACJFOC) is principally engaged in the storage and distribution of liquid and gaseous fuels and related products, as well as aircraft refueling services.

In 2023, BACJFOC saw significant growth and advancement following the successful expansion of the Fuel Hydrant network at Bahrain International Airport (BIA). The completion of the 30,000 Cubic Meter Fuel Farm has revolutionized Bahrain's aviation fuel sector, establishing the Kingdom as a key hub for aviation fuel services in the region.

The project's inauguration ceremony was held on September 14, 2023, honored by the presence of His Excellency Dr. Mohammed bin Mubarak Bin Daina. The ceremony showcased BACJFOC's dedication to sustainable economic progress, operational efficiency, and environmental stewardship. The event also highlighted the strategic partnership with BIA, which positively contributes to the airport's infrastructure development.

BACJFOC's commitment to excellence includes exploring competitive fuel pricing strategies and streamlining the aviation supply chain in Bahrain. Collaborations with stakeholders are aimed at ensuring competitive jet fuel supply at Bahrain International Airport, attracting new airlines, and boosting the national economy.

The expansion of the Fuel Hydrant System Network further solidified BACJFOC's position as an industry leader, with a workforce comprised entirely of Bahraini nationals providing top-tier services to over 45 customers at the Airport.

By partnering with renowned fuel suppliers like Bapco Refining, Air BP, and Chevron, BACJFOC underscores its dedication to safe and efficient fuel supply operations on a global scale while prioritizing environmental sustainability. The Company's ongoing efforts to create long-term value for shareholders, enhance safety and reliability in jet fuel supply, and promote the Kingdom of Bahrain as a prominent global aviation center, showcasing its crucial role in realizing Bahrain's Economic Vision 2030.

Looking ahead to 2024, BACJFOC remains unwavering in its commitment to innovation, excellence, and sustainable growth, fostering strategic partnerships, and providing unparalleled service to the aviation industry.



# Arab Shipbuilding and Repair Yard Company (ASRY)



Arab Shipbuilding & Repair Yard Co. B.S.C (closed)

Year of establishment 1977

Shareholding 97.6480% Bapco Energies, Kingdom of Bahrain

**Business sector** ASRY operates in four sectors: Ship Repair & Conversion, Rig Repair & Conversion, Naval Repair & Conversion, and Fabrication & Engineering. Combined, this covers all types of vessel repair, including jack up rigs and other offshore assets, as well as fabrication of onshore and offshore industrial components.



## Overview

2023 has followed in the unprecedented footsteps of the year before, with occupancy, revenues, and margin all at levels higher than recent times. With this commercial success, has come similar achievements across the organization including Safety Award victories, the Launch of ASRY new cloud-based ERP System, and Bahrainization development and operational upgrades.

# Safety

In 2023, ASRY once again won a Gold Award from the British Royal Society for the Prevention of Accidents (RoSPA) in recognition of a very high level of performance. The Company demonstrated well developed occupational health and safety management and culture, outstanding control of risk and very low levels of error, harm, and loss.

ASRY has also won an International Safety Award in Distinction category awarded by British Safety Council (BSC) in recognition of its commitment to keeping its workers and workplaces healthy and safe.

By the end of year 2023, the Company completed 9.7 million manhours without LTI. The Lost Time Incidents (LTI) rate was reduced by 70% in comparison to 2022, and there was a 20% drop in environmental incidents.

ASRY was also awarded the Green World Award from the Green Organization for its commitment to Environmental Best Practices.

# Financial

The Company generated US\$ 250m over the year - the highest in more than ten years. Coupled with higher gross margins of 33%, the year ended with many positives, including highest revenues and highest net profit of US\$ 28.6m, compared to US\$ 11m in 2022.

This has further improved the Company's financial position, and the year ended with an equity of US\$ 96m. This also resulted in the Company complying with the Bank Debt to EBITDA and Tangible Net Worth covenants set by the banks as per the Term Loan agreement. Furthermore, all tax compliances were on time, as was the annual audit and financial statements were presented as scheduled.

The Company invested US\$ 6m in various equipment and machinery to improve the efficiency of production processes and enhance services to the customer. In addition, ASRY successfully implemented the ERP system at a total cost of US\$ 54m in September 2023. This system is currently in a stabilization period and with greater visibility of costs and revenues and is also expected to bring long term benefits to the Company.

# Commercial

## Ship Repair

ASRY completed 83 Nos., ship repair and conversion projects, leading to an increase in total revenues of US\$ 6.8m (6%) in comparison to 2022.

Although the total number decreased by 14 projects (or 14%), the proven increased revenue signifies increased complexity of projects that ASRY undertook in 2023.

Accordingly, the average revenue per project increased by US\$ 0.25 million, demonstrating ASRY's ability to entertain larger projects.

The year saw a generally healthy global market due to post-covid impacts, despite China's strong reintroduction back into the market, causing ASRY to lose out on vessels dry docking. Further support from regional owners improved in 2023, with Bahri being one of the top users of ASRY's services.

## Navy & Defense

Revenues remained at the same levels as 2022 with a marginal decrease of 3% due to decrease in home ported vessels from USN.

ASRY consolidated its position with the US Navy and the Royal Navy. Locally, it has initiated several projects with the Bahrain Navy, including collaborations with overseas players. These included upgrades to various critical systems on Frigates, Patrol crafts and other Support vessels.

ASRY has also improved its position with the US Coastguard, undertaking their first newly arrived FRC ships this year towards major maintenance.

The coming years are expected to generate higher revenues, with the US Navy plans to home port more vessels, and several more upgrades planned for the Bahrain Navy.

## Conversions & Upgrades

ASRY carried out its largest conversion of its history, when it converted a Suezmax Tanker of 285 LOA m into a Floating Storage Offloading (FSO) unit and, subsequently, converted the Tanker platform towards a Floating Production Storage Offloading (FPSO) unit.

The Company gained a significant position in the world market from this conversion, helping position it as a shipyard capable of carrying out FSO/FPSO conversions. ASRY also introduced an engineering, production, planning and project management system to enable such challenges.

The same client also signed a letter of intent (LOI) for a further FSO conversion to be happening in 2024. ASRY decided that the conversion market will be one of the pillars of its marketing strategy in the future projects in the yard through the last quarter of 2023.

## Engineering & Construction

Engineering worked closely to support Aramco's (and other customers') upgrades on Rigs and FPSO conversions.

Systems, processes, and software were strategically added to our engineering sector to drive the company towards cost savings and improved productivity to further improve ASRY's revenue earnings in the coming years.

The Company also showcased its construction capabilities by delivering the second Fuel Oil Barge to Aramco, which was built to the highest standards, complying to the international requirements of Marine Pollution.

## Rig Repair

ASRY realized record revenues for Rig Repair due to the influx of an additional 42 rigs for Aramco.

The Company managed to deliver 11 rigs, putting ASRY in the top spot for the highest number of rigs delivered by a single shipyard globally. The Company managed a total of 11 live rig

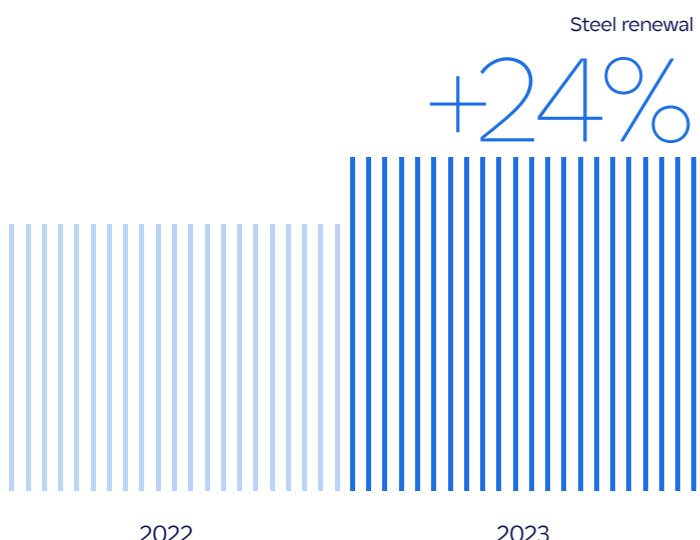
# Operations & production

ASRY maintained its comparable productivity levels to the previous year with record-breaking results in various operational areas. It achieved significant growth in both production rates and project delivery.

The Company delivered 8,064 tons of steel renewal, marking a 24% increase from 2022.

The year saw the completion of 82,779 meters of pipe works, achieving a 56% increase compared to 2022. A total of 975,117 square meters of blasting, and 3,812,374 square meters of painting were performed on hulls, tanks, decks, and cargo holds, maintaining the high volume of the previous year. The Company also installed BWTS on 18 vessels.

ASRY successfully managed 109 projects with a 99% on-time redelivery rate. Overtime was effectively managed below the set target of 8%, consistently remaining at average 5%.



# Major project highlights

- CACTUS Conversion: Transforming the Suemax Tanker CACTUS into an FSO/FPSO in a landmark project for ASRY.
- Maersk Pittsburgh & Maersk Detroit Main Engine Retrofits: Major Main engine retrofit inclusive of installing Alfa Laval Pure ballast 3.2 1000 Compact Flex – (1,000 m3/hr. system).
- Production teams handled 18 rigs throughout the year, while simultaneously managing 11 rigs & other ships/navy projects.
  - Rig Repairs with High Scope Creep were managed with outstanding resource allocation and decision-making on rigs such as ADMARINE 691 and VALLIANT DRILLER.
  - Significant Modifications were made, including installing a new cantilever on VALLIANT DRILLER and conversion of power barges to fuel oil barges.

In a strategic effort to boost our infrastructure and operational efficiency, ASRY made significant investments in additional equipment during the year, notably including 2 Grit Recovery Units and 5 Forklifts, which have substantially enhanced productivity in tank treatment and operational capabilities.

Furthermore, the procurement of multipurpose welding machines alongside essential lifting tools for specific sections such as rudders and propellers signify the Company's commitment to elevating the quality of service offered.

# Operational excellence

Several strategic measures were initiated to streamline processes and maximize productivity:

- Revised ASRY norms were implemented to more accurately budget and capture actual man-hours worked.
- Adjusted contractors' break times and introduced a satellite warehouse, which improved productivity and inventory management.
- Introduced semi-automatic welding in the piping department.
- Obtained a certification for mechanical personnel from Yanmar, Japan - for engine overhauls highlighted innovative techniques.
- Mechanical workshops received accreditation as a stainless-steel propulsion shafts repair facility by the American Bureau of Shipping (ABS), emphasizing our commitment to quality.

## Information Technology

ASRY's digital transformation journey was marked by several significant achievements, including strategic initiatives undertaken to drive innovation, enhance operational efficiency, and strengthen cybersecurity through the integration of advanced technologies, implementation of artificial intelligence, and investments in latest digital transformation solutions.

Over 3 years, the Company implemented Infor's Software-as-a-Service (SaaS), cloud-based ERP system, hosted on Amazon Web Services (AWS), aligning with the Kingdom's Cloud First Policy. This transformation has enabled ASRY to enhance visibility, establish operational controls, and streamline workflows throughout the entire Yard.

Through the reengineering of legacy processes and the migration to the new ERP system, the Company has improved its work flexibility, customer service quality, efficiency, and productivity at all levels. The comprehensive nature of the cloud-based ERP solution ensures the seamless and integrated management of various processes across operations.

The ERP system represents a significant leap forward in ASRY's digital transformation journey. It has eliminated the inefficiencies and limitations associated with manual and disjointed systems, empowering the Company to leverage data-driven insights and make informed decisions. This newfound operational efficiency positions ASRY as a leader in the maritime sector, capable of meeting industry demands and driving sustainable growth in the region.

The Company forged a strategic partnership with the Nasser Vocational Training Center (NVTC), His Highness Shaikh Nasser bin Hamad Al Khalifa's Artificial Intelligence Research and Development Center, to advance artificial intelligence (AI) capabilities and to strengthen its competitive position. The focal point of this collaboration is the second phase of ASRY's smart meter dashboard project. This strategic alliance represents ASRY's concerted effort to stay at the forefront of transformative technological advancements. By aligning with NVTC, the Company is positioning itself to fully capitalize on the transformative potential of artificial intelligence across its business.

To reinforce its cybersecurity and safeguard against external threats, ASRY has implemented a multi-layered security control strategy. This involves integrating best-in-class solutions such as CrowdStrike EDR for endpoint detection and response, Zscaler's Zero Trust architecture for secure internet and cloud access, and a Managed Security Operation Center (SOC) for round-the-clock threat monitoring and incident response. ASRY has also rolled out KnowBe4's security awareness training and simulated phishing platform to empower its employees as the first line of defense against cyber-attacks.

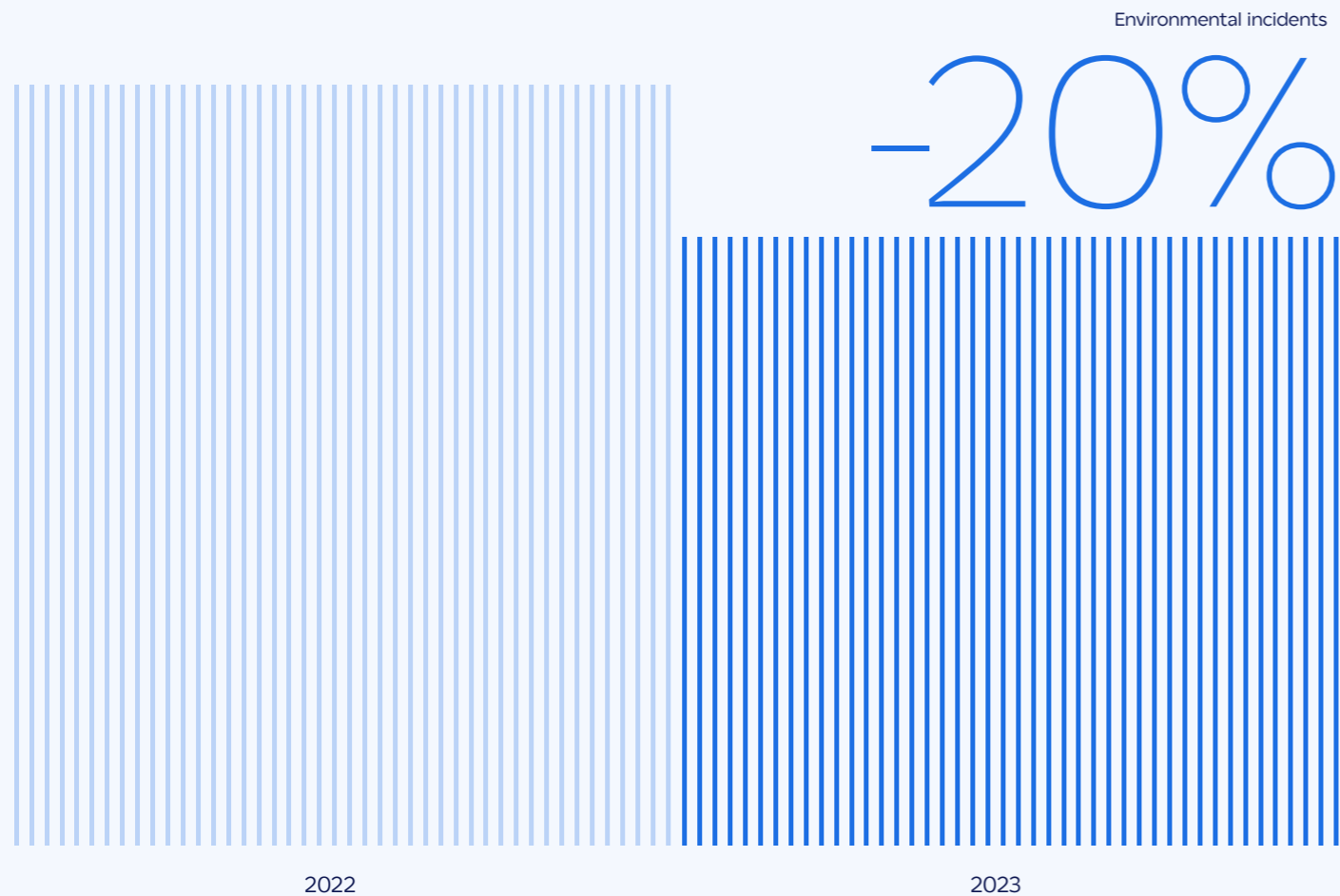
In adopting advanced technologies like machine learning, artificial intelligence, and cloud computing, the Company has significantly enhanced its overall governance, risk, and compliance profile. This comprehensive cybersecurity framework positions ASRY to proactively identify, prevent, and mitigate a wide range of cyber threats, ensuring the confidentiality, integrity, and availability of its critical systems and data.

# Environmental initiatives

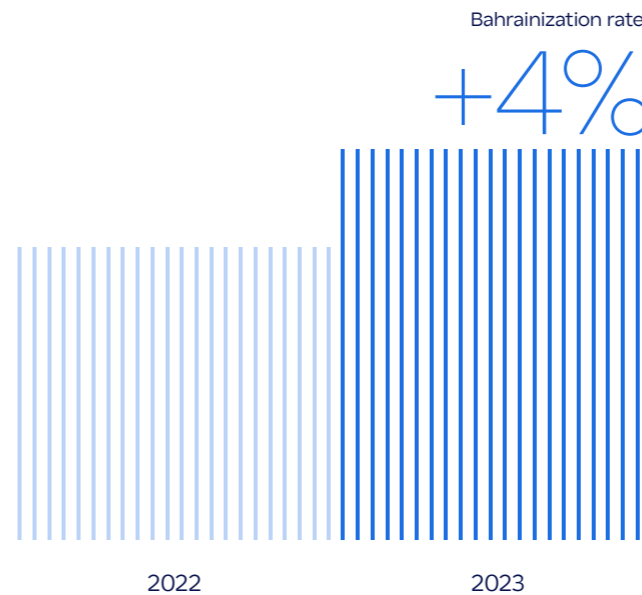
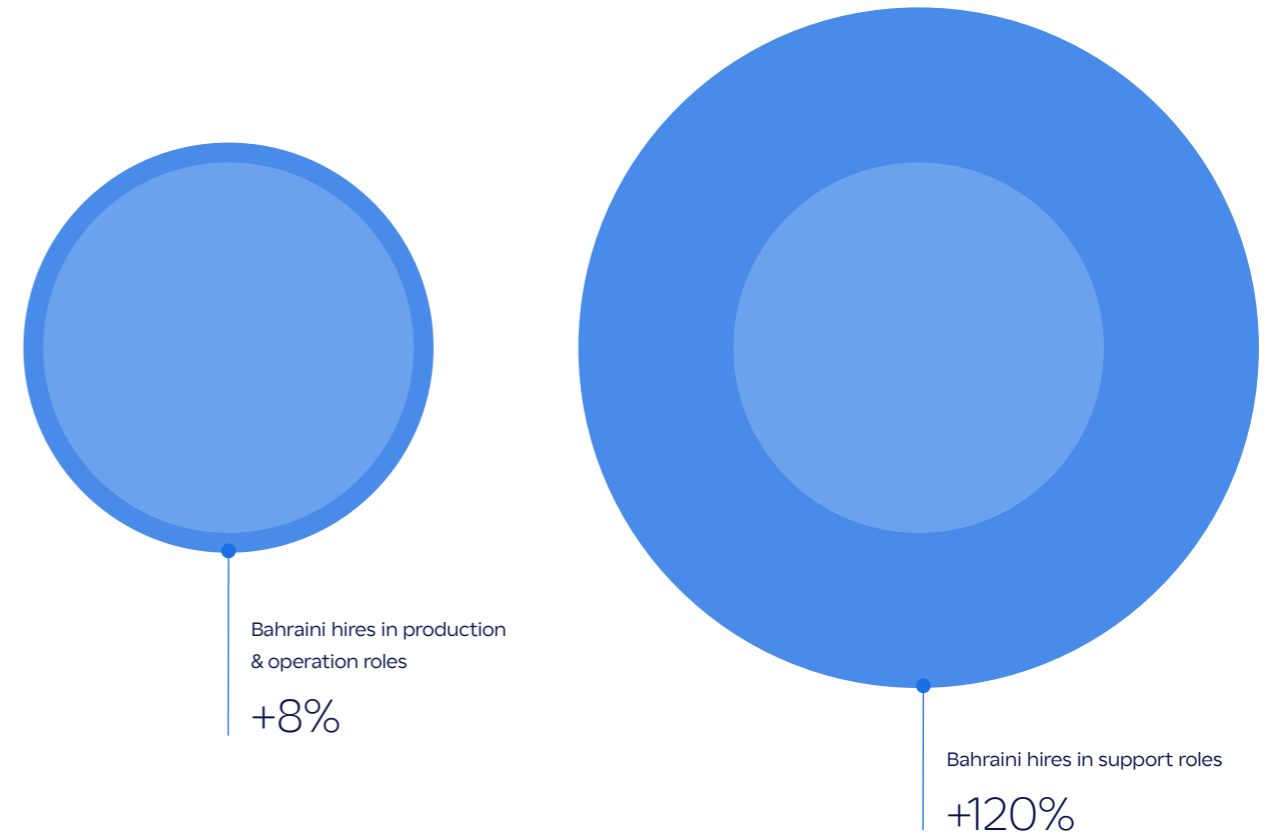
The Company successfully completed two ship recycling projects that started in 2022 with the permission and collaboration from Supreme Council of Environment (SCE). The overall process of green recycling adhered to the Hongkong International Convention for the Safe and Environmentally Sound Recycling of Ships and ISO 30000:2009.

ASRY was also awarded the Green World Award in honor of its outstanding achievement of complying with international standards, and to its commitment to applying the best environmental practices.

Furthermore, the Company reduced its environmental incidents by 20% more than in 2022.



# Human resources



ASRY is committed to attracting top talent to occupy various roles in the Company with a focus on creating new opportunities for Bahraini nationals, which will uplift the Company's overall Bahrainization level.

As a result of continuously promoting Bahraini nationals as the first choice for employment, the overall Bahrainization rate has increased to 33% during 2023 compared to 29% in 2022.

ASRY's efforts towards attracting Bahraini talent can be witnessed through the significant increase in Bahraini hires within support roles, which increased by 120% in 2023, compared to the previous year and by 8% within production and operation roles.

As part of the Company's efforts to promote equal opportunities, the HR Management adopted a strategy to empower women, which saw a 133% increase in women joining the Company in 2023.

The Human Resources Division is continuously working on building partnerships with local authorities and educational institutes to provide more opportunities to upskill existing employees and attract more Bahraini talent.

ASRY also plans to launch a first-of-its-kind apprenticeship program in collaboration with Tamkeen and Bahrain Polytechnic. Likewise, HR is working closely with Tamkeen to develop support schemes for Bahraini employees, such as Wage Increment Support, a National Employment Program, and a training-related support scheme.

# Gulf Petrochemical Industries Company



Gulf Petrochemical Industries Company B.S.C. (closed)

# 1,266,526 MT

Total Products Shipped 2023

# 1,674,227 MT

Total Production of Ammonia, Methanol & Urea 2023

# 61

Vessels Loaded 2023

Year of establishment	1979
Bapco Energies shares	33.3%
Business sector	Urea 718,793 MT, Ammonia 463,875 MT, Methanol 450,097MT
Accreditation	ISO 9001 QMS, ISO 45001 OH&S MS, ISO 14001 EMS, PAS 99 IMS (FOR ISO 9001, ISO 45001 AND ISO 14001), ISO 27001 ISMS, ISO 22301 BCMS, ISO 50001 EMS, RC 14001 RCMS, PAS 99 IMS (FOR ISO 27001, ISO 22301, ISO 50001 AND RC 14001), ISO 17020 Inspection, ISO 17025 Laboratories, ISO 17025 Calibration, IFA Protect and Sustain "Product Stewardship" Certificate, Methanol Halal Certificate, ISO 31000 RM, Process Safety Management System (PSM)

# 1,068

Days of continuous product run the Ammonia plant completed by 30/03/2021

# 1,070

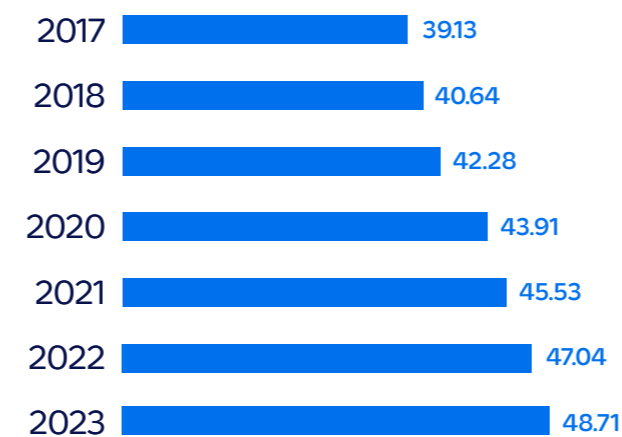
Days of continuous product run the Urea plant completed by 30/03/2021

# 1,411

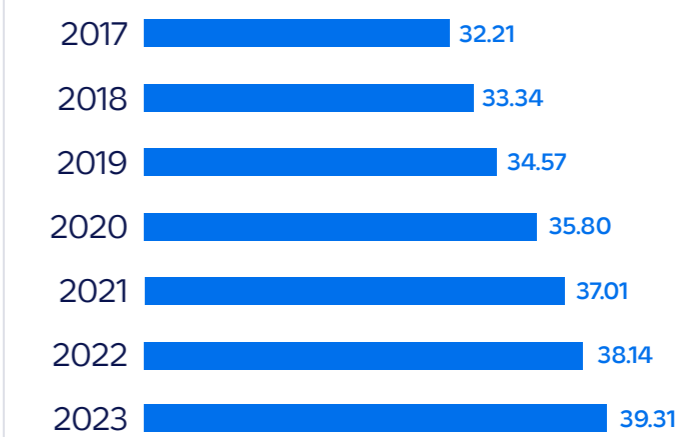
Days of continuous product run the Methanol plant completed by 30/03/2022

## Cumulative total production

Millions of tonnes



## Cumulative total sales



### Onstream Factor %



### Number of ships loaded

22

Urea

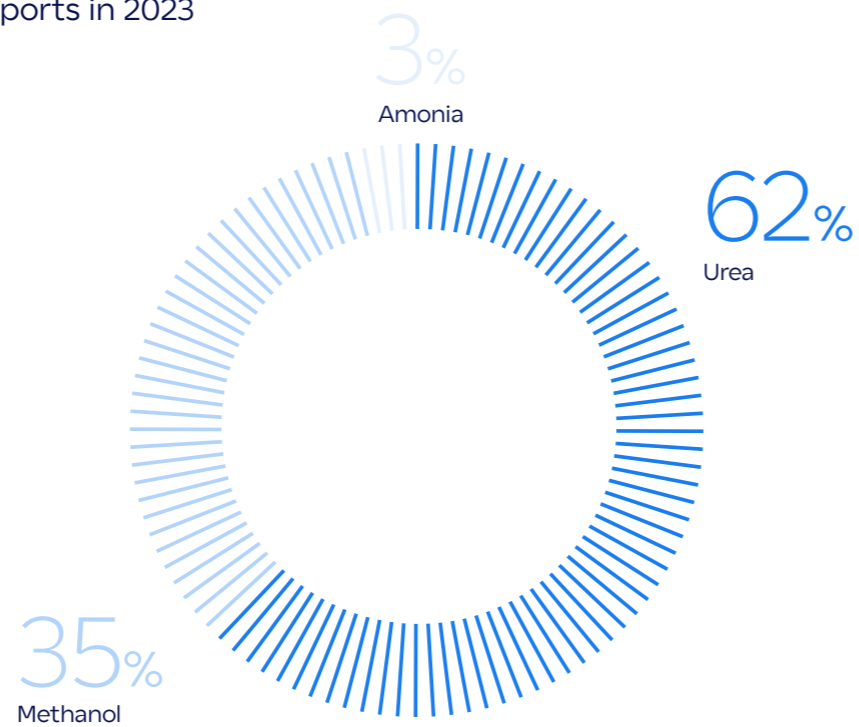
34

Methanol

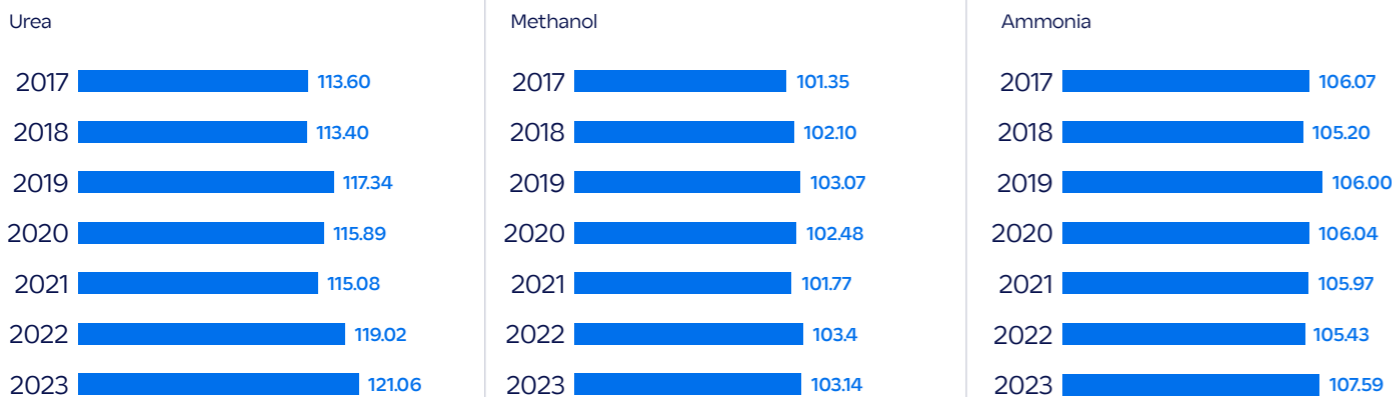
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Ammonia

### Exports in 2023



### Utilization factor %



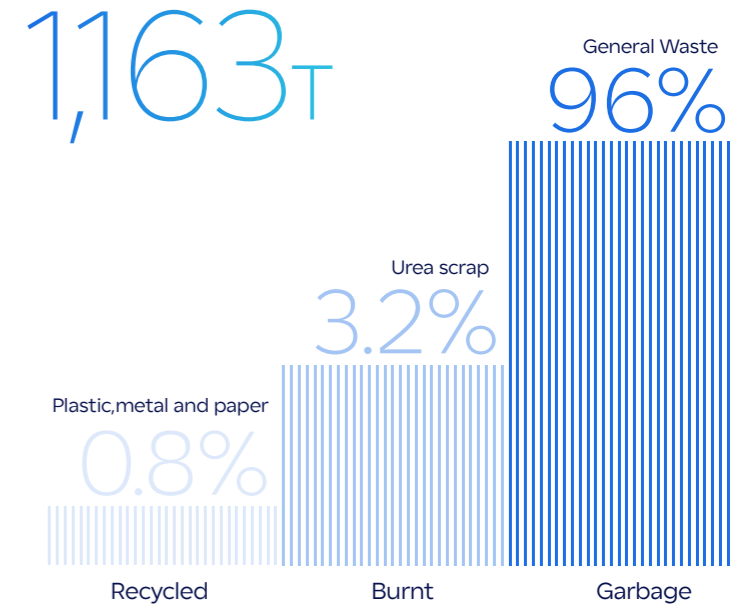
## HSE achievements

### Safe working hours

1,784,352

### Waste management

Total waste output (non-hazardous waste)



### Environmental performance



## Management

### System certificates

- ISO 9001 (Quality Management System)
- ISO 14001 (Environmental Management Systems)
- ISO 45001 (Occupational Health and Safety Management Systems)
- RC 14001 (Responsible Care Management System)
- ISO 27001 (Information Security Management System)
- ISO 22301 (Business Continuity Management System)
- ISO 31000 (Risk Management - Guideline)
- ISO 50001 (Energy Management System)
- IFA Protect & Sustain program: Product Stewardship
- Methanol Halal Certificate
- ISO 17020 - Requirements for the operation of various types of bodies performing inspection
- ISO 17025 - General requirements for the competence of testing and calibration laboratories (covering both the Laboratories & Instrument Units)
- Process Safety Management System (PSM)

### 2023 awards

- RoSPA's Life President's Award as recognition of long-term proactive commitment to improving safety standards across the region
- GPCA Community Awareness Award from Gulf Petrochemicals & Chemicals Association (GPCA)
- Gulf Authorized Economic Operator (AEO) Certificate from Ministry of Interior Customs Affairs
- Dubai Chamber of Commerce CSR Label
- INJAZ Bahrain Volunteer Service Award
- "Minaei" Award - Industrial jetties from Ministry of Transportation and Telecommunications' Ports and Maritime Affairs
- HRM Summit Award – Employer of Choice
- HRM Summit Award – Best CSR Practices
- Arabia CSR Award – Large Business Category from Arabia CSR Network
- GCC GOV HR Summit Award - Innovation in Employee Engagement - Private Sector

# Financial statements

06

# Consolidated statement of financial position

At 31 December 2023

	2023 BD'000	2022 BD'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,080,482	1,098,478
Capital work-in-progress	2,525,805	2,206,810
Right-of-use assets	170,047	150,788
Investments in associates and joint venture	149,408	133,562
Long-term assets	21,141	21,589
Restricted cash and bank balances	128,476	127,667
Due from a related party	191,010	513,720
Derivative financial instruments	168,803	224,233
Trade, other receivables and other assets	11,310	14,075
	<b>4,446,482</b>	<b>4,490,922</b>
<b>CURRENT ASSETS</b>		
Inventories	265,095	292,924
Trade, other receivables and other assets	384,605	441,157
Due from a related party	25,788	74,536
Derivative financial instruments	3,747	3,046
Cash and bank balances	1,164,036	648,223
	1,843,271	1,459,886
<b>Total assets</b>	<b>6,289,753</b>	<b>5,950,808</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,184,400	1,184,400
Capital adjustment account	(421,609)	(421,609)
Contribution from the shareholder	45,182	438,913
Sinking fund reserve	160,125	160,125
Statutory reserve	395,021	373,395
Cash flow hedge reserve	166,765	229,767
Accumulated deficit / retained earnings	195,390	57,261
Equity attributable to the shareholder of the Parent	1,725,274	2,022,252
Non-controlling interests	7,260	7,162
<b>Total equity</b>	<b>1,732,534</b>	<b>2,029,414</b>

# Consolidated statement of profit, loss and comprehensive income

For the year ended 31 December 2022

	2023 BD'000	2022 BD'000
Revenue	3,723,556	4,157,116
Cost of materials	2,819,291	3,159,427
Other income	6,299	51,361
Maintenance expenses	111,648	105,220
Impairment for doubtful trade and other receivables	106	31,327
Other expenses	176,361	126,677
Depreciation	213,611	214,977
<b>Operating Profit</b>	<b>266,850</b>	<b>434,684</b>
Finance income	54,288	15,515
Finance cost	117,367	91,105
Finance costs (net)	63,079	75,590
Share of profit from associates and joint venture (net)	3,046	5,207
<b>Profit before income tax</b>	<b>217,822</b>	<b>398,012</b>
Income tax expense	1,470	4,104
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
Gain on cash flow hedges	6,279	268,207
Share of (loss)/gain on cash flow hedge from associate	210	11,084
Reclassified from cash flow hedge reserve to profit or loss	69,071	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		
Actuarial (loss)/gain arising on defined benefit retirement scheme	109	328
Share of actuarial gain from associates	9	146
<b>Total other comprehensive (loss)/gain for the year</b>	<b>63,102</b>	<b>279,765</b>
<b>Total comprehensive income for the year</b>	<b>153,250</b>	<b>673,673</b>
<b>Net profit for the year attributable to:</b>		
Shareholder of the parent	216,254	391,763
Non-controlling interests	98	2,145
	<b>216,352</b>	<b>393,908</b>
<b>Net profit for the year attributable to:</b>		
Shareholder of the parent	153,152	671,528
Non-controlling interests	98	2,145
	<b>153,250</b>	<b>673,673</b>



# Consolidated statement of cash flows

For the year ended 31 December 2023

	2024 BD'000	2023* BD'000
<b>OPERATING ACTIVITIES</b>		
Net (loss)/profit before tax for the year	217,822	398,012
Adjustments for depreciation		
Property, plant and equipment	173,267	180,388
Right-of-use assets	40,202	34,639
Finance income	54,288	15,515
Finance costs	117,367	91,105
Share of loss/(profit) from associates and joint venture - net	14,051	38,918
<b>Property, plant and equipment and capital</b>		
work-in-progress written-off	1,318	773
Provision for slow-moving inventories	3,905	215
Provision for doubtful trade and other receivables	106	31,327
Provision for employees' end of service benefits	3,235	2,693
Fair valuation gain/(loss) on derivatives, net	211	3,536
	<b>489,094</b>	<b>688,205</b>
<b>Working capital changes:</b>		
Inventories	23,924	38,217
Trade and other receivables	52,592	81,233
Net movements in amounts due from a related party	7,435	26,926
Trade and other payables	106,858	113,572
Retention payable	-	-
<b>Net cash flows from operations</b>	<b>679,903</b>	<b>709,253</b>
Employees' end of service benefits paid	1,714	3,358
Income tax paid	4,104	3,203
<b>Net cash flows from operating activities</b>	<b>674,085</b>	<b>702,692</b>

# Consolidated statement of cash flows (continued)

	2024 BD'000	2023* BD'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	10,704	41,878
Additions to capital work-in-progress	269,916	474,457
Additions in associate	-	-
Dividends received from associates	-	31,374
Movement in long-term assets	448	3,705
Movement in restricted cash	809	421
Finance income received	52,292	13,630
<b>Net cash flows used in investing activities</b>	<b>228,689</b>	<b>468,047</b>
<b>FINANCING ACTIVITIES</b>		
Net movements in amounts due from a related party	141,615	167,053
Proceeds from borrowings and short term borrowings	834,558	895,880
Repayment of borrowings	357,732	617,965
Finance and transaction costs paid	215,268	172,046
Dividends paid to non-controlling shareholders	-	1,087
Repayment of lease	49,526	40,941
Net cash flows from financing activities	70,417	103,212
<b>Net increase in cash and cash equivalents</b>	<b>515,813</b>	<b>131,433</b>
Cash and cash equivalents at 1 January	648,234	516,801
<b>Cash and cash equivalents at 31st December</b>	<b>1,164,047</b>	<b>648,234</b>

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