

Driving the transition

ACWA Power Annual Report 2020



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



King Salman bin Abdulaziz Al Saud
The Custodian of the Two Holy Mosques



His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud
Crown Prince, Deputy Prime Minister and Minister of Defense

At a glance

At the forefront of energy transition.

Since our founding in 2004, ACWA Power has been developing, owning and operating power generation and water desalination plants that supply electricity and potable water to people across the Middle East, Africa, Central Asia and Southeast Asia in a reliable and responsible manner, at low cost.

By producing power and desalinated water, we provide the most basic and fundamental inputs that fuel the lives of individuals and families, while also empowering the long-term economic development and social stability of nations.

We are proud to play a vital role in the lives of millions of people across Saudi Arabia and beyond.

As at 31 December 2020¹

41.7 GW

Gross power
generation
capacity



5.8 mn m³
per day

Gross water
desalination
capacity



13

Countries
across three
continents



¹ Includes operational, under construction and advanced development projects

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Who we are

An agile, high-growth, contracted power and desalinated water champion at the forefront of energy transition.

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What we do

We are a developer, investor and operator of critical power generation and water desalination assets.

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Where we operate

Reinforcing our leadership at home and expanding our international footprint.

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Our assets

Modern, highly diversified and contracted asset portfolio.

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Our strategy

New frontiers of energy transition.

Who we are

An agile, high-growth, contracted power and desalinated water champion at the forefront of energy transition.

As a proud national champion, we play a central role in the Kingdom's energy transition, all the while carrying Saudi Arabia's flag globally in 13 countries on three continents.

While performing our duties...

We put **SAFETY** first! We are committed to protecting the wellbeing of our employees and partners, as well as the communities and environments where we operate.

We treat our employees and partners with respect and professionalism, fostering a working environment where **PEOPLE** can contribute, innovate and excel. We embrace integrity and transparency by practising the highest professional and ethical standards towards our clients, communities and one another.

We are committed to excellence in our business and operations. We set and achieve ambitious goals by constantly raising the bar of our **PERFORMANCE**. We hold ourselves accountable for taking ownership to achieve superior results. We are bold, passionately taking on challenges with speed and agility, quickly adapting to our environment in the relentless pursuit of growth and great results.

We are ACWA Power.



Portfolio highlights (as at 31 December 2020)¹

245 SAR bn

Portfolio size
(Total estimated project cost)



30+

Nationalities



3,538

Employees



60+%

Local employment



13

Countries



62

Projects



Decarbonisation (share in power generation capacity)

28%

Renewable sources
Share of solar and wind energy sources



77%

Renewable and low CO₂
Share of solar, wind and natural gas energy sources

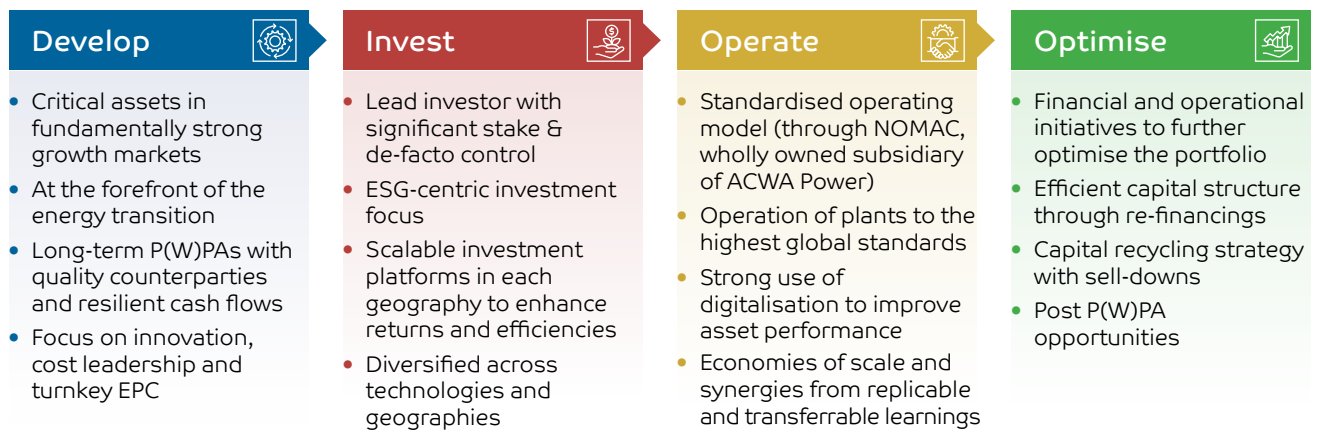


¹ Includes operational, under construction and advanced development projects

What we do

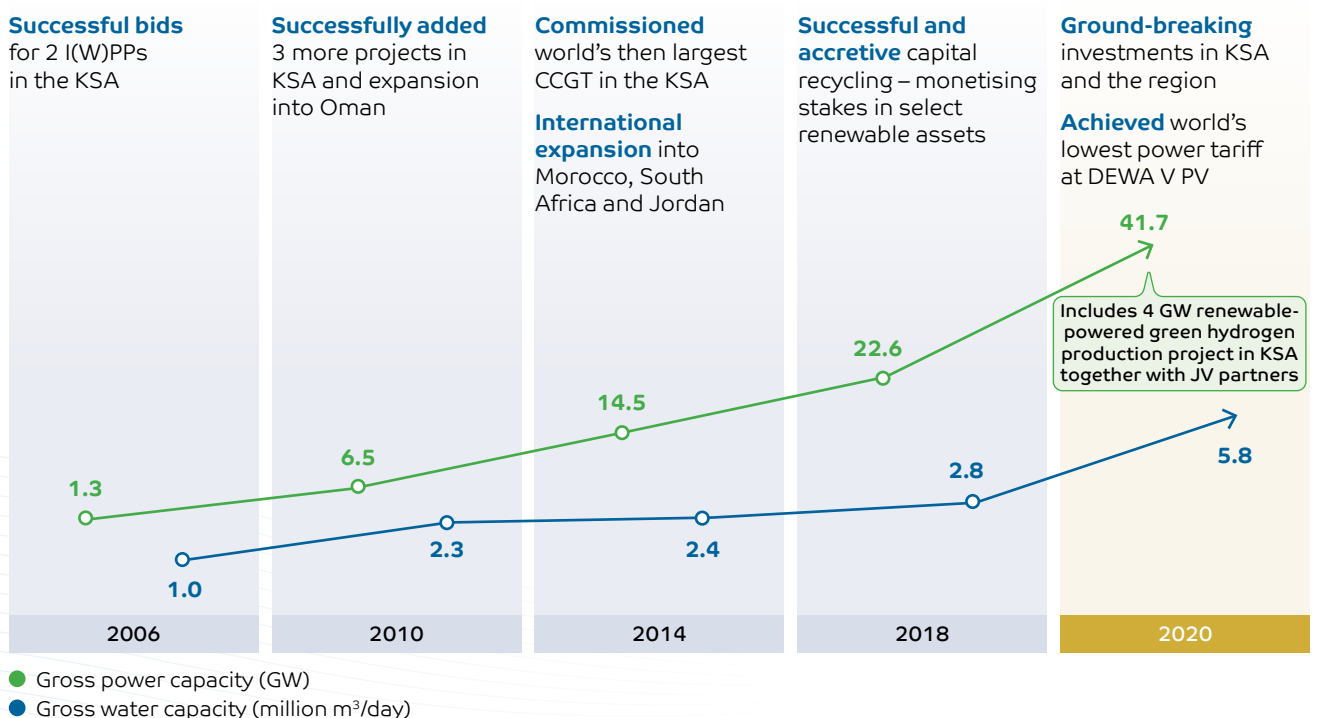
We are a developer, investor and operator of critical power generation and water desalination assets.

Our Develop, Invest, Operate, Optimise business model encompasses the entire lifecycle of an asset. We develop projects, invest in them and operate them, continually looking into how we can optimise their financial structures to allow us to allocate and extract returns across the lifecycle of the asset.



Premium economics and attractive total returns across the asset life cycle

Our growth trajectory



Where we operate

Reinforcing our leadership at home and expanding our international footprint.

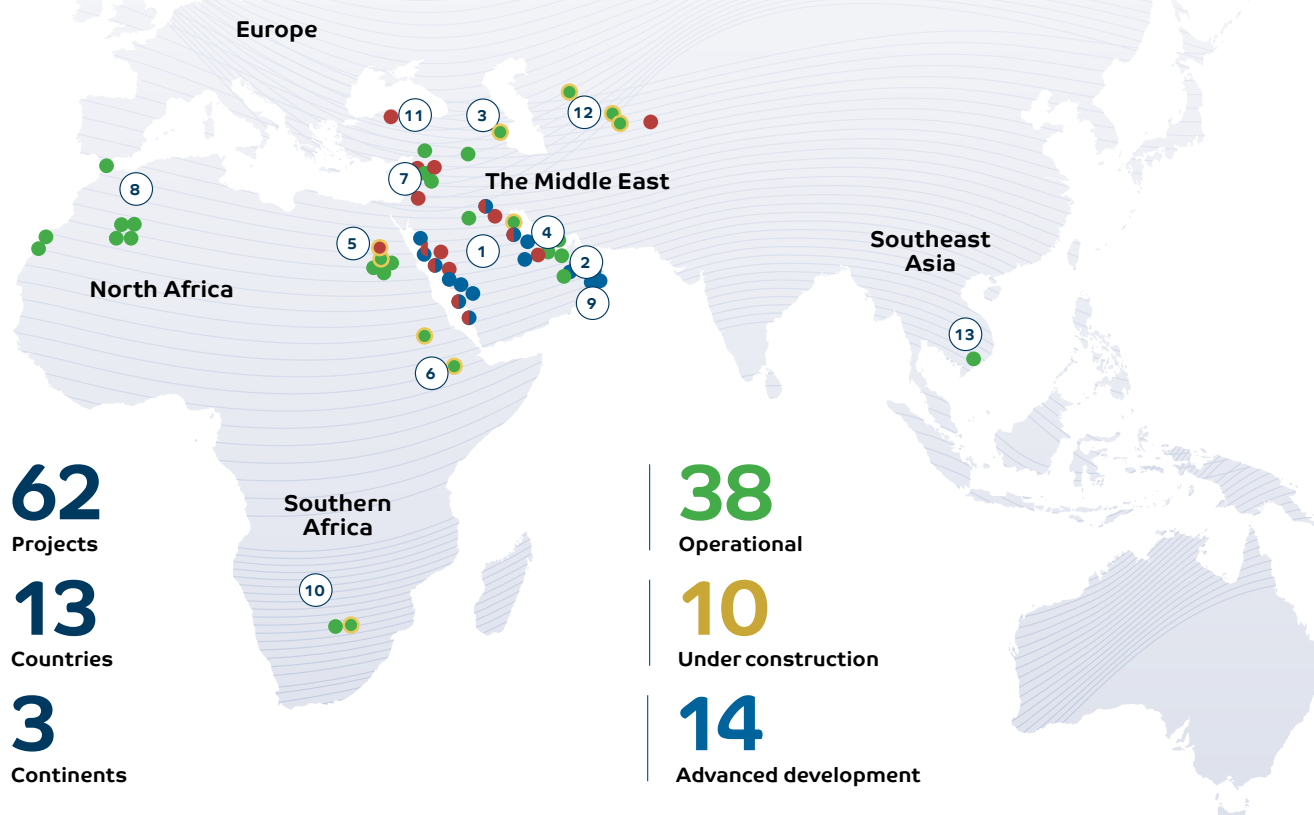
Our strategic geographic expansion has focused on targeting high-growth economies with sound regulatory environments.

Diversified asset portfolio

Project type

- Advanced development
- Power – Renewable
- Power – Conventional
- Water
- Power & Water

		Gross capacity MW (including advanced development)	Gross capacity 000m ³ /day (including advanced development)	Project type
①	Saudi Arabia	22,015	3,713	○ ● ● ● ●
②	UAE	4,450	1,591	● ● ● ●
③	Azerbaijan	240	0	○ ● ●
④	Bahrain ¹	1,625	227	○ ● ● ●
⑤	Egypt ²	2,620	0	○ ● ● ●
⑥	Ethiopia	250	0	○ ● ●
⑦	Jordan	1,277	0	● ● ● ●
⑧	Morocco	765	0	● ● ● ●
⑨	Oman	4,865	307	● ● ● ● ●
⑩	South Africa	150	0	○ ● ● ●
⑪	Turkey	950	0	● ● ● ● ●
⑫	Uzbekistan	2,500	0	○ ● ● ● ●
⑬	Vietnam	41	0	● ● ● ● ●



88%

Top 5 countries represent 88 percent of total project cost.



74%

KSA and UAE represent 74 percent of our projects by project cost.



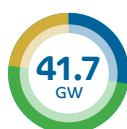
Our assets

Modern, highly diversified and contracted asset portfolio.



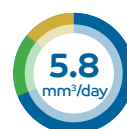
Average age of portfolio³

● 0-5 Years 81%
● 6-10 Years 8%
● >10 Years 11%



Power split by technology

● Renewable 28%
● Gas 49%
● Oil and coal 23%



Water split by technology

● SWRO⁴ 69%
● MSF⁵ 17%
● MED⁶ 14%

	Project name	Country	Project cost (SAR)	ACWA Power effective share	Contracted power (MW)	Contracted water (000'm³/day)	PCOD	Technology category
	Operational							
1	Shuaibah IWPP	Saudi Arabia	9,188	30.00%	900	880	Q1 2010	Oil/MSF
2	Shuaibah Expansion IWP	Saudi Arabia	874	30.00%	–	150	Q4 2009	SWRO
3	Petro-Rabigh IWSPP ⁷	Saudi Arabia	8,156	99.00%	520	188	Q2 2008 ⁸	Oil/SWRO
4	Marafiq IWPP	Saudi Arabia	11,561	20.00%	2744	800	Q4 2010	Natural Gas/MED
5	Shuqaiq IWPP	Saudi Arabia	6,866	32.00%	850	212	Q2 2011	Oil/SWRO
6	Rabigh IPP	Saudi Arabia	9,398	40.00%	1204	–	Q2 2013	Oil
7	Barka 1 IWPP	Oman	1,556	41.91%	427	91	Q3 2010 ¹⁰	Natural Gas/MSF
8	CEGCO Assets ⁹	Jordan	1,759	40.93%	692	–	Q3 2011 ¹⁰	Natural Gas
9	Hajr IPP (Qurayyah IPP)	Saudi Arabia	10,219	22.00%	3927	–	Q1 2015	Natural Gas
10	Barka 1 Expansion IWP	Oman	199	41.91%	–	45	Q2 2014	SWRO
11	NOORo I CSP IPP	Morocco	3,153	75.00%	160	–	Q1 2016	CSP – Parabolic
12	Bokpoort CSP IPP	South Africa	1,939	20.40%	50	–	Q1 2016	CSP – Parabolic
13	Rabigh 2 IPP	Saudi Arabia	5,854	50.00%	2060	–	Q1 2018	Natural Gas
14	Kirikkale CCGT IPP ¹¹	Turkey	3,488	69.60%	950	–	Q3 2017	Natural Gas
15	Khalladi Wind IPP	Morocco	655	26.01%	120	–	Q2 2018	Wind
16	Barka 1 Phase II Expansion IWP	Oman	298	41.91%	–	57	Q1 2016	SWRO
17	NOORo II CSP IPP	Morocco	4,125	75.00%	200	–	Q2 2018	CSP – Parabolic
18	NOORo III CSP IPP	Morocco	3,233	75.00%	150	–	Q4 2018	CSP – Tower
19	Shuaa Energy PV IPP	UAE	1,222	24.99%	200	–	Q1 2017	PV
20	Salalah 2 IPP – Existing	Oman	629	27.00%	273	–	Q2 2015 ¹⁰	Natural Gas
21	Salalah 2 IPP – Greenfield	Oman	1,687	27.00%	445	–	Q1 2018	Natural Gas
22	Ibri IPP	Oman	3,683	44.90%	1509	–	Q2 2019	Natural Gas
23	Sohar 3 IPP	Oman	3,686	44.90%	1710	–	Q2 2019	Natural Gas
24	Zarqa IPP	Jordan	1,834	60.00%	485	–	Q3 2018	Natural Gas
25	NOOR PV1 IPP ¹²	Morocco	788	75.00%	135	–	Q4 2018	PV
26	Mafraq PV IPP	Jordan	265	51.00%	50	–	Q4 2018	PV
27	Shuaibah 2 IWP	Saudi Arabia	1,155	100.00%	–	250	Q2 2019	SWRO
28	Risha PV IPP	Jordan	254	51.00%	50	–	Q4 2019	PV
29	BenBan 1	Egypt	281	32.81%	50	–	Q3 2019	PV
30	Ben Ban 2	Egypt	300	32.81%	50	–	Q3 2019	PV
31	Ben Ban 3	Egypt	113	18.05%	20	–	Q3 2019	PV
32	Sakaka PV IPP	Saudi Arabia	1,133	70.00%	300	–	Q2 2020	PV
33	Vinh Hao 6 PV IPP	Vietnam	203	60.00%	41	–	Q2 2019	PV
Total			99,748		20,273	2,674		
	Under construction							
							Expected PCOD	
1	Hassyan IPP	UAE	12,140	26.95%	2400	–	Q1 2023	Coal
2	Salalah IWP	Oman	600	50.10%	–	114	Q1 2021	SWRO
3	Noor Energy 1	UAE	16,233	24.99%	950	–	Q4 2022	CSP
4	Rabigh 3 IWP	Saudi Arabia	2,575	70.00%	–	600	Q1 2022	SWRO
5	Al Dur Phase II IWPP	Bahrain	4,125	60.00%	1500	227	Q2 2022	Natural Gas/SWRO
6	Taweelah IWP	UAE	3,278	40.00%	–	909	Q4 2022	SWRO
7	UAQ IWP	UAE	2,988	40.00%	–	682	Q3 2022	SWRO
8	Ibri 2 PV IPP	Oman	1,481	50.00%	500	–	Q2 2021	PV
9	Jubail 3A IWP	Saudi Arabia	2,438	40.20%	–	600	Q4 2022	SWRO
10	DEWA V PV	UAE	2,115	24.00%	900	–	Q1 2023	PV
Total			47,971		6,250	3,132		
	Advance development							
				Expected ACWA Power effective share	Expected Contracted power (MW)	Expected Contracted water (000'm³/day)		
1	Dairut-Luxor IPP ²	Egypt	8,250	40.00%	2300	–		Natural Gas
2	Al Askar IPP ¹	Bahrain	525	60.00%	125	–		PV
3	Ethiopia PPP Phase 1 ¹³	Ethiopia	675	100.00%	250	–		PV
4	Kom Ombo	Egypt	619	100.00%	200	–		PV
5	Sudair PV IPP	Saudi Arabia	3,563	35.00%	1500	–		PV
6	Sirdarya CCGT IPP	Uzbekistan	4,500	100.00%	1500	–		Natural Gas
7	Jazan IGCC	Saudi Arabia	45,000	25.00%	3800	–		Oil
8	The Red Sea Project	Saudi Arabia	5,790	35.00%	210	33		PV, Wind, BESS
9	Bash Wind IPP	Uzbekistan	2,543	100.00%	500	–		Wind
10	Dzhankeldy Wind IPP	Uzbekistan	2,524	100.00%	500	–		Wind
11	Azerbaijan Wind IPP	Azerbaijan	1,073	100.00%	240	–		Wind
12	Redstone CSP IPP	South Africa	3,000	45.00%	100	–		CSP – Tower
13	Neom Helios (Green Hydrogen)	Saudi Arabia	18,750	33.33%	4000	–		PV, Wind
Total			96,810		15,225	33		

1 Subsequently in June 2021, it was decided to no longer pursue Al Askar IPP project in Bahrain.

2 Subsequently in June 2021, Dairut-Luxor IPP project is excluded from the portfolio due to lack of progress in advancing in this project.

3 Based on year of PCOD.

4 SWRO – Seawater reverse osmosis.

5 MSF – Multi-stage flash distillation.

6 MED – Multiple effect distillation.

7 Petro-Rabigh IWSPP includes 2 assets.

8 Q2 2008 was the PCOD for Petro-Rabigh IWSPP. Petro-Rabigh (phase 2) IWSPP PCOD was Q1 2018.

9 CEGCO includes four assets of which two are renewable (wind) assets.

10 Operational when acquired.

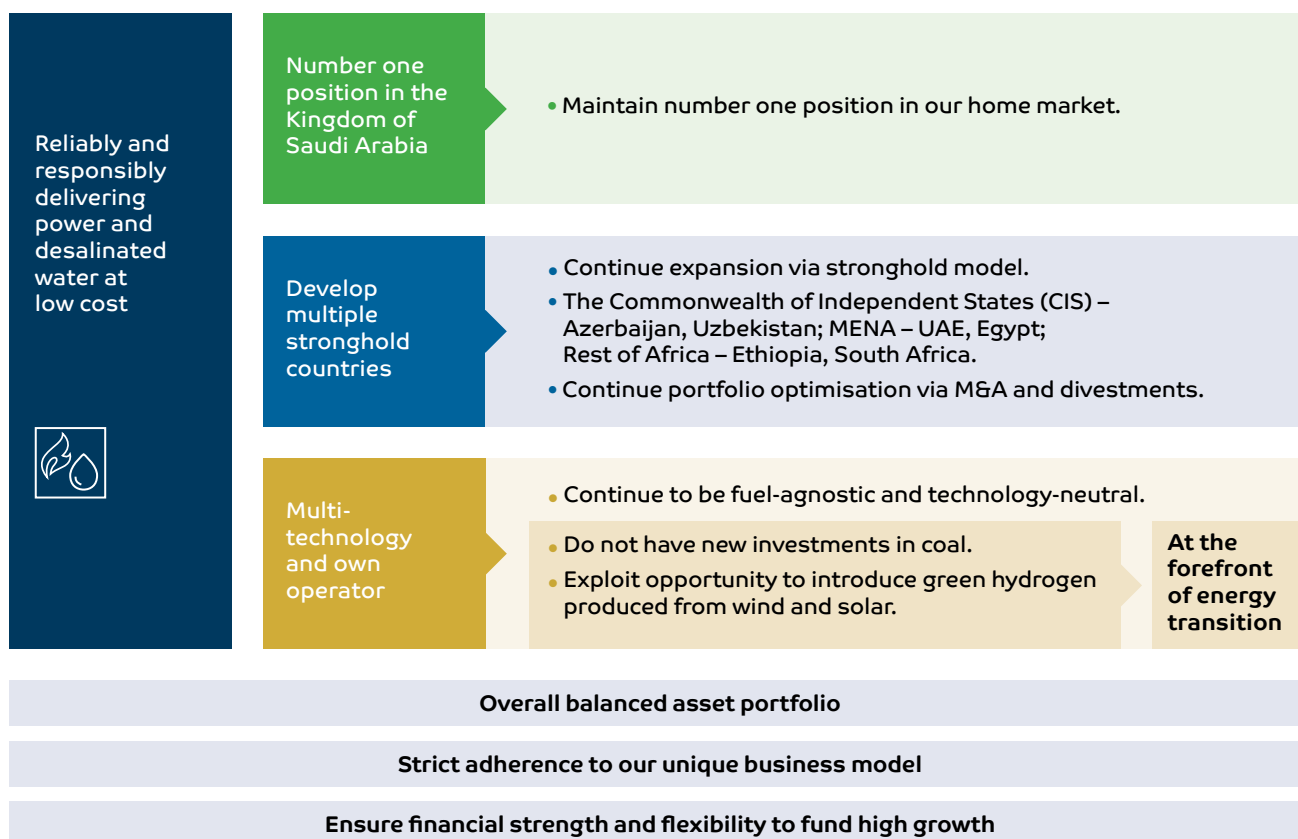
11 Kirikkale is a merchant-market asset.

12 NOOR PV 1 IPP includes three assets.

13 Ethiopia PPP Phase 1 includes two projects.

Our strategy

New frontiers of energy transition.



Our overall strategy is to be at the **forefront of energy transition** by delivering reliable and responsible power, desalinated water and green hydrogen **at low cost** in the Kingdom of Saudi Arabia, the wider GCC and attractive **high-growth markets** based on a **de-risked and contracted business model**.

The key tenets of this strategy are:

- Leadership in KSA and selected high-growth markets.
- To focus on **driving the energy transition and wider environmental, social, and corporate governance (ESG) agenda** in all targeted markets.

- To utilise centralised expertise of our wholly owned O&M company, **NOMAC, as the multi-technology own-operator of our assets.**

We are already **number one in Saudi Arabia**, and we believe this will only be reinforced by our leading contribution in the country's energy transition, the vast majority of which will be led by PIF, our majority shareholder.

Already in 13 markets, we will continuously assess potential opportunities in these and other new international markets that are selected through a rigorous internal investment decision process.

As a dedicated leader in the energy transition that is taking place in the world, we will increasingly be **renewable-focused with no new investment in coal projects**. At the same time, we will remain fuel-agnostic and technology-neutral in answering the needs of our projects especially during the current energy transition.

At the foundation of this strategy, we will always seek to maintain **a balanced portfolio**, adhere to our **winning business model**, and ensure continuous **financial strength**.

Central role in the Kingdom of Saudi Arabia's energy transition

Vision 2030: 58.7¹ GW KSA renewables opportunity

KSA National Renewable Energy Program – Renewable energy targets (GW)



**Increased
5-year
target**



**PIF allocated
70 percent of
renewables pipeline**



**Approximately 60 GW
of new renewable
opportunity**

- ACWA Power and the PIF entered into a strategic agreement for ACWA Power to, in addition to being a shareholder, lead the development of 70 percent of KSA's renewables target.
- Awarded the first 1,500 MW PV project from the PIF pipeline and subsequently in 2021 800 MW of PV projects in Saudi Arabia's Renewable Energy Project Development Office (REPDO) pipeline.

58.7¹

2.7

16.0

40.0

VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

- CSP
- Wind
- Solar PV

Focus on clean energy and climate adaption – net zero emissions target by 2050

Diversification into the new frontiers of energy transition

Focus on clean energy via breakthrough projects

- Breakthrough accomplishments incl. world's largest CSP plant (Noor Energy 1, UAE) and lowest CSP and PV tariffs at the time.
- Bid pipeline mainly consists of renewable and low CO₂ projects with no further investments in coal.

Renewable powered reverse osmosis

- ACWA Power is a pioneer in renewable powered reverse osmosis desalination.
- Taweelah IWP (solar powered RO), the world's largest and first partially solar powered RO plant, utilising the least energy per gallon of water produced.

Carbon-neutral mega-cities

- Vision 2030 – carbon-neutral renewables powered mega-cities with fully integrated utility concept.
- ACWA Power – awarded the first mega-city, the Red Sea Tourism Megaproject.

Green hydrogen

- ~4 GW NEOM Green Hydrogen Project (largest in the world) with Air Products and NEOM announced in July 2020.

- ACWA Power is a global champion: Poised to capture value from the trends towards decentralised energy.
- Mega-cities and green hydrogen projects further strengthen ACWA Power's renewable position.
- Early mover advantage in hydrogen and mega scale PV projects also enable value creation in other geographies.



High quality and scalable O&M services covering a wide range of technologies

Select assets in the NOMAC portfolio



Khalladi Wind IPP



NOORo I CSP IPP



Shuaa Energy PV IPP



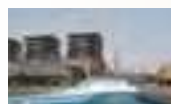
Noor Energy 1



Rabigh IPP



Qurayyah IPP



Shuaibah Expansion IWP



Carbon-neutral mega-cities



Proven O&M capability across technologies and services further reinforced with NMES (NOMAC Maintenance Energy Services)

NOMAC O&M partner for carbon-neutral, renewables-powered mega-cities (in advanced development)

¹ As initially announced by the Ministry of Energy of the Kingdom of Saudi Arabia.

Highlights of the year

Strong financial results and position.

Consolidated financial highlights¹

Operating income before impairment loss and other expenses

1,949 SAR mn **5.8%** ↑



Profit/(loss) (attributable to equity holder of the parent)

883 SAR mn **24.8%** ↓



Parent-level liquidity and leverage highlights²

Parent operating cash flow (POCF)

1,064 SAR mn **20.2%** ↓



Parent net leverage ratio (Parent net leverage/net tangible equity attributable to equity holders of the parent)

0.97 Times **94%** ↑



De-risked business model – Contracted and resilient cashflows protected against a multitude of risks³

Volume and price

- Long-term P(W)PAs protect against demand or price risk.
- P(W)PAs protected against changes in regulation.

Contracted portfolio⁴



Inflation and currency

- Hard currency indexed contracts with embedded inflation protection.
- Contracted assets financed in respective tariff currencies.

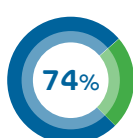
Pegged currency⁴



Off-taker profile

- P(W)PA with predominantly investment grade and/or sovereign-linked off-takers.
- Overall off-taker risk mitigated given the critical nature of the assets.

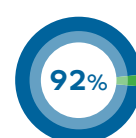
Investment grade⁵



Fuel supply and resources

- Gas, oil, coal: Fuel pass-through mechanisms and/or off-takers supplying their own fuel.
- Renewables: Extensive and bankable resource studies; CSP technology with storage for 24/7 baseload power.

Pass-through^{6,7}



¹ Refer to the financial review section on page 30 for further details.

² Refer to the financial review section on page 30 for definition and further details.

³ Analysis based on portfolio (total project cost) as at 31 December 2020.

⁴ Excluding Kirikkale (fully written down and deconsolidated in 2018).

⁵ Investment grade: countries with at least one investment grade from S&P, Moody's or Fitch.

⁶ Of total project cost of only conventional projects (excluding Kirikkale).

⁷ Except Hassyan where fuel supply is the project company's responsibility.

Consistently high operational and HSSE performance.



Asset portfolio of
SAR 245 bn¹



Large world-class assets
with **~72 percent** in projects
with **1 GW+** individual power
generation capacity



Clean/low CO₂ power
technologies²: **~77 percent**
of total gross capacity³



Significant growth in renewables
(11.6 GW of renewable assets
in 2020); 90 percent of capacity
in projects with 200 MW+

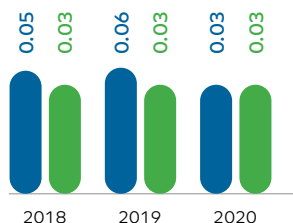


Industry leading
win ratio
(**67 percent** from
2005-2020),
capturing
disproportionate
market share

Consistent operational excellence and culture of safety

Health, safety and environment performance

Lost Time Incident Rate (LTIR)⁴



NOMAC achieved more than 20 million safe man-hours without LTI

Leading LTIR ratio of 0.03 for both under-construction and operational assets as of 2020, significantly below industry benchmarks⁵ of 0.70 and 0.10 respectively

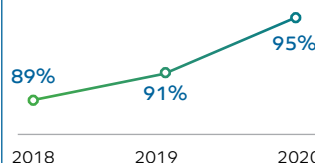
● Construction phase⁶
● Operation phase⁶

Operational performance

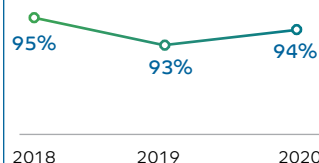
Availability performance



Power availability



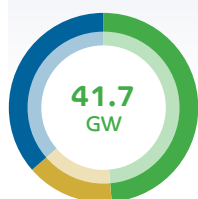
Water availability



Availability performance well above contractual threshold limits

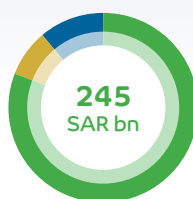
Modern and highly diversified asset portfolio

Operating mix by gross capacity



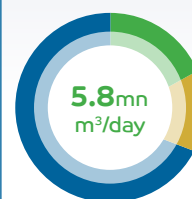
● Operating 49%
● Under construction 15%
● Advanced development 36%

Average age of portfolio⁷



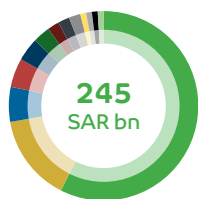
● 0-5 Years 81%
● 6-10 Years 8%
● >10 Years 11%

Water split by technology



● MSF 17%
● MED 14%
● SWRO 69%

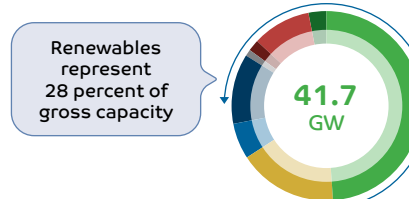
Project split by geography by project cost



Top 5 countries represent 88 percent of total estimated project cost

● Saudi Arabia 58%
● UAE 16%
● Oman 6%
● Morocco 5%
● Egypt 4%
● Uzbekistan 4%
● Jordan 2%
● South Africa 2%
● Bahrain 2%
● Turkey 1%
● Azerbaijan <1%
● Ethiopia <1%
● Vietnam <1%

Power split by technology by gross capacity



Renewables represent 28 percent of gross capacity

Low CO₂ generation represents ~77 percent of installed capacity

1 Total estimated project costs for operating, under construction and advanced development assets as at 31 December 2020.
2 Clean/low CO₂ technologies include solar, wind and gas, but exclude coal and oil.
3 Including under construction and advanced development projects as at 31 December 2020.
4 Ratio includes both full time employees of ACWA Power and temporary contractors.

5 Refers to OSHA benchmark (US utility industry).
6 Data on 200,000 man hours.
7 Based on year of COD.
8 Low CO₂ generation includes all renewable assets as well as gas-fired plants.
9 NEOM Hydrogen JV includes solar and wind.

Chairman's message

Clean, economical and sustainable energy is the future.

Guided by the sustainability principles articulated in the Kingdom of Saudi Arabia's (the Kingdom) Vision 2030, and the clear directives and enabled ecosystem set out by the Ministry of Energy, ACWA Power, as a national power generation and water desalination champion, continues to deliver tangible value to the Kingdom's domestic energy diversification strategy and similarly across its global investment portfolio.

50%

We reached another major Company milestone when the Public Investment Fund (PIF), the Sovereign Wealth Fund of the Kingdom of Saudi Arabia, increased its shareholding in ACWA Power to 50 percent in 2020.



ACWA Power was awarded the contract to design, build, operate and transfer the utilities infrastructure of the pioneering Red Sea Project on Saudi Arabia's west coast.

Thanks to those efforts, ACWA Power is now recognised as one of the world's leading renewable energy companies, with a roadmap towards a net zero-carbon emission state by 2050.

ACWA Power at the forefront of energy transition

We have a strong track record of leveraging our pioneering position in multiple renewable technologies – CSP, solar PV and wind – to deliver carbon-free power at low cost. Our focus is now increasingly on the development of renewable-powered power and desalinated water projects, in which we seek to distinguish ourselves by using innovative technical and commercial delivery strategies. Accordingly, there can be no debate that moving towards a clean, economical and sustainable future will continue to be the main driver of our energy strategy. We identified this opportunity very early on and prioritised this transition to ensure our relevance in an ever-changing global landscape.

2020 was an unprecedented year in many ways. While the global pandemic presented a variety of challenges, ACWA Power – through the hard work and dedication of our people – worked tirelessly to ensure the uninterrupted supply of electricity and fresh water to our end clients, so helping to mitigate the impact of the pandemic on the delivery of such critical life-sustaining utilities.

Moreover, and in the same context, we believe ACWA Power became an early market leader in both utility-scale green hydrogen production, as well as in the development of carbon-neutral, sustainable large-scale integrated utility projects.

In the green hydrogen field, together with our joint venture partners, Air Products and NEOM (Neom Development Company), we launched one of the world's largest green hydrogen-based ammonia production facility in NEOM, Saudi Arabia. As an accelerator of human progress, and a vision of how a new future might look, NEOM was the ideal location for the launch of such an avant garde project to advance the Kingdom's ambition of becoming a global leader in green hydrogen and sustainable living.

In another landmark development, the consortium led by ACWA Power was awarded the contract to design, build, operate and transfer the utilities infrastructure of the pioneering Red Sea Project on Saudi Arabia's west coast. In addition to driving the ambition to build a carbon-neutral, sustainable off-grid development powered solely by renewable energy and distributed generation, this pioneering project also entails the construction of three seawater reverse osmosis plants to provide clean drinking water, district cooling facilities, a waste management centre and an environmentally-friendly sewage treatment plant, all of which will be powered by renewable energy and have zero waste discharge.

7 GW

In 2020 we added 7 GW of renewable power capacity to our operational, under construction and advanced development portfolio.



In the green hydrogen field, together with our joint venture partners, Air Products and NEOM, we launched one of the world's largest green hydrogen-based ammonia production facility in NEOM, Saudi Arabia.

In a year that was overshadowed by the global pandemic, it was thanks to these and other renewable energy projects at home, as well as important wins in new markets such as Azerbaijan and Uzbekistan, that we were able to add 7 GW of renewable power capacity to our portfolio of assets that are either operational, under construction or in advanced development. This represented a 152 percent increase, from 4.6 GW to 11.5 GW, while also achieving the lowest solar PV tariff in the world at the time, the 900 MW DEWA V MBR Solar Park project in the United Arab Emirates (UAE).

In its ongoing drive to deliver value in an environmentally sustainable manner, ACWA Power once again was proud to set the lowest solar PV tariff of its landmark Shuaibah PV project in the Kingdom in 2021.

In the desalinated water sector, ACWA Power was awarded the Jubail 3A IWP with a world-record tariff of 41.3 US cents per m³; including reserve storage capacity for a single day's production, and an on-site solar power plant to reduce the power consumption from the network. The project will supply 600,000 m³ per day of potable water to Riyadh, Qassim and the Eastern Provinces of the Kingdom once completed in 2022. This is a quite remarkable achievement with a hugely positive social impact.

“With a strong track record in multiple technologies – CSP, solar PV, and wind – our focus is now increasingly on renewable-powered projects.”



With Environmental, Social and Governance (ESG) considerations firmly embedded in our strategy and business model, we remain committed to being an innovative, market leading first mover in the shift to a low-carbon economy.

Our leading position in the Kingdom's power and desalinated water sector, together with our extensive and proven track record in developing, operating and maintaining large assets globally, has helped us expand into other strategic markets. These markets are selected based on a rigorous internal investment decision process, to ensure a sustainable growth trajectory for ACWA Power.

Boosting our reputation at home and globally

We reached another major Company milestone when the Public Investment Fund (PIF), the Sovereign Wealth Fund of the Kingdom of Saudi Arabia, increased its shareholding in ACWA Power to 50 percent in 2020. Consolidating a relationship dating back to 2013, and which has flourished ever since, this transaction is a strong vote of confidence in ACWA Power's ability to expand its profitable operations domestically and internationally, while also being a leading contributor to the Kingdom's energy transition agenda. We are indeed a proud national champion for the Kingdom, an honour that we take very seriously.

Our leading position in the Kingdom's power and desalinated water sector, together with our extensive and proven track record in developing, operating and maintaining large assets globally, has helped us expand into other strategic markets. These markets are selected based on a rigorous internal investment decision process, to ensure a sustainable growth trajectory for ACWA Power.



Azerbaijan and Uzbekistan are the latest markets we have chosen to enter, and we are extremely honoured to be entrusted by their respective Governments to carry out such important projects and to help them realise their energy transition and amplification goals.

In water desalination, our world leadership was recognised by the market and our peers. It was humbling for us to earn plaudits from Global Water Intelligence (GWI) and to be awarded the Desalination Company of the Year at their Global Water Awards 2020 and the Desalination Plant of the Year for the Shuaibah 3 IWP Extension project, which also won the Water Project of the Year award from MEED Projects Awards 2020.

Excellence in governance and organisational sustainability

We attach significant importance to upholding our core values and integrity through how we govern ourselves daily. This is an important part of what makes us able to deliver consistently on our promise to produce power and desalinated water sustainably, reliably, responsibly and at low cost.

We promote excellence throughout ACWA Power and its subsidiaries (the Group) by diligently ensuring adherence to robust corporate governance and risk management principles, which go beyond mandatory legal requirements, and by maintaining high standards of integrity and transparency at every level of the organisation across our geographic footprint.

With Environmental, Social and Governance (ESG) considerations firmly embedded in our strategy and business model, we remain committed to being an innovative, market leading first mover in the shift to a low-carbon economy. At the heart of this commitment is a pledge to abstain from new investments in coal, and to pursue a progressive reduction in the greenhouse gas (GHG) emission intensity of our portfolio, by 50 percent by 2030 and to net zero by 2050.

I am also incredibly proud of our notable safety track record in 2020, ensuring that – regardless of drive and competition – health and safety is our priority. Across ACWA Power's global investment portfolio, we crossed 23.8 million safe man hours without lost-time injury (LTI) and no fatalities during 2020.

20 mn safe man hours

NOMAC, our wholly owned operations and maintenance subsidiary which operates a vast majority of our projects, crossed 20 million safe man hours without LTI for the first time in its history.



We pledge to abstain from new investments in coal, and to pursue a progressive reduction in the greenhouse gas (GHG) emission intensity of our portfolio, by 50 percent by 2030 and to net zero by 2050.



Global Water Intelligence (GWI) recognised us as the Desalination Company of the Year at their Global Water Awards 2020, and conferred the Desalination Plant of the Year Award to Shuaiba 3 IWP Extension project, which also won the Project of the Year Award at MEED Projects Awards 2020.



Shuaibah IWPP & Shuaibah Expansion IWP, Saudi Arabia

Undertaking the vast majority of ACWA Power's operations and maintenance activities, NOMAC, our wholly owned operations and maintenance subsidiary, crossed 20 million safe man hours without LTI for the first time in its history.

In another internal achievement, the impact of our Project Galvanize, a reorganisation program we embarked upon in 2019 to reinforce our institutional strength and endurance in support of the growth potential that lies ahead of us, successfully manifested itself in the form of much greater agility, flexibility and speed to market. Employee engagement scores also improved, despite the remote office working conditions imposed by the pandemic.

In our own response to COVID-19, we successfully implemented all mandatory and contingency action plans to ensure the health and safety of our people and to keep our plants operational.

Responding to preventative measures taken by the Kingdom's leadership to contain the impact of the pandemic, and to help secure the health and safety of the Kingdom's citizens and residents, we also completed under the auspices of the Kingdom's Ministry of Health and Ministry of Energy, an integrated mobile hospital with a 100-bed capacity in less than 60 days, fully resourced with the medical equipment and supplies needed to treat COVID-19 cases.

It was recognised as a remarkable feat and testament to our duty of care to the communities of which we are a part. The hospital has been fully operational since August 2020, providing comprehensive healthcare services in Al Madinah, and we are extremely grateful to the Ministry of Health and Ministry of Energy for their crucial support at every stage of this initiative.

Similarly, in Morocco, where we have seven renewable-powered plants, we demonstrated solidarity with Morocco's own pandemic mitigation efforts. We supported the local community around our Noor Ouarzazate complex by providing 47 tons of basic goods, including food and hygiene products, for direct distribution to 290 families in the area.

This message would be incomplete without a tribute to the people that we are pleased to call the ACWA Power family, who make all these achievements possible. Our project team members deployed across 62 assets in 13 countries displayed extraordinary fortitude in keeping our plants fully operational and functioning, without any compromise to health and safety. Others showed similar commitment in fulfilling their respective duties and responsibilities across the Group, and in simply keeping the company running during a most difficult year.

I am personally grateful to the government of the Kingdom of Saudi Arabia and all host governments, our shareholders, Board members, customers, suppliers, financial partners and the ACWA Power family for their continued trust and collective support. Together, we have been able to demonstrate how human ingenuity, commitment and resourcefulness can come together to overcome the greatest of adversities and continue to flourish.

But we cannot rest on our previous achievements. We must strive for more – to a better, cleaner, sustainable future.

Mohammad A. Abunayyan
Chairman of the Board of Directors

Performance review

A growing global force in renewable energy.



Power

In 2020, we delivered yet another world record on the power side, the lowest ever PV tariff of 1.6956 US cents per KW/h for the 900 MW PV solar project in Dubai. We then beat this achievement in early 2021 at the 600 MW Shuaibah PV project in Saudi Arabia with a tariff of 1.04 US cents per KW/h.

Availability

In 2020, power availability increased to 95 percent from 91 percent in 2019, when unusual, forced shutdowns in two of our plants in Saudi Arabia resulted in extended unplanned plant outages. Availability in water remained equally strong at 94 percent.



Water

In water desalination, we set a new benchmark with Jubail 3A IWP in Saudi Arabia at a tariff of 41.3 US cents per m³ and beating our own world record of 2019 at the Taweelah IWP.

People

We have introduced strong, number-driven internship and recruitment criteria to ensure equal representation and gender parity in new roles.



Operations and Maintenance

NOMAC, ACWA Power's wholly owned subsidiary that operates the vast majority of the Company's projects by delivering technical, engineering and maintenance services to the highest industry standards for health, safety, security and environment, stands as one of the key pillars of ACWA Power's successful business model.

- 32 plants with 19 GW and 2.7 million m³/day
- Crossed 20 million safe man hours without LTI during 2020



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Notable achievements in a very different and difficult year.

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Highly experienced and entrepreneurial management team.

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Blending business with digital technology.

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Risk management, strategy and sustainability

Maintaining our operational sustainability.

Khalladi Wind IPP, Morocco

CEO's message

Notable achievements in a very different and difficult year.

Going through what may have been the toughest acid test in our history, we all truly lived up to our core values of safety, people and performance, our beacon to guide and navigate us through the year.

41.7¹ GW

Gross power generation capacity

5.8¹ mn m³ per day

Gross water desalination capacity

We thus concluded the year managing a portfolio with a total estimated project cost of SAR 245 billion, comprising 62 projects in 13 countries, representing 41.7 GW of gross power and 5.8 million cubic metres per day of gross water desalination capacity.

What a year it has been.

On one level, 2020 will always be remembered as a tragic year for the world with so many lives and economies devastated, and societies stretched to their limits of endurance because of the COVID-19 pandemic.

Although we have all encountered personal hardship in one way or another, and while remembering with extreme sorrow our colleagues who lost their lives to COVID-19, I am so proud of our individual and collective resilience, commitment and efforts to put the health and safety of our people first, all the while keeping our plants up and running for the benefit of the communities we serve.

It was not only our operating facilities that kept their vital services of power and desalinated water reliably dispatched. Our construction sites made remarkable progress – albeit with some delays – against the backdrop of pandemic-induced supply chain turmoil; we achieved financial closure and moved into the construction phase on several projects; and we continued to bid for new tenders and won many.

We thus concluded the year managing a portfolio with a total estimated project cost of SAR 245 billion, comprising 62 projects in 13 countries, representing 41.7 GW of gross power and 5.8 million cubic metres per day of gross water desalination capacity.

We accomplished so much in such an unusual year at home and beyond. From new tariff records in power generation and water desalination, to stepping into breakthrough clean energy projects of green hydrogen production and zero-carbon-emitting, zero waste-discharging mega-cities, we continued to deliver power and desalinated water reliably, responsibly and at low cost. We have clearly demonstrated our appetite and capability to be at the forefront of the global energy transition.

Innovation routinely underpins everything we do but, from the outset, we have always challenged cost, efficiency and performance. In 2020, we delivered yet another world-record on the power side, the lowest-ever PV tariff of 1.6956 US cents per KW/h for the 900 MW PV solar project in Dubai. We then beat this achievement in early 2021 at the 600 MW Shuaibah PV project in Saudi Arabia with a tariff of 1.04 US cents per KW/h.

¹ As at 31 December 2020 and including operational, under construction and advanced development projects

Innovation routinely underpins everything we do but, from the outset, we have always challenged cost, efficiency and performance.



In water desalination, the picture was similar; it was ACWA Power setting a new benchmark with Jubail 3A IWP in Saudi Arabia at a tariff of 41.3 US cents per cubic metre and beating our own world record of 2019 at the Taweelah IWP.

In South Africa, our Bokpoort CSP plant achieved the single highest generation for one day in its operating life. In October, it set the new African continental benchmark, achieving 13 days and nights, or 312 hours, of continuous operation. This demonstrated our ability to operate a solar power plant effectively as a base-load plant, not just when the sun shines, but also through the night.

Moreover, we were able to generate more financial and social value to the people of South Africa by refinancing this project and then voluntarily offering a further tariff reduction – over and above the 16 percent lower tariff than the second lowest tender back in 2011.

On the health and safety front, our unwavering commitment to the highest organisational safety standards resulted in not one single fatality across the entire Group, during a year in which NOMAC, our wholly owned subsidiary operating and maintaining many of our plants, crossed 20 million safe man hours without LTI. The year also saw us making huge progress on our organisational development drive, Project Galvanize, in its first full year of implementation.

With most initiatives already completed, we have restructured the way we are organised and the way we work, all the more reinforcing our institutionalisation drive – a very timely and crucial intervention designed to provide us with the ability to remain agile, efficient, and entrepreneurial in the face of the rapidly growing scale of operations and expanding geographical footprint.

“We accomplished so much in such an unusual year at home and beyond.”



2,500 MW

To enable Uzbekistan's ambitious energy transformation plans, we recently signed three wind IPPs grossing up to a total of 2,500 MW that are now in advanced development. Out of these three, the Karakalpakstan 1,500 MW Wind IPP is possibly the largest single-site wind project in the world.



Sakaka PV IPP, Saudi Arabia

World-class projects

If ever proof of our world-class status was necessary, we won a closely fought competition to design, build, own and operate the complete utilities infrastructure of Saudi Arabia's The Red Sea Project.

A breakthrough initiative at the forefront of the global energy transition, the project will consist of the delivery of power, water, district cooling, wastewater, solid waste, telecommunication and even data services – all on a zero-carbon emission, zero waste, zero plastics and fully sustainable basis.

The Red Sea Project is a genuinely iconic and regenerative tourism complex that will cover 200 km of coastline and 92 islands on the Red Sea, all spanning more than 28,000 square kilometres of pristine lands and waters along Saudi Arabia's west coast.

While ACWA Power is increasingly associated with landmark developments such as this and the production of green hydrogen, we also remain focused on our national responsibility to support the Kingdom's Vision 2030. Specifically, the National Renewable Energy Program, which requires the deployment of approximately 60 GW of renewable energy capacity in the next 10 years.

The PIF, our majority shareholder, has been allocated 70 percent of this pipeline, for which ACWA Power is the strategic partner. In the first half of 2021, we were already awarded the first 1,500 MW PV project from the PIF pipeline in addition to 800 MW of PV projects from the remaining 30 percent of the pipeline subject to competitive tender by Saudi Arabia's Renewable Energy Project Development Office (REPDO).

A source of expertise

In a year of standout achievements, two notable trends have emerged: ACWA Power's growing value to countries and their governments as a source of expertise and technical know-how in implementing their own energy diversification programs, and our capacity and agility in responding to them.

In Azerbaijan, following the signing of the implementation agreement at the start of 2020, we executed the Energy Power Purchase Agreement in early 2021 for a 240 MW wind IPP with the national electrical power company and off-taker for the project. As one of two first foreign investment-based IPPs for Azerbaijan, the project is regarded as a key component in the government's effort to diversify the country's energy mix.

In March 2020, we signed strategic cooperation agreements with Uzbekistan's Ministry of Energy, and Ministry of Investments and Foreign Trade, to amplify the nation's power generation capacity. Subsequently in 2021, we concluded the PPA signing of the 1,500 MW Sirdarya CCGT plant, and additionally, signed three wind IPPs grossing up to a total of 2,500 MW that are now in advanced development. Out of these three, the Karakalpakstan 1,500 MW Wind IPP is possibly the largest single-site wind project in the world.

Elsewhere, we submitted four bids in Indonesia in our first foray into the country, emerging as the lowest bidder in all of them. Additionally, we signed an MoU with Egypt to conduct preliminary and feasibility studies for a series of solar/wind-powered water desalination projects, which will create further exciting knowledge transfer and development opportunities for us on the African continent.

We believe these, and other potentially high-growth markets, will continue to offer exciting opportunities for us over the next decade.

If ever proof of our world-class status was necessary, we won a closely fought competition to design, build, own and operate the complete utilities infrastructure of Saudi Arabia's The Red Sea Project.

The future is green

Looking to the future, green hydrogen represents a tremendously exciting and game-changing market opportunity. Power that can be generated sustainably and economically – one of the causes about which we are very passionate – is a critical component in the production of green hydrogen. In 2020, and together with our partners, we became an early mover in this technology in the largest ever green hydrogen project already under way.

We also collaborated with the world's largest green hydrogen project developers as a founding partner of the Green Hydrogen Catapult initiative, which aims to drive down costs to deliver green hydrogen at less than USD 2 per kilogram within four years (from USD 4 per kilogram today).

Having led the race to deliver photovoltaic energy at significantly reduced costs over the past decade, we believe that, with the collective ingenuity and entrepreneurship of the private sector, halving the current production costs of hydrogen is similarly achievable.

The year ahead

What does 2021 hold in store for us?

Our main priority is to continue protecting our people's health and safety, from our operating plants to construction sites, to our offices and home-offices, without compromising performance. We will take all the necessary and contingency measures to stay one step ahead of the pandemic to ensure that our plants continue to deliver electricity and water to the communities that rely on us.

Building on the lessons we have learned in 2020, we are embarking on the next phase of becoming a data-driven people-enabled company that uses the massive pool of data we collect each day to increase our operational efficiency and service delivery reliability. This would not be possible without the phenomenal advances in digitalisation and an unimaginably powerful computing capability that is now accessible at minimum cost.

When we conclude Project Galvanize in 2021, its impact will continue to guide us for many years to come in furthering our organisational development and institutionalisation drive. Next year, we will start to embed new and improved work processes, procedures and methodologies into our way of life.

On the business side, we have two iconic and transformative high-profile landmark projects under our belt in addition to Sudair PV IPP, the first PIF-led renewable energy project. We will continue to do everything to deliver on our commitments on these, and our other projects, at different stages of their lifecycles in other parts of the world.

Since we first issued our dedicated Sustainability Report in 2014, we have regularly set ourselves new compliance and disclosure targets. In addition to the reporting principles that we have already been applying, such as the Global Reporting Initiative (GRI) in 2020, we decided to adopt reporting recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) by no later than 2024. In this respect, the coming year will be a landmark year, as we formally commit to reducing the greenhouse gas (GHG) emission intensity of our portfolio, by 50 percent by 2030, and to net zero by 2050.

We will strive to continue being a good corporate citizen in every country where we are present, acting responsibly and courteously in our efforts to contribute to the national economy and to work with local communities to support their development.

Finally, I take this opportunity to highlight what a special family ACWA Power has become. Our success is underpinned by the enthusiasm and commitment of our people and their willingness to collaborate with a strong sense of collective belonging and a passion for creating a better world.

On behalf of this wonderful family, of which I am proud and privileged to be a member, I would like to extend my genuine appreciation to all our stakeholders for your unwavering confidence in us and the strong support of our mission.

Working with you this past year, in the most unusual circumstances, has made us better, stronger and more confident in our ability to contribute significantly to collective efforts to transform our present world into one that is cleaner, safer, fairer and prosperous.

Paddy Padmanathan

President & Chief Executive Officer

Management team

Highly experienced and entrepreneurial management team.



Paddy Padmanathan
President and Chief
Executive Officer

Paddy Padmanathan serves as the President and CEO of ACWA Power since 2007. He is a key member of ACWA Power's executive leadership team, having spearheaded its expansion since 2005 when he joined the company as a Business Development Director.

A seasoned engineering and energy expert with over 40 years of experience, Mr. Padmanathan helped ACWA Power go from strength to strength to become a company that today has a vast portfolio in various high-growth markets across three continents. At ACWA Power, he has guided the business strategy to deliver power and desalinated water reliably and responsibly at competitive rates. He is also steering ACWA Power's leadership in energy transition, underpinned by a strong ESG framework, enabling it to be part of one of the largest renewable energy projects in the world.

Prior to joining ACWA Power, Mr. Padmanathan served as the Vice President and Corporate Officer at Black and Veatch, a major global engineering and construction company, where he was responsible for developing privately financed power, water, and wastewater projects in over a dozen countries.

Mr. Padmanathan holds a degree in engineering from the University of Manchester, a postgraduate qualification in Civil Engineering production from University of Lancaster and serves on the boards of several water and power companies.



Rajit Nanda
Chief Portfolio Management
Officer and Acting Chief
Investment Officer

Rajit Nanda joined the Group as Chief Financial Officer in 2009. In his current role, he is responsible for the performance of ACWA Power's global portfolio which is spread across three continents. He ensures that ACWA Power runs the global portfolio with high innovation, best-in-class reliability of supply and operational excellence to produce optimised performance at low cost which translates to superior returns from projects through the lifecycle.

With more than 25 years of experience, Mr. Nanda has led the structuring and financing of ACWA Power's independent water and power projects in the Middle East, Africa, and Central Asia. He oversees the Group's growth and remains in charge of new business development, legal (projects), acquisitions and divestiture, and corporate and project finance. He also oversees the Group's expansion across MENA, Southern Africa and Asia and sits on the boards of several companies owned and operated by the Group.

Prior to joining ACWA Power, Mr. Nanda was the Regional CFO for Engie's Middle East, Asia & Africa region.

Mr. Nanda holds an MBA in Finance from Xavier Institute of Management, India.



Kashif Rana
Chief Financial Officer

Kashif Rana serves as the Chief Financial Officer of ACWA Power, having joined the Group as Director of Accounting, Controls and Taxation in 2009. His responsibilities include ensuring a 100 percent contracted business model with long-term purchase agreements with investment grade off-takers, generating stable long-term income whilst maintaining superior cash flows from the operations.

With 20 years of experience in the power and water sector, Mr. Rana has successfully led operational finance activities for the Group and its investments in developing and implementing best practices around long-term planning, audits, accounting, reporting, insurance, corporate legal, treasury, and tax structuring, in addition to leading a private security offering with sovereign institutes of Saudi Arabia. Mr. Rana sits on the board of several companies owned and operated by ACWA Power.

Prior to joining ACWA Power, Mr. Rana served as the CFO of AES Middle East.

Mr. Rana is a certified Chartered Accountant from the Institute of Chartered Accountants of Pakistan.



Julio Torre Gutierrez
Chief Operations and
Maintenance Officer
President and CEO, NOMAC

Julio Torre Gutierrez serves as the Chief Operations and Maintenance Officer for ACWA Power and as the President and Chief Executive Officer of First National Operations and Maintenance Company (NOMAC), a leading O&M provider that is 100 percent owned by ACWA Power. Mr. Torre Gutierrez has been part of the leadership team at ACWA Power since 2009.

A professional engineer with over 35 years of experience, Mr. Torre-Gutierrez has played a pivotal role in developing NOMAC as a key source of value creation for ACWA Power underpinned by highest operational and quality standards. This has been achieved through his concerted focus on developing a synergistic operating model that translates to high visibility and secure cash flows with low capital commitment.

Prior to joining NOMAC, Mr. Torre Gutierrez was working with Duke Energy, a leading energy company focused on electric power and gas distribution operations in the Americas, most recently as Vice-President of Business Operations of the Latin American portfolio.

Mr. Torre Gutierrez holds a degree in nuclear engineering from North Carolina State University.



Yara Anabtawi
Chief People, Culture and
Communications Officer

Yara Anabtawi serves as the Chief People, Culture and Communications Officer, having joined the Group in 2012. Yara is responsible for Human Capital, Organisational Health, Corporate Alignment and Integration and Marketing and Communications at ACWA Power.

Within ACWA Power, Ms. Anabtawi has a proven track-record in propelling profitable growth at managerial levels, developing and leading strategies. She is also responsible for directing teams and driving performance excellence within the organisation.

With over 24 years of experience, Ms. Anabtawi has held various leadership roles covering a multitude of sectors including energy, investment banking, IT, automotive, education and healthcare in several geographies including the US, North Africa and the GCC.

Ms. Anabtawi sits on the board of several companies owned and operated by ACWA Power.

Ms. Anabtawi holds a B.Sc in Management and Information Systems from Brigham Young University, a Master's degree in Management and Information Systems from the Florida Institute of Technology and a Postgraduate Degree in Education from the University of Sunderland. She also holds a certificate in International Management from Thunderbird University.



Alvaro Perez
Chief Digital Officer

Alvaro Perez joined ACWA Power as the Chief Digital Officer and is leading ACWA Power's digital transformation, as well as managing the Information & Communications Technology (ICT) functions.

He has over 20 years of experience within technology integration and has been responsible for leading large international IT projects where technology and digitisation were key for business transformation. Mr. Perez had been a member of numerous boards including International Oracle Utilities Product Development Advisory Board and Acolgen (Colombian Power Generation Association), and participated as an entrepreneur on different ICO, blockchain and IoT initiatives.

Prior to joining ACWA Power, Mr. Perez held different posts during the last 20 years at the largest top five utilities in America and Europe most prominent being CEO of their services companies, CIO and Head of their Digital Hubs where he mainly specialised in distributed generation, demand response and aggregation, energy efficiency and smart cities development.

Mr. Perez is an Economic Science graduate from Complutense University, Spain. He also holds a degree in Executive Strategies from Harvard Business School.



Guy Richelle
Senior Advisor –
Transformation Office
and Acting Chief Risk
Management, Strategy and
Sustainability Officer

Guy Richelle is a Senior Advisor and a key member of the Management Committee and is responsible for driving transformation within the organisation. He also currently serves as the Acting Chief Risk Management, Strategy and Sustainability Officer.

Mr. Richelle has 40 years of experience in the energy sector. Since 2017, Mr. Richelle has served as Vice-Chairman of NOMAC and is a member of the ACWA Power Nomination and Remuneration Committee. He has worked in many countries including Algeria, Oman, the UAE, Thailand, and South Africa.

Prior to joining ACWA Power, Mr. Richelle spent the first 15 years of his career in the nuclear industry, working for Westinghouse and Eskom. He joined Engie in 1998 and held different positions of increasing responsibility as Head of Business Development in the Middle East, Regional CEO for Middle East, Asia and Africa, and COO of International Power.

Mr. Richelle holds an MS in Nuclear Engineering from the University of Liege in Belgium and an MS in Climate Change from King's College in London.

Market review

Supporting the Kingdom's full energy transition.

As a national champion and renewables leader, ACWA Power is committed to supporting the Kingdom's Vision 2030 and delivering superior value to our off-takers with reliable, safe plants and competitive tariffs.

**48 SAR
bn**

Overall, we were engaged during 2020 in the advanced construction of 10 power and water projects across four countries in the GCC region, representing more than SAR 48 billion of estimated project cost.



Our role is crucial in meeting the objectives of Vision 2030, which sets out a roadmap for one of the most dynamic and ambitious energy and water procurement programs in the world. This includes a target of approximately 60 GW of multi-technology renewables by 2030; the development of technologically advanced water desalination procurements; and the creation of self-sustaining mega-cities, all powered through renewable energy sources.

We are applying our proven experience in developing and operating projects to the Kingdom's economic diversification strategy, actively supporting its ambitious plans with innovative and sustainable solutions to transform a fossil fuel-based economy into a sustainable, knowledge- and technology-based one by 2030.

One such project is the SAR 2,438 million, Jubail 3A 600,000 m³/day SWRO IWP. For this project we incorporated a solar PV facility to reduce reliance on the grid for the plant's electricity requirements, and to manage the plant's auxiliary consumption more effectively. The net result is the delivery of superior value to our customer – in this case, the Kingdom.

Our involvement also extends to working with our international supply chain of world-leading OEMs and technology providers to promote sizeable local manufacturing capacity across both power generation and water desalination value chains.

A year of achievement

To recapitulate, the development in 2015 of the first utility-scale solar photovoltaic IPP in the GCC – the 200 MW Shuaa Energy 1 project in Dubai – had set the then world record for the lowest renewable energy tariff and kick-started the development of Dubai's 5 GW Mohamed Bin Rashid Solar Park, putting Dubai firmly on the global solar energy map.

This success inspired other countries in the region to follow suit and start their own journey towards clean energy. So, in the space of just a few years, most of the GCC nations have sharply scaled back their conventional energy additions and implemented ambitious renewable energy programs. Several of these have involved ACWA Power, a further demonstration of how we are leading the region's energy transition.

Our pioneering efforts to commercialise solar energy in the MENA region during the past decade have smoothed the transition to renewable and other decarbonised sources of energy in a region that has an abundance of fossil fuel reserves.

We are applying our proven experience in developing and operating projects to the Kingdom's economic diversification strategy.



In terms of renewable energy development in the region, ACWA Power successfully closed the ground-breaking first utility-scale Solar PV project – the 500 MW Ibri 2 Solar IPP – in Oman, as well as the Phase V of Dubai's Mohamed Bin Rashid Solar Park through the 900 MW Shuaa Energy 3 IPP project. It is notable that Ibri 2 Solar PV IPP has acted as a catalyst for Oman's renewable energy procurement and speeded up the Sultanate's next round of solar power tenders.

Overall, we were engaged during 2020 in the advanced construction of 10 power and water projects across four countries in the GCC region, representing SAR 48 billion of estimated project cost and an aggregate gross power capacity of 6.25 GW and gross desalination capacity of 3.1 million m³ per day – all in a year deeply impacted by the COVID-19 pandemic.

One project to highlight is Al Dur 2 IWPP in Bahrain, a complex project of a 1,500 MW combined cycle gas turbine (CCGT) and 227,000 m³ per day seawater reverse osmosis (SWRO) water desalination. We completed the financing and started the construction of this project in 2019 and, successfully brought the project to an advanced construction stage.

Al Dur 2 IWPP is now producing early water on the way to achieving full commercial operations as close to the schedule as possible. Once fully operational, it will become the lowest cost, cleanest source of power and water for Bahrain.

We kept Al Dur 2 IWPP and other projects on track by committing to the delivery of power and desalinated water on schedule, cooperating closely with host governments and our construction partners, to whom we are grateful for their dedicated support and confidence.

“Our pioneering efforts to commercialise solar energy in the MENA region during the past decade have smoothed the transition to renewable and other decarbonised sources of energy in a region that has an abundance of fossil fuel reserves.”



We are accelerating the deployment of renewables, such as solar PV, solar CSP, wind and/or battery storage and hybrid solutions, in collaboration with our customers.



Prioritising investment in new technologies and geographies

We are accelerating the deployment of renewables, such as solar PV, solar CSP, wind and/or battery storage and hybrid solutions, in collaboration with our customers.

One of the most exciting areas in the energy transition space is hydrogen, which is fast emerging as the energy fuel of the future. Against a backdrop of rapid renewable energy deployment, thanks to lower generation costs, the production of green hydrogen using the electrolysis route is looking increasingly feasible and bankable.

Given our pedigree as a leading player in renewable energy, the hydrogen business line is a perfect strategic fit within our business model.

We are collaborating with credible, global organisations to assess opportunities for extending hydrogen initiatives into our target markets and, together with our joint venture partners, Air Products and NEOM (Neom Development Company), we announced the signing of an agreement to develop a green hydrogen-based ammonia production facility in the futuristic megacity of NEOM in the Kingdom.

In a further significant contribution to Vision 2030, an ACWA Power-led consortium has been awarded a concession to build, operate and transfer The Red Sea Project's utilities infrastructure – the region's first tourism destination to be powered solely by renewable energy.

The investment pipeline in each of our business areas is both robust and varied in geography and scope: power, water desalination and waste-to-energy projects including, inter alia, the ongoing procurements in the Kingdom viz. the Renewable Energy Project Development Office (REPDO) program/PIF initiatives in renewable

energy; the Saudi Water Partnership Company (SWPC) desalination projects; the mega-city utilities procurement program; the Abu Dhabi, Oman and Dubai I(W)PP Waste-to-Energy Procurements; and several exciting initiatives in Central and South East Asia, and North and Southern Africa.

Access to different sources of financing is critical for developing and executing projects competitively, given changes in global banking regulations and the region's overall fiscal situation.

It is worth noting, therefore, that we have taken up the challenge of diversifying our financing sources from traditional bank financing, which is still predominant in the region's I(W)PP space.

It is critical that we identify fresh sources of financing and educate the sector's new financing players without compromising the timeliness of the development process and our core ability to deliver economic value to our customers through greenfield financings and/or refinancing of operating assets.

Having created history by issuing a landmark project bond on the back of a portfolio of assets in Saudi Arabia in 2017, we recently completed another regional first by refinancing a tranche of the commercial facilities of an operating project in Saudi Arabia through a US privately placed notes issue of SAR 623 million.

We have also started working closely with institutional financiers who have not, to date, participated to any great degree in the regional power and water sector. We were the first company of its kind to introduce South Korean insurers and asset managers as lenders on a couple of our projects, thereby opening another source of liquidity for long-term infrastructure financing.

Turning to our geographic expansion, while we will maintain our strong and established presence in the GCC and wider MENA region, we have identified Central Asia, South East Asia and specific areas in Africa as priority expansion markets. We will also look at selective opportunities in West Africa. Today, we have a major presence in 13 countries across the Middle East, Africa, South East Asia and Central Asia.

We already have several large-scale and prestigious projects in various development stages in Indonesia, Ethiopia, Azerbaijan and Uzbekistan, including the 1500 MW high efficiency CCGT and 2 x 500 MW wind power in Uzbekistan, representing approximately SAR 11.3 billion of investment in these countries. Furthermore, we are pursuing projects in a few other geographies, and we believe that our proven track record in business development and portfolio operations, in addition to our remarkable 67 percent bid-win ratio to date, gives us a strong competitive advantage.

All this will help to consolidate our presence in these new territories and further enhance our reputation as a global force in renewable energy and sustainable development. However, our home market of Saudi Arabia remains a priority geography for our business growth, given the nature and scale of the renewable and sustainability opportunities in the country, and the dedicated and ambitious energy transition agenda that is being pursued by the Saudi government within the Vision 2030 framework.

Today, we have a major presence in 13 countries across the Middle East, Africa, South East Asia and Central Asia.



NOORo III CSP IPP, Morocco

The year ahead

The massive appetite for additional power capacity in our core markets of Saudi Arabia, the wider GCC countries, Asia and Africa leaves us strongly placed to maintain our leadership position in these high-growth markets for the next decade and beyond.

The Kingdom requires approximately 60 GW of renewable energy capacity by 2030, while the remaining GCC states have indicated approximately 23 GW of renewable procurements. In conjunction with the international markets of Asia and Africa, with estimated forecast demand for 200 GW and 100 GW respectively, the total estimated power generation pipeline is nearly 385 GW, with some 220 GW in renewable energy generation.

In water desalination, declining production costs (often driven through the embedded renewable energy facilities to reduce energy consumption costs), natural water-table shortages and advances in desalination technology have strengthened the case for using economically produced desalinated water to close the supply and demand gap.

The Kingdom is a prime example of this need. Demand for water in the Kingdom and GCC is expected to grow by an extra 7.2 million m³ a day by 2025. When the global shift to renewable energy from fossil fuels is factored in, it is not unreasonable to expect substantial additions of further capacity in these key markets over the short- to medium-term.

The sectors in which we operate are in a state of almost perpetual technological evolution: our green hydrogen production project and fully sustainable, multi-utility infrastructure development of The Red Sea Project, are typical examples of this trend.

We are also aware of several other emerging technologies, such as hydrogen fuel cells, which we will certainly evaluate for their viability and potential impact into the Company's long-term strategy. In the meantime, we will relentlessly pursue our current business strategy of delivering power, desalinated water and green hydrogen reliably, responsibly and at low cost, and work towards further consolidating our leadership in these core areas.

Rajit Nanda

**Chief Portfolio Management Officer
and Acting Chief Investment Officer**

~60 GW

The Kingdom requires a further 60 GW of renewable energy capacity by 2030.

~385 GW

In conjunction with the international markets of Asia and Africa, with estimated forecast demand for 200 GW and 100 GW respectively, the total estimated power generation pipeline is nearly 385 GW, with some 220 GW in renewable energy generation.

Financial review

Demonstrating our financial resilience.

In a very challenging year, ACWA Power demonstrated its financial resilience by not only continuing to grow operating income before impairment loss and other expenses (Operating Income) but also maintaining high liquidity and low leverage that allow significant debt-raising capacity for the Company.

1,949 SAR mn

Consolidated operating income before impairment losses and expenses

7,051 SAR mn

Parent net leverage

1,064 SAR mn

Parent operating cash flow

Financial results

Operating income

ACWA Power's consolidated operating income reflects the profit before impairment loss and other expenses from the continuing operations and includes ACWA Power's share in equity accounted investees, too. At SAR 1,949 million in 2020, operating income grew by SAR 106.9 million, an increase of 5.8 percent from a year ago.

The increase was driven by two main factors: 1- Rabigh Arabian Water and Electricity Company's (RAWEC) first full year of consolidation in the Group's results after it became a subsidiary with effect from October 2019, until when it was accounted under the equity method; and 2- New projects that were operational in 2020 compared to partial or no operation in 2019. Several other factors have partially offset this increase driven mainly by higher lease deficit and plant shutdown especially in the Moroccan assets; the write-off of the coal-fired Nam Dinh project in advanced development in Vietnam in line with the Group's decision to abstain from new coal projects; and impairment losses pertaining to one subsidiary in Oman and one equity accounted affiliate in the KSA.

Profit/(Loss) attributable to equity holders of the parent

Profit/(Loss) attributable to equity holders of the parent represents the net profit/(loss) for the year for all operations of the Group including discontinued operations. This metric is also applied to the earnings per share (EPS) calculation attributable to equity holders of the parent.

Profit/(Loss) attributable to equity holders of the parent for 2020 was SAR 882.6 million, a decrease of SAR 291.3 million, or 24.8 percent, from a year ago. The decrease was mainly on account of the: 1- Acquisition gain of SAR 210.7 million in 2019 on additional equity stake in RAWEC; 2- Recognition in 2019 of SAR 554 million of capital recycling gain on divestment and deconsolidation of 49 percent of ACWA Power Renewable Co's portfolio, as part of the Group's capital optimisation strategy; and 3- Provision and write-off for project development costs, amounting to SAR 80.9 million, on the Nam Dinh coal project in Vietnam in line with the Company's strategy of no longer pursuing coal projects.

These were partially offset by: 1- Lower impairment losses by SAR 394 million than in 2019; 2- Recognition of deferred tax asset for Moroccan assets on unused tax losses on account of undisputed depreciation related losses (which has indefinite life); and 3- Full year consolidation of RAWEC results.

“The impact of the pandemic on the results of operations of the Group’s projects has remained limited.”

Adjusted profit/(loss) attributable to equity holders of the parent with capital recycling gain

During the course of our business, there are certain transactions we consider as non-routine and non-operational and adjust their impact on the financial performance to arrive at ‘adjusted net profit/(loss) attributable to equity holders of the parent with capital recycling gain’ as a key performance indicator of our business performance.

For the year ended 31 December 2020, at SAR 1,264.5, the adjusted net profit/(loss) attributable to equity holders of the parent with capital recycling gain was SAR 381.9 million higher than the Group’s consolidated profit/(loss) attributable to equity holders of the parent of SAR 882.6 million. The major adjustment items were impairments (SAR 167.5 million); provision for Zakat and tax on prior year assessments (SAR 100.5 million); COVID-19 related corporate social responsibility contribution (SAR 52.5 million); extraordinary provision on project development costs related to Nam Dinh 1 IPP coal project in Vietnam in line with the Group’s decision not to pursue coal projects (SAR 80.9 million); a one-time provisioning on receivables (SAR 28.5 million) and restructuring costs (SAR 9.4 million).



22.49%

The Group's current effective share of ownership in Qurayyah IPP, following additional share acquisition from another shareholder.



Qurayyah IPP, Saudi Arabia

Other items adjusted include some to normalise the net income, such as property, plant, equipment useful life adjustment (SAR 82.2 million), and other adjustments (SAR 9.4 million). These were partially offset by the gain on re-measurement of call options the Group has on projects and the gain on disposal of the barges in Bowarege IPP (cumulatively, SAR 34.3 million). An aggregate of SAR 115.0 million pertaining to the portion that represents non-controlling interests was eliminated from these adjustments to calculate the adjusted net profit/(loss) attributable to equity holders of the parent with capital recycling gain.

Capital optimisation

Acquisitions and sell-downs of ACWA Power's stakes in its subsidiaries or affiliates are important parts of the Group's business strategy, as well as the "Optimise" cycle of the Group's business model. Management considers these to be part of the Group's normal business activity. During the course of 2020, we had one acquisition and one divestment.

Increasing the Group's ownership in Hajr for Electricity Production Company (HAJR):

In May 2020, the Group entered into sale and purchase agreement with Samsung C&T in relation to the purchase of 9.98 percent of the share capital of Samsung C&T in Qurayyah Investment Company (QIC), through Qurayyah Project Company, its fully owned subsidiary, for a consideration of SAR 93.8 million and recognised a gain of SAR 16.8 million.

As a result, we now own a 44.98 percent interest in QIC and effectively own a 22.49 percent interest in HAJR. QIC's shareholders will continue to share control, so we will continue to account for this investment using the equity method.

Divestment of ACWA Power CF Karad PV Park EAD (KARAD)

In December 2019, in a move in accordance with our strategy, we signed a binding agreement to sell our entire stake in ACWA Power CF Karad PV Park EAD in Bulgaria through ACF Renewable Energy Limited, one of our subsidiaries in which we own a 42 percent stake. This transaction was subsequently completed in September 2020, and we recorded a net profit after loss on disposal of SAR 7 million as discontinued operations in the consolidated statement of profit or loss in 2020.

Our business is capital intensive in nature, so we utilise diverse sources of financing, including a combination of equity and debt financing from a variety of sources, comprising both recourse and non-recourse facilities.



Rabigh 3 IWP, Saudi Arabia

Impairments

We assess at each reporting date whether there is an indication that a plant may be subject to partial or full impairment, using potential impairment indicators such as delay in contract extension; no off-take agreements for a long period of time following the expiry of current agreements; frequent or continuous lower operational performance than minimum required level; a long-term shutdown without any expectation to revive the plant in the short-term, etc. If any indication exists, or when annual impairment testing for an asset is required, we estimate the asset's recoverable amount, compare it with the asset's net book value and charge any excess book value over the asset's recoverable amount as impairment expense.

In 2020, we booked impairment charges of SAR 67 million attributable to equity holders of the parent, related to one subsidiary in Oman and one equity accounted affiliate in the KSA.

Liquidity and leverage

Our business is capital intensive in nature, so we utilise diverse sources of financing, including a combination of equity and debt financing from a variety of sources, comprising both recourse and non-recourse facilities.

Recourse facilities are (i) direct borrowings at parent level for liquidity support and other general corporate purposes; (ii) facilities of the project companies, including equity commitments that are normally in the form of Equity Bridge Loans (EBLs) or debt service reserve account letters of credit provided to the projects, guaranteed by the parent company; and (iii) other liabilities in relation to one of our subsidiaries' (APREH) convertible loan and a non-interest bearing loan by one of the subsidiaries of one of our shareholders (PIF).

Non-recourse facilities are borrowings by either the project companies or the holding companies, which are ring-fenced with no recourse to ACWA Power. They comprise (i) non-recourse facilities that are secured by the project company with its own assets, cash flows and contractual rights over certain proceeds; and (ii) non-recourse facilities that are secured by the holding company with its investments and cash flows through the project company with no recourse to ACWA Power, including the existing ACWA39 Bond issued by ACWA Power's wholly owned subsidiary APMI One with no recourse to ACWA Power and secured against the cash flows from a select portfolio of projects in the Kingdom of Saudi Arabia.

As our consolidated financial statements include non-recourse debt of ring-fenced projects, this results in artificially higher leverage ratios from the parent company financial position perspective. Accordingly, we use internal metrics to review our parent-level cash and parent-level net leverage, which exclude such non-recourse liabilities in addition to certain other commitments and guarantees that we don't expect to be cashed-out.

Parent-level cash

Parent Operating Cash Flow (POCF) comprises (i) distributions from the project companies and NOMAC (net of financial payments relating to a ACWA 39 non-recourse bond); (ii) technical and other management fees and development revenues; and (iii) cash generated by sell-downs and/or disposals of the Company's investments.

These cash inflows are then reduced by parent-level general, administrative and Zakat expenses. POCF, together with the opening cash of the year, and the proceeds from any new capital or debt issuance, gives us Total Discretionary Cash (TDC), which is the total amount of cash at parent level that is available for the Company to use.

We use TDC (uses of cash) to (i) service our parent-level and/or recourse debt principal and interest; (ii) invest mainly in our own affiliated companies in the form of settlement of equity bridge loan commitments or direct equity injections; and (iii) distribute dividends to our shareholders in accordance with our dividend policy.

As at 31 December 2020, POCF and TDC stood at SAR 1,064 million and SAR 3,088 million, respectively. POCF decreased by 20 percent versus a year ago. This was driven by higher G&A, Capex and Zakat expenses, mainly as a result of contribution towards COVID-19-related corporate social responsibility spending, payment of Zakat assessments for 2009–2018 and the purchase of land to build the corporate office in Riyadh.

Lower POCF, combined with lower opening cash brought forward from 2019 – on account of several EBL settlements, payment for the RAWEC acquisition and higher dividends – resulted in TDC 49 percent lower than a year ago.

In 2020, our Total Uses of Cash was SAR 2,882.2 million and 28 percent, or SAR 1,100.9 million, lower than the previous year, as significant investments and equity bridge loan settlements were completed during 2019; despite higher dividends paid in 2020 than in 2019 due to a declared one-off dividend of SAR 2.7 billion out of which SAR 1 billion was paid in 2020.

Parent-level leverage

Most of our consolidated debt consists of project finance instruments, which are non-recourse to the Company at parent level. Accordingly, in measuring our parent-level leverage, we take our on-balance sheet recourse debt only but add our off-balance sheet equity commitments – such as the guarantees in relation to the Company's equity bridge loans, equity letters of credit and equity commitment-related guarantees on behalf of our JVs and subsidiaries (for our portion of the equity commitment).

When netted-off against the cash on hand at the corporate level at end of the respective period, we reach at parent-level net leverage. Concurrently, we monitor our parent-level net leverage ratio, which is the ratio of parent-level net leverage to the net tangible equity attributable to the owners of the Company¹.

Parent-level net leverage was SAR 7,051.4 million as at 31 December 2020, increasing from SAR 4,517 million a year ago. This was mainly driven by a lower period-end cash balance in addition to an increase in the Company's off-balance sheet commitments. Parent net leverage ratio stood at 0.97 times. Although almost double of last year's 0.5 times, mainly due to higher parent-level net leverage and lower net tangible equity attributable to the owners of the Company because of the declared dividend, it still provides ample room for future debt raising capacity.

At ACWA Power, we continuously look to optimise our financial structure by targeting an optimal balance between our parent-level net borrowing and cash position, with the aim to maximise value for shareholders by reducing the cost of capital while at the same time ensuring we have the financial flexibility to support our growth. The diversified nature of our projects provides an additional level of security when it comes to the predictability and reliability of our sources of cash. We also have very strong and longstanding relationships with reputable local and international financial institutions, which provides access to corporate revolving facilities to ensure sufficient liquidity always remains accessible to the Company.

Within this framework, we completed one corporate new facility and one project company refinancing in 2020, and subsequently launched our inaugural Sukuk in 2021 in our home market of Saudi Arabia.

- At a corporate level, we obtained a USD 125 million 5-year Shariah-compliant general corporate facility from Arab Petroleum Investment Corporation (APICORP) to fund investments in renewable projects.
- At a project level, we refinanced the debt of the Bokpoort CSP at better terms in an approximately 5 billion-rand (USD 336 million) transaction in South Africa's largest infrastructure-refinancing transaction yet. We voluntarily offered a further tariff reduction to the off-taker – over and above the 16 percent lower tariff than the second lowest tender in 2011.

¹ Net tangible equity attributable to owners of the Company is the equity attributable to owners of the Company before other reserves, net of intangible assets such as goodwill and project development costs.

At ACWA Power, we continuously look to optimise our financial structure by targeting an optimal balance between our parent-level net borrowing and cash position, with the aim to maximise value for shareholders by reducing the cost of capital while at the same time ensuring we have the financial flexibility to support our growth.



- In May 2021, we launched our inaugural SAR 5 billion, 7-year Sukuk under the Shariah-compliant Mudaraba-Murabaha structure in our home market of Saudi Arabia in the form of a CMA-registered private placement for sophisticated investors. By June, the Group had successfully raised SAR 2.8 billion. Oversubscribed by 1.8 times over the issue size of SAR 5 billion, the final 100 bps pa + SAIBOR pricing was the lowest spread secured in the Saudi capital markets by a corporate or bank issuer since 2017.

Other significant matters

There were several other transactions, or accounting and reporting changes, that were material either in terms of their impact or nature or both, which are briefly summarised below.

Change in useful life of plants

During 2020, we performed a detailed exercise to re-assess the useful lives of the plants in our portfolio by considering all socio-economic, operational, performance and other factors surrounding the technology of the particular asset.

As a result, we revised the existing useful lives for each technology class asset with effect from 1 January 2020. Details of these changes, as well as the impact on financial results, are presented in the audited consolidated financial statements and accompanying notes.

Oil-fired assets

The Kingdom of Saudi Arabia is undergoing a profound energy sector transformation, with the intention to move away from oil-sourced energy production towards a renewably-sourced one. In line with this transition, the Group has decided to re-evaluate the likelihood of renewal of the off-take agreements of its four oil-fired assets.

Accordingly, the Board of Directors decided to restrict the useful life of two of these assets to the term of the remaining PPAs, with effect from 1 January 2021. Talks with the respective off-takers of the other two are at an advanced stage with a view to a potential change in their respective technology and useful lives.

**2.8 SAR
bn**

The Group successfully raised SAR 2.8 billion in 2021 on the back of its inaugural launch of SAR 5 billion, 7-year Sukuk under the Shariah-compliant Mudaraba-Murabaha structure in the home market of Saudi Arabia.

In 2020, the Group decided not to pursue any new coal projects in line with its commitment to decarbonisation.



We have been reporting our Environmental, Social and Governance accomplishments based on the reporting principles of the Global Reporting Initiative (GRI) and, in 2020, we decided to adopt the reporting recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) by no later than 2024.



Noor Energy 1, UAE

One-off dividend and discounting impact on loan from a shareholder's subsidiary

During 2020, we declared a one-off dividend of SAR 2,701 million, at SAR 4.18 per share, to our shareholders, out of which SAR 1,000.0 million is paid during the year, SAR 800.0 million was recorded as payable to shareholders (to be paid in 2021) and SAR 901.0 million pertaining to Public Investment Fund of Saudi Arabia (PIF) was converted into a long-term, non-interest-bearing loan through the same shareholder's fully owned subsidiary.

This loan will be subject to future investment adjustments on behalf of the shareholder's subsidiary, based on certain conditions, with an initial long-stop date of 31 December 2030. This loan was recorded in the Group's consolidated financial statements at the present value of expected cash repayments discounted, using an appropriate rate applicable for long-term advances of a similar nature. The difference between the nominal and discounted value, amounting to SAR 233.4 million, has been recognised as another contribution from shareholder within share premium, whereas SAR 9.7 million of unwinding of discounting has been booked in 2020 as a financing cost (for the period from 16th November 2020 to year end).

Provision for Zakat and tax related to prior year assessments

In July 2020, the Company received an assessment from the Zakat Tax and Customs Authority (ZATCA) in relation to prior years, from 2009 to 2018, with an additional claim. The Company paid SAR 116 million (provision of SAR 29 million and SAR 87 million were recognised in 2019 and 2020, respectively).

Corporate social responsibility contribution

In the immediate wake of the COVID-19 pandemic, and in addition to securing the health and safety of our people, and safely keeping our power generation and desalinated water production plants operating, we supported the Kingdom's national health efforts to contain the impact of the pandemic. Accordingly, we contributed SAR 52.5 million to build an integrated mobile hospital with a 100-bed capacity – fully resourced with the medical equipment and supplies required to treat COVID-19 cases – in cooperation with THABAT, a local construction company and a wholly owned subsidiary of a shareholder.

In line with our continued focus on environment and sustainability, we see increasing growth in the renewables part of our business.



Extraordinary provision/(reversal) on project development cost

In 2020, the Group decided not to pursue any new coal projects in line with its commitment to decarbonisation. We have, therefore, fully written-off the incurred project development and related costs of the Nam Dinh 1 IPP project in Vietnam, amounting to SAR 80.9 million.

Operating segments

In line with our continued focus on environment and sustainability, we see increasing growth in the renewables part of our business. To include discrete information on results from renewable power activities, as well as thermal and water desalination activities, we amended our reportable operating segments in 2020. Accordingly, our operating and reportable segments are determined as follows:

- **Thermal and Water Desalination:** thermal refers to those power and water desalination plants which use fossil fuel (oil, coal, gas) as the main source of fuel for the generation of electricity and production of water, while water desalination refers to the stand-alone reverse osmosis desalination plants. The segment includes all four parts of the business cycle of the business of the Company (develop, invest, operate and optimise). These plants include IPPs (Independent Power Plants), IWPPs (Independent Water and Power Plants) and IWPs (Independent Water Plants).

- **Renewables:** this includes the Group's business line which comprises PV (Photovoltaic), CSP (Concentrated Solar Power) and wind plants. The segment includes all four parts of the business cycle of the business of the Company (develop, invest, operate and optimise).
- **Others:** this segment comprises certain corporate functions and other items that are not allocated to the reportable operating segments, and the results of the ACWA Power reinsurance business.

Climate-related Financial Disclosure

We believe that it is crucial to act as a sustainability enabler and are committed to contribute to the creation of a sustainable future by generating power and producing desalinated water reliably, responsibly and at low cost.

In this context, we have identified, selected and prioritised material topics through a systematic process to ensure that the effects of climate change and corporate social and governance responsibilities become routinely considered in our business and investment decisions.

We have set time-bound interim and end-state targets that support the Group's ambition to transition to a low-carbon economy. We have been reporting our Environmental, Social and Governance accomplishments based on the reporting principles of the Global Reporting Initiative (GRI) and, in 2020, we decided to adopt the reporting recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) by no later than 2024.

COVID-19

COVID-19 has affected the world from the beginning of 2020 in an unprecedented manner, setting in motion border closures and changes in both personal and business lifestyles. Thanks to the measures we decisively and quickly put in place, combined with the contractual nature of our business with mostly take-or-pay arrangements, the impact of the pandemic on the results of operations of the Group's projects has remained limited, mostly affecting the construction timelines of some of the projects, such as Salalah IWP, Hassyan and DEWA CSP, due to delays to the supply chain as a result of COVID-19-related nationwide lockdowns in several countries. On the financial side, we did not experience any collection issues except in Jordan, where there has been a temporary delay in payments by the off-taker; the situation is fully normalised within the first half of 2021.

The pandemic sadly took several colleagues from their families and from us. We will always remember them dearly. We take some consolation from having upheld our implicit social contract with millions of people by keeping our plants operational and delivering uninterrupted power and desalinated water, all the while maintaining our financial strength and health and creating sustainable value for our stakeholders.

Kashif Rana

Chief Financial Officer

Operational review

A year of value creation, achievement and safety.

In a year overshadowed by the global pandemic and marked by the enormous challenges to tackle – from ensuring the health and safety of our people, to supplying power and desalinated water – it is gratifying to report that in NOMAC we crossed the milestone of 20 million safe-man hours for the first time in our history and continued supplying power and desalinated water to the national grids without interruption.

Thanks to the super-senior nature of the O&M payments from the project companies, NOMAC also provides ACWA Power with a long-term and predictable revenue and cash stream.

NOMAC – ACWA Power's wholly owned accretive operational platform

NOMAC, ACWA Power's business unit that operates the vast majority of the Company's projects by delivering technical, engineering and maintenance services to the highest industry standards for health, safety, security and environment, stands as one of the key pillars of ACWA Power's successful business model.

NOMAC is involved in every stage of ACWA Power's Develop, Invest, Operate, Optimise business model. Starting from bid design as early as the development stage, it provides engineering, operability review and plant design services that contribute to our high bid winning ratio. During the construction and commissioning phases of each project, NOMAC typically provides operability and maintainability readiness and mobilisation services in preparation for the long-term operation and maintenance of each facility.

To ensure the smooth transition of plant takeovers, NOMAC provides for the mobilisation of an Operations and Maintenance (O&M) team for each new site, incorporating experienced staff from previous projects locally and centrally, including the allocation of adequate resource and on-the-ground support for the local management during mobilisation.

It then further optimises operations and maintenance by using economies of scale to systematically reduce costs across the supply chain while focusing on quality; replicable operations, know-how and transferrable learnings. Thanks to the super-senior nature of the O&M payments from the project companies, NOMAC also provides ACWA Power with a long-term and predictable revenue and cash stream.

Additional value creation

NOMAC Maintenance Energy Services (NMES), a 100 percent-owned subsidiary of NOMAC, provides turnkey maintenance requirements and specialised maintenance services, including major overhauls for the entire fleet of steam turbines, combustion turbines, generators, large pumps and other rotating equipment.

NMES represents a vertical integration initiative by NOMAC. Historically, NOMAC had relied on original equipment manufacturers (OEMs) and specialised third-party contractors to supply skilled resources for this highly technical scope of work. As part of its backward integration strategy, NOMAC acquired the assets and skilled personnel of a smaller operator providing similar services in 2018.

Promoting consistently high standards, operational excellence and a culture of safety across all projects, NOMAC is committed to providing best-in-class reliability of supply.



Since then, NMES has not only taken over all major equipment overhaul and maintenance works in our portfolio, but also entered into long-term maintenance agreements to support the maintenance requirements of 15 projects. By building relationships with other O&M service providers, NMES has also ensured the holistic coverage of its entire value chain, from sourcing spares to engineering and quality control.

With these accomplishments, NMES demonstrated its capability and capacity not only to complete these very complex tasks on schedule, and within scope, but also to add tremendous value to the Company by internalising the margins that were previously being paid out to third parties. Consequently, NMES has become an important strategic partner of ACWA Power, giving the Company strong leverage and a clear competitive advantage in developing new projects.

Reliability of supply and digitalisation

Promoting consistently high standards, operational excellence and a culture of safety across all projects, NOMAC is committed to providing best-in-class reliability of supply.

The systematic application of a comprehensive standardised Integrated Management System; the widespread deployment of a standardised Enterprise Resource Planning system which effectively ensures the implementation of processes and procedures company-wide across technology types and geographies; and the use of big data analytics and predictive pattern recognition platforms to predict component failures, and eliminate unplanned outages as part of NOMAC's Monitoring and Prediction Centre (MPC), ensure NOMAC's operational sustainability and stability.

“NOMAC is involved in every stage of ACWA Power’s Develop, Invest, Operate, Optimise business model.”



99%

Our Sakaka 300 MW solar PV plant, the first renewable energy project awarded under Saudi Arabia's ambitious National Renewable Energy Program, which started commercial operations in June 2020, achieved a remarkable 99 percent availability during its first year of operations.

The MPCs, located in Jeddah and Dubai, provide round-the-clock monitoring of the health and performance of plants. Currently fully deployed across five sites, and in advanced deployment in six more, we are aiming to implement this predictive solution to 26 sites by the end of 2023. Typically, data is collected and stored for up to 10,000+ sensors for each site, providing rich insight into the performance of all major equipment.

In 2020, power availability increased to 95 percent from 91 percent in 2019, when unusual, forced shutdowns in two of our plants in Saudi Arabia resulted in extended unplanned plant outages. Availability in water desalination remained equally strong at 94 percent.

Two projects are particularly notable within this performance. Our Sakaka 300 MW solar PV plant, the first renewable energy project awarded under Saudi Arabia's ambitious National Renewable Energy Program, which started commercial operations in June 2020, achieved a remarkable 99 percent availability during its first year of operations.

95%

In 2020, power generation availability increased to 95 percent from 91 percent in 2019.



The MPC allows NOMAC to transform this extensive operational sensor data into real-time insights to be used proactively with the aim of (i) managing maintenance planning; (ii) maximising operational efficiency; and (iii) most importantly, providing early warning of equipment problems to avoid unplanned downtime and forced plant outages.

2020 accomplishments

We are pleased to report another year of high operational performance across the 32 plants operated by NOMAC, out of the 38 operational plants in ACWA Power's portfolio. This represented approximately 19 GW of the Company's operational electricity generation capacity (94 percent of total capacity) and 2.7 million m³ per day of operational desalinated water production capacity (100 percent of total capacity) as of 31 December 2020.

In South Africa, our Bokpoort CSP plant not only achieved the single highest generation for the day in its operating life but, in October 2020, it also became the first renewable facility on the African continent to complete a full week of continuous, round-the-clock operation. This set a new African benchmark of 13 days (312 hours), almost double the previous record set in March 2016.

94%

Availability in water desalination remained equally strong at 94 percent.



For the operating assets, "availability" is the most critical operational performance indicator, since it indicates the percentage of time that a plant makes power or desalinated water capacity available to off-takers after accounting for planned and unplanned (forced) outages.

While keeping our plants at these high operating standards and well above their contractual thresholds, we also reached other major milestones in a portfolio of 21 new projects that were either under construction or in advanced development as of the end of 2020. In August 2020, following the successful achievement of the project's financial close, we added Jubail 3A IWP SWRO plant into our portfolio of under construction projects.

2020 marked a year in which we entered new markets, harnessed new technologies and significantly enhanced our capabilities and reputation as a global force in renewable energy.

And in the UAE, on the construction site of Noor Energy 1, the world's largest single-site CSP plant, we completed the civil works for the solar collector tower, which, at nearly 222 metres, is the world's tallest such tower.

Crowning all of these, our Shuaibah Expansion 2 IWP, a 250 thousand m³/day SWRO water desalination plant that is operated by NOMAC in Saudi Arabia, was awarded the "Best Desalination Company of the Year 2020" by Global Water Intelligence.

While bringing in these achievements, we did not compromise the health and safety of any one of our dedicated men and women, the majority of whom work in the field in our operating or under construction plants. As a result, NOMAC has crossed 20 million safe man hours without lost-time injury (LTI). Across the entire Company, including six other plants whose O&M services are provided by another Company affiliate, we crossed 23.8 million safe man hours without LTI and no fatalities during the year.

At the forefront of innovative technological solutions

It is this meticulous groundwork that has helped us become the largest seawater desalinator in the world and the proud operator of the world's largest single-site CSP plant. In addition to the unmatched pride these accolades bring to us, they also drive us to stay at the forefront of energy transition that the world is experiencing today.

And as the O&M arm of ACWA Power, we are particularly excited about the new frontiers the two breakthrough projects are opening in front of our practice.

The first one is currently the world's largest green hydrogen-based ammonia production facility at NEOM in the north-west of the Kingdom, which will be powered by 4 GW of renewable power from a combination of solar, wind and storage.

The other one is the giga-cities. The Red Sea Development Company awarded an ACWA Power-led consortium the design, build, operate and transfer of the Red Sea Project's utilities infrastructure on the Kingdom's Red Sea coast. The Project is intended to be a showcase for the Kingdom's ability to develop and then operate global mega-projects under Vision 2030.

Powered solely by renewable energy and distributed generation, this project will be a landmark accomplishment in building carbon-neutral, sustainable off-grid giga-cities once completed. The Red Sea project; the green hydrogen initiative; and the construction of three SWRO plants to provide clean drinking water, district cooling facilities, a waste management centre and an environmentally friendly sewage treatment plant, will raise NOMAC's performance bar to new heights.

2020 marked a year in which we entered new markets, harnessed new technologies and significantly enhanced our capabilities and reputation as a global force in renewable energy.

We reached new levels of operational excellence across technologies and geographies, keeping our plants operational and reliably and responsibly delivering power and desalinated water without interruption.

We are proud to be an essential part of ACWA Power's growth ambitions and a contributor to Vision 2030. We are already a stronger O&M company than we were yesterday. With the new frontiers ahead of us, we will continue our transition to becoming an even better organisation, one that is confident about a digital future, and one in which we will pursue our ambition of becoming the world's leading O&M company by adhering to our twin goals of operational excellence and the pursuit of reliability.

Julio Torre Gutierrez
Chief Operations and
Maintenance Officer
President & CEO, NOMAC

People review

Putting our people first.

The need to safeguard the safety, wellbeing and health of our 3,500 employees against the impact of the global pandemic, across 13 countries, was not only our foremost duty but also vital to ensuring our business and operational continuity.

In line with the United Nation's Sustainable Development Goal number 5: Gender Equality, we are now taking a more proactive role in building a truly diverse and inclusive workplace.

I am glad to report that we delivered on our responsibilities on both counts, although it required extensive health and safety measures that tested our resources to the limit.

Project Galvanize, our organisational transformation initiative involving a root-and-branch examination of our business, was launched in September 2019. Since then, we have been implementing this project through 15 work streams across the organisation driving critical thinking and planning. It prompted healthy debates and dialogue on several major organisational issues and has not only served the basis for the Company's next leap forward, but also promoted greater employee engagement and participation in shaping its future.

When speed and safety were of the essence, thanks to our new operating model that was built on the key principles of empowering teams regionally, on collaboration, and on ensuring checks and balances across our processes, we had fully functioning teams closest to the ground with the ability to adapt and respond decisively to the rapidly evolving COVID-19 landscape.

Our Work from Home initiative, for example, began early and continued with flexibility for our corporate teams. To safeguard our organisational culture, and to keep employee morale and engagement high at all times, we partnered with an external expert organisation to prepare and support our teams for extended Work from Home conditions.

We also worked closely with the International SOS for health and safety assistance across our geographies, including mental health and physical support.

Several other internal initiatives, designed to keep employees connected and engaged, and ranging from wellness virtual programs to virtual learning and personal development courses, were also rolled out.

Diversity and equal opportunity have emerged as two important areas of focus but are, in fact, a logical extension of the many ways in which we have supported meritocracy and equal opportunity.



To safeguard our organisational culture, and to keep employee morale and engagement high at all times, we partnered with an external expert organisation to prepare and support our teams for extended Work from Home conditions.



Diversity and inclusion

Diversity and equal opportunity have emerged as two important areas of focus but are, in fact, a logical extension of the many ways in which we have supported meritocracy and equal opportunity.

In line with the United Nation's Sustainable Development Goal number 5: Gender Equality, we are now taking a more proactive role in building a truly diverse and inclusive workplace. For example, we have now introduced strong, number-driven internship and recruitment criteria to ensure equal representation and gender parity in new roles. As a testament to our dedication in raising our performance standards in this area, we recently welcomed onboard a leader responsible for driving diversity across all the Company's roles.

Our commitment to gender empowerment is not just limited to within the Company, but extends into the communities where we operate.

“Our Work from Home initiative, for example, began early and continued with flexibility for our corporate teams.”





CEGCO Assets, Jordan

We strongly believe that nationalisation will not only contribute significantly to meeting Saudi Arabia's Vision 2030 goals, but also help support our business priorities.



In Ouarzazate, Morocco, near our NOOR solar complex, we have partnered with WOCAN (Women Organising for Change in Agriculture and Natural Resource Management) to create the W+TM Standard (W+) tool that measures the impact of projects on women's empowerment and increases their access to resources and capital, scaling up solutions to climate change, food security and poverty.

ACWA Power is also a signatory to the Empower Alliance, a G20 global initiative, which drives meaningful measures that promote the advancement of women.

The fierce competition for talent, and our commitment to positioning ACWA Power as an employer of choice, prompted the launch of several new people-focused programs. Our business model, which encompasses the entire lifecycle of a project that can extend to decades, presents an additional challenge to attract, develop and retain people who can reliably staff these projects.

Against this backdrop, and in line with international best practice, we updated our job architecture to promote internal parity and unlock career opportunities; established a new Performance Development Framework; and launched a Senior Leaders Development program to ensure alignment of performance for the coherent implementation of our strategy and business plans. Further, we have developed bespoke and partner-associated Learning and Development (L&D) programs for a wider range of critical roles and future leaders.

Localisation

Saudi Arabia, our home base, is undoubtedly the largest market we serve. Not only are we already involved in numerous projects, but the opportunities ahead of us are vast. Yet, although we are comfortably meeting government nationalisation targets, Saudi nationals are under-represented in our workforce, when set against the nationalisation rates we have successfully achieved in other countries.

The fierce competition for talent, and our commitment to positioning ACWA Power as an employer of choice, prompted the launch of several new people-focused programs.

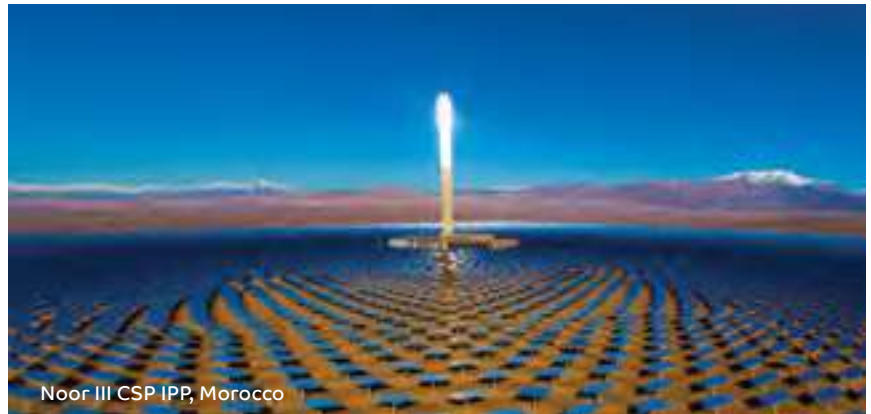
We have developed bespoke and partner-associated Learning and Development (L&D) programs for a wider range of critical roles and future leaders.



With this fast-growing business platform, we need to build a large national talent pool that can serve our portfolio in the Kingdom, and blend seamlessly with the existing international workforce, to support our ambitious expansion plans and maintain growth in new territories.

We strongly believe that nationalisation will not only contribute significantly to meeting Saudi Arabia's Vision 2030 goals, but also help support our business priorities. We have, therefore, initiated an ambitious nationalisation strategy to attract and develop Saudi nationals, setting a target for 2021 that aims to raise the ratio of Saudi nationals in ACWA Power.

But it is not only Saudi Arabia; we are equally committed to localisation everywhere we provide our services, offering support for meaningful employment, education, training, and the creation of safe workplaces for people within the local communities we serve. We assist in their development by enhancing local infrastructure, skill-building and nurturing financial sustainability.



In concluding this review, I would like to pay a heartfelt tribute to the ACWA Power family, which has come together as a team, under the toughest of conditions, to ensure the continuity of our business. Their dedication and commitment to our cause deserves special mention, but we will also remember, with equal gratitude and sadness, those colleagues, and their families, that we lost to the pandemic during the year.

Our people will always be our greatest asset when it comes to maintaining our position as the leading power and desalinated water developer – wherever we operate.

Yara Anabtawi
Chief People, Culture and
Communications Officer

Digital transformation at ACWA Power

Blending business with digital technology.

Following its launch in 2019, Project Galvanize integrated the Company's information and digital technology platforms, under a senior C-level Management Committee member, with the aim of capturing the full benefit of digital transformation, which ACWA Power believes will play a central role in the implementation of its strategy to stay at the forefront of energy transition.

"We are determined to become a data-driven organisation."



Digital transformation may mean different things to different stakeholders. For us, it means contributing to our company-wide efforts in the pursuit of operational excellence, which includes the health, safety and wellbeing of our people, by driving the application of advanced technologies and more digitalised ways of working.

Our ultimate objective is to identify and execute the right digital transformation programs, including the underlying IT platforms (with data and analytics, cybersecurity and new core capabilities) and, further, to support ACWA Power in its cultural transformation and digital governance.

At ACWA Power, our everyday efforts are directed towards finding new relevant digital opportunities that will standardise our processes; increase our effectiveness and efficiency; and improve our lives. The use of data, open platforms, easy infrastructure cloud-driven environments and the collaboration of multiple ecosystems are critical to these efforts.

The way we address our stakeholders' various needs and preferences is a blend of business and digital technology – making business ideas and technology match – and looking for value beyond the utility of the products we choose to implement.

The data that we process every day is full of opportunities – we will help our people better understand the power of this data by equipping them with the necessary skills for better, faster and more effective decision-making.



We are fostering collaborative ecosystems, involving not only our own colleagues, but also our business partners, to facilitate the easy, effective and secure exchange of data through application program interfaces (API).



With these goals in sight, ACWA Power's Digital team is already engaged in instituting our foundational targets. These include defining our architecture landscape for the future; prioritising value-driven projects; developing roadmaps for the various projects; and establishing the governance framework for the digitalisation and transformation of the Company into a data-driven enterprise, based on Artificial Intelligence (AI) and the machine learning paradigm.

We are determined to become a data-driven organisation. The data that we process every day is full of opportunities – we will help our people better understand the power of this data by equipping them with the necessary skills for better, faster and more effective decision-making.

We set and implement standards based on smart process re-engineering, using digital business platforms to upgrade our capacity and user experiences. We adhere to the principle of developing only once, based on reusability and tangible value to the Company. We always think in terms of capabilities, rather than just the applications.

We are fostering collaborative ecosystems, involving not only our own colleagues, but also our business partners, to facilitate the easy, effective and secure exchange of data through application program interfaces (API). For our EPC partners specifically, we are aiming to develop Building Information Management (BIM) platforms, where collaboration and creativity flow together seamlessly, as we simulate the critical infrastructure for planning and operational optimisation scenarios.

ACWA Power has already demonstrated the accretive value of big data analytics and predictive pattern recognition platforms to anticipate component failures and eliminate unplanned outages in our critical assets' operations, by means of NOMAC's two Monitoring and Prediction Centres in Jeddah and Dubai.

We are now confidently progressing towards extending this successful digitalisation drive to every aspect of the Company's operations and in the most optimal way. One achievement to note here is our fast progress towards becoming a cloud hardware-agnostic organisation. This will enable us to operate with any public cloud provider with greater flexibility, but minimal disruption to the business, which cloud native organisations may be subject to.

Building great digital capabilities is not a coincidence, but a well-designed process that entails research, innovation and experimentation, as well as paradigm shifts and changes in mindset. Although I am one of the newest members of the ACWA Power family, it was not difficult to witness the company-wide determination to go the extra mile and define and pursue innovative and optimal solutions.

It is a great privilege for me to lead ACWA Power's Digital team on this exciting journey.

Alvaro Perez
Chief Digital Officer

Risk management, strategy and sustainability

Maintaining our operational sustainability.

Another outcome of Project Galvanize was to modify the composition of ACWA Power's senior leadership team, the Management Committee (MC), and redefine the allocation of responsibilities among its members. The responsibility to oversee the Risk Management, Strategy and Sustainability (RSS) functions, were thus combined under the leadership of one dedicated MC member.

The Enterprise Risk Management function and the Company's approach to risk management is covered in detail on page 50 of this Annual Report. In addition to the environmental, operational and financial risks to our businesses, climate-related risks and their potential impact on our business including disclosure to the investment community, is set to become a core element of our risk management framework.

As global warming affects our environment – with changes in average air temperature, sea levels and rainfall patterns, and the frequency of extreme weather events – we are consciously factoring into our risk assessment the eventual physical threats associated with these environmental changes to our assets and our people in all the locations where we operate.

While doing this, we are also evaluating the different climate-related policies enacted by the governments of the countries in which we are present.

Assessing the impact of these policies on our risk mitigation action plans is critical to maintaining the sustainability of our operations in the decades ahead, and to adjusting and adapting our future investment strategy.

On the Strategy side, we are aware that the world's energy transition and the progressive deployment of carbon-free production technologies will shape our future business performance.

In this context, our historical track-record in leading the renewable energy and water desalination tariffs lower over the past decade speaks for itself. Going forward, the significant regional and global renewable energy project pipeline, and our new carbon-free landmark projects in Saudi Arabia, are testament to our determination to stay firmly at the forefront of this energy transition.

Accordingly, our business strategy, which we re-assess every year, clearly defines our key action areas for the reliable and responsible supply of power, desalinated water and green hydrogen at low cost. A section dedicated to our strategy is on page 10 of this Annual Report.

Since Environment, Social and Governance (ESG) strategy forms an integral part of the Company's overall strategy, we have elected to combine Sustainability with Risk and Strategy in one single function, led by a senior C-level executive with a seat on the Management Committee. This should facilitate determining the right accountability for managing ESG strategy, and execution, monitoring and reporting of identified initiatives.

Sustainability has always been integral to the way the Company conducts business. Since 2014, we have published a Sustainability Report which highlights our ESG efforts and achievements. We strongly believe that it is crucial to act as a sustainability enabler and so are committed to creating a sustainable future.

In this context, we have identified, selected and prioritised material topics to ensure that the effects of climate change, as well as corporate social and governance responsibilities, are routinely considered in our business and investment decisions.

Since Environment, Social and Governance (ESG) strategy forms an integral part of the Company's overall strategy, we have elected to combine Sustainability with Risk and Strategy in one single function.



We have identified, selected and prioritised material topics to ensure that the effects of climate change, as well as corporate social and governance responsibilities, are routinely considered in our business and investment decisions.



“Sustainability has always been integral to the way the Company conducts business.”

Further, we have set time-bound interim and end-state targets, based on the reporting principles of the Global Reporting Initiative (GRI) and the Taskforce on Climate-related Financial Disclosures (TCFD).

These targets support ACWA Power's commitment to reducing the greenhouse gas (GHG) emission intensity of our portfolio by 50 percent by 2030, and to net zero by 2050. The Sustainability section on page 56 of this Annual Report contains comprehensive coverage of our ESG activities in 2020.

To conclude, I believe that the structural changes we introduced during 2020 and the progress we already made in raising our ESG compliance standards are a testament to ACWA Power's committed stewardship in ensuring long-term sustainable value creation for all our stakeholders.

Guy Richelle

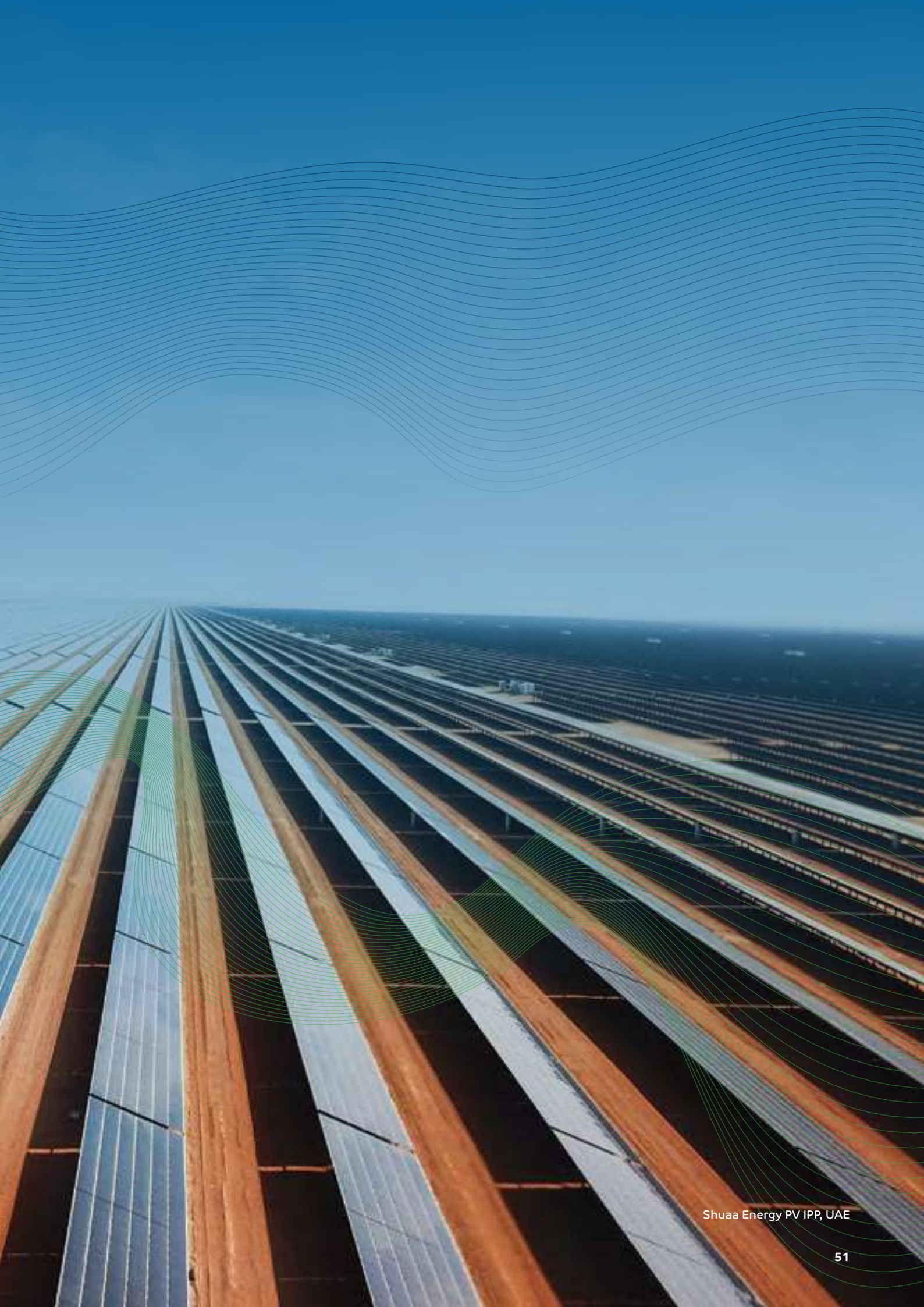
Senior Advisor – Transformation Office and Acting Chief Risk, Strategy and Sustainability Officer



Risk Management Framework

Identifying, assessing and managing risks.

The Group operates in a fast-changing and highly competitive environment that can give rise to a host of risks across its value chain, which could have a material adverse effect on its business, financial position, results of operations and reputation. At ACWA Power, we recognise that the identification and management of these risks is central to achieving our strategic business and ESG objectives.

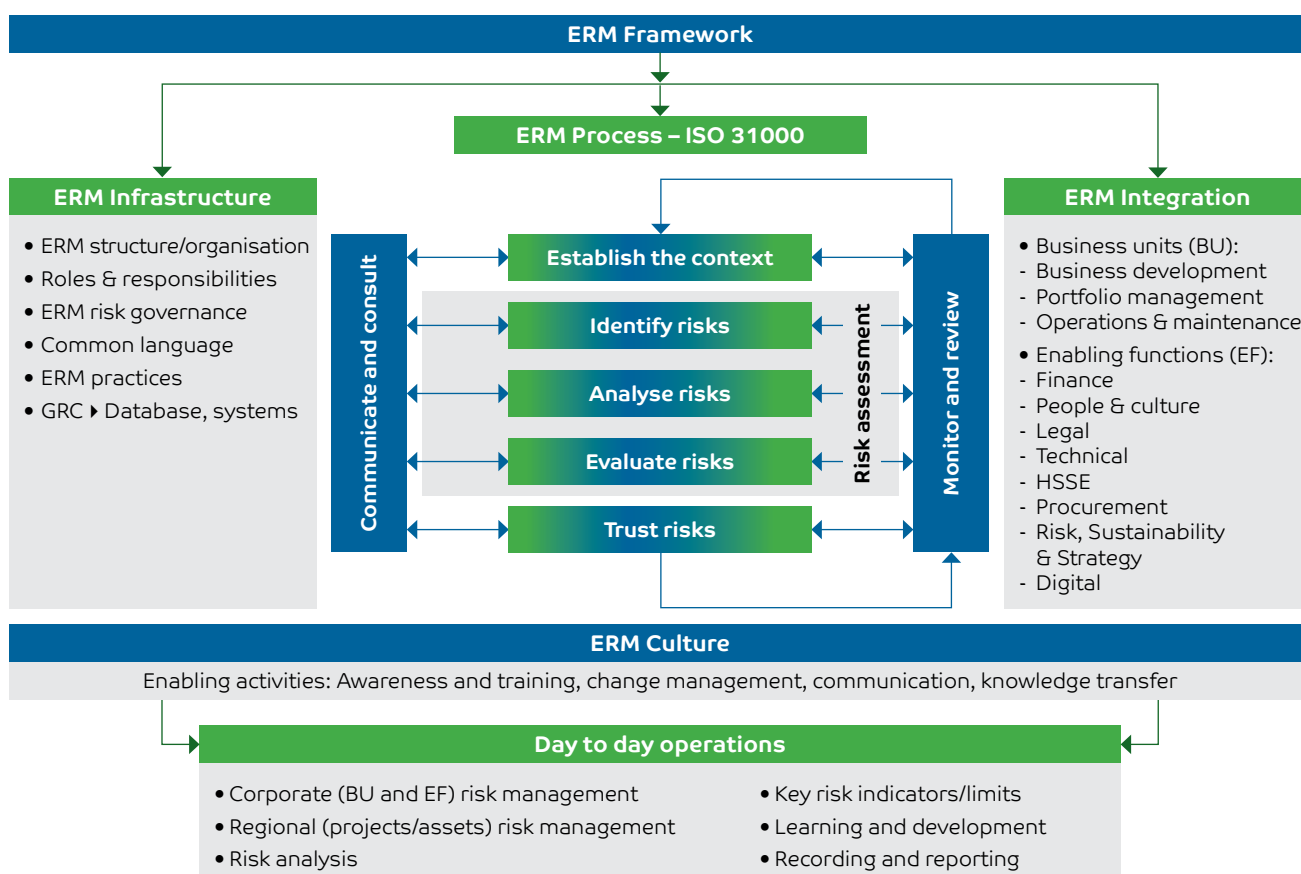


At ACWA Power, we recognise that the identification and management of risks is central to achieving our strategic business and ESG objectives.

Accordingly, we are committed to implement risk management best practices by means of adopting sound Enterprise Risk Management (ERM) principles.

This commitment has been formalised in the Group's ERM Policy, which has been endorsed by its management and approved by its Board of Directors.

The Group's robust and dynamic risk management framework and comprehensive ERM approach aim to continuously identify, communicate and manage, and mitigate risks, following the principles and methodology of the ISO 31000 guidance standard.



The main purpose of the development and implementation of a state-of-the-art approach to risk management in the Group is to secure our business objectives towards:

- Reliable and responsible delivery of power, desalinated water, and green hydrogen at low cost
- Driving the energy transition and wider ESG agenda in all targeted markets
- Establishing a robust framework to evaluate the impact of climate-related risks
- Safe, healthy, and sustainable operations
- Respect for people with commitment to highest professional and ethical standards
- Commitment to excellence in business and operations
- Creation of sustainable value for all stakeholders
- Protection and enhancement of our brand and reputation
- Compliance with law and regulations

Through our ERM framework, which is embedded into all our operational and strategic processes, the Company aims to effectively and successfully address key risks inherent in our business and activities.

Risk governance and oversight

The Company's dedicated Corporate Risk Management Department is the owner of the ERM process and is responsible for its implementation across the Group by facilitating a consistent, Group-wide approach to the identification of risks, their assessment and prioritisation, including the way in which they are managed, monitored and reported.

Our management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs how we conduct the business and manage associated risks.

The risks are identified and managed at each level of the organisation (from project companies up to corporate) with the appropriate level of granularity. They are reported on a regular basis to the appropriate management level and ultimately to the Board Risk and Compliance Committee (BRCC). The BRCC oversees and reviews the risk assessment processes that inform the Board's decision-making and advises the Board on the Company's current risk exposures and future risk strategy.

The Board ensures adequate allocation of responsibility and accountability for risk management activities across Group, while overseeing the overall risk management process and risk profile of the Company.

Risks and mitigation actions are reviewed on a regular basis to ensure that risk management is a continuous and iterative process, providing an up-to-date and accurate picture of the risks and mitigating actions of the Group.

Main risk areas and mitigation approach

The following risks, which are identified as material, do not necessarily comprise all the risks affecting ACWA Power. There may be additional risks that ACWA Power is currently not aware of, or that ACWA Power currently believes are immaterial, which may in the future become material or affect ACWA Power's business, financial position, results of operations and reputation. The summarised risks described herein are not presented in order of their importance or expected effect on ACWA Power.

Main Risk Areas	Key Risks	Mitigants
Revenue	i. Volume and price risk (excluding foreign exchange, covered below) ii. Fossil fuel-based assets are exposed to performance risk iii. Renewable assets are exposed to decrease in supply of solar or wind resources and performance risks	i. Long-term off-take contract to protect us against demand or price risk. The substantial majority of the off-takers are government-related entities with direct government credit support or with other contractual protection. ii. EPC performance guarantees in place to protect newly built facility against any performance shortfall. iii. NOMAC (wholly owned subsidiary – O&M) has implemented Reliability of Supply Framework along with in-house developed plant simulation and optimisation tool to address and enhance reliability of supply in a systematic and proactive way. iv. Wind and solar resource studies carried out for renewable assets basis long-term historical average. v. Insurance solutions to protect our assets against unforeseeable risks or unexpected business interruptions with agreed deductible periods and minimum deductible amount.
Project development	i. Increasing competition and pricing ii. Challenges with fast pace of growth iii. New technology or advancement in technology iv. Development and operations of mega-projects v. Integrity and creditworthiness of equity partners vi. Poor performance of main suppliers (EPC, OEM)	i. Identify and limit key risks during the project selection and bid development process. ACWA Power's win ratio is one of the highest in the industry for the regions where it operates with a total return concept. ii. Construction supervision and asset management activities have been regionalised, providing management bandwidth to integrate new projects iii. Allocation of valuable management resources with responsibilities, organisation structure and growth strategy put in place to successfully manage unforeseen challenges and associated risks. iv. Multi-technology capability and track record for successfully managing diversified portfolio. The Group co-invests in all of its projects with a view to maintaining technical and operational control over the project performance. v. In-house technology department with strong expertise and reference for main equipment, tested in successful commercial operation with certification from third party. vi. The Company carries out a thorough vetting process for all its equity partners vii. The Company seeks to employ experienced and leading original equipment manufacturers (OEMs), as well as reputable EPC contractors which provides turnkey solutions.

Main Risk Areas	Key Risks	Mitigants
Project financing	i. Material delays in achieving, or achieving at all, the financial close of a project ii. Exposure of development bond and any initial development costs, costs for early works in case of not achieving financial close iii. Existing and future leverage	i. Comprehensive project finance expertise, supported by strong relationships with lenders and financial institutions (including regional, European, U.S. and Chinese institutions) together with access to competitive cost debt and equity capital. ii. All projects/transactions are financed on non-recourse or limited recourse basis in a manner to make projects bankable. iii. A large part of costs is shared with co-investors and the development cost (both internal and external) is reimbursed at financial close from the project. iv. Leverage ratios are assessed for various growth scenarios to ensure close monitoring of such ratios and to manage funding gaps.
Construction	i. Project delays, cost overruns and quality of workmanship issues ii. Unforeseen site or commissioning issues and associated risks iii. Financial difficulties or bankruptcy of EPC or its sub-contractor iv. Underperformance of asset vs. warranted specifications	i. Construction is systematically contracted on a Lump sum turnkey basis (fixed price and scope) and date certain contracting approach with EPC contractor. ii. Maximum amount of risk passed on to EPC contractor through back to back contracts implying payment of liquidated damages by the EPC for any under-performance (i.e. delays, technology: quality, function, fit for purpose – reliability, dispatch capacity and fuel consumption). iii. Investment-grade EPC and its consortium partners with joint and several liability to considerably reduce the EPC default risk. iv. Force majeure protection in off-take agreements and comprehensive insurance policies to manage time and cost adjustment.
Operations and Maintenance	i. O&M costs overruns ii. Plant under-performance or lack of reliability during the operation period	i. To minimise the operational risks, the Company generally entrusts NOMAC, its wholly owned and best-in-class O&M subsidiary to operate and maintain its assets for the full tenor of the off-take agreements. ii. NOMAC's contracts cover the off-take agreement term and are indexed for inflation and indexation. The applicable penalties are capped in the contracts. iii. NOMAC continues to deploy monitoring and prediction digital platforms for critical equipment by using big data and advanced pattern recognition capabilities to enhance overall performance. iv. NOMAC has extensive capabilities as an O&M contractor and implements a standardised management and operational model to ensure superior control and understanding of operating assets through the life cycle, provide stable long-term income and super senior cash flows. v. NOMAC has a reliable supply framework to ensure high reliability of assets. vi. NOMAC Maintenance Energy Services (NMES), a 100 percent-owned subsidiary of NOMAC, provides turnkey and specialised maintenance services, including major overhauls for the entire fleet of steam turbines, combustion turbines, generators, large pumps and other rotating equipment.
Financial/ macroeconomic factors	i. Exposure to interest rate volatility ii. Inflation iii. Currency movements	i. Interest rates of a large part of the project finance loans are fixed through long tenor hedges at the outset. The Company continuously monitors unhedged portion (financial liabilities) to ensure the exposure remains within acceptable limits. ii. Embedded inflation protection in the long-term off-take contracts. iii. Contracts and equity returns predominantly indexed to USD or "hard" currencies.
Termination and extension	i. Early termination of off-take agreement for a reason attributable to the off-taker ii. Early termination of off-take agreement for a reason attributable to the project company (material under-performance) iii. Non-renewal of off-take agreements at the end of their term	i. If the cause of termination is attributable to the off-taker, the project company will receive termination payments which in most projects cover outstanding debt repayment and equity (including a return on equity). ii. These termination payments by the off-taker benefit from direct government credit support or other forms of contractual protection. iii. Selection of the right technology, quality construction and reliable operations to manage performance requirements of the off-take agreement. iv. Align plants' existing useful life to its assessed economic life and timely pursue discussions with off-taker for extensions.
COVID-19	i. Extended state of disruption to global economic activity ii. Changes to working environment (i.e. remote working, employee engagement and sense of belonging, IT infrastructure, etc.)	i. Financial resilience of ACWA Power is tested on a regular basis. ii. Business continuity and contractual protection measures in place to manage COVID-19 outbreak from a health and business perspective. iii. Supporting national health efforts to contain the impact of the COVID-19 pandemic.

Main Risk Areas	Key Risks	Mitigants
COVID-19 continued	iii. Delay in construction activities (travel restrictions, supply chain disruptions, etc.) iv. Off-taker's liquidity risk	iv. Force majeure and off-taker risk event contractual protection. v. Government guarantees in most of the contracts and support in case of liquidity challenges of the off-taker.
Fuel supply and consumption	i. A significant increase in the price or the interruption in the provision of fuel ii. Fuel cost under recovery	i. Most of our fossil fuel-based plants are contracted on tolling arrangements whereby fuel supply and cost risks are borne by off-takers. ii. Whenever tolling arrangements are not there, the fuel supply and price risk is passed to the off-taker. iii. Ongoing plant efficiency optimisation as part of value proposition when needed to reduce or eliminate under recovery exposures.
Legal and regulatory	i. Change in law ii. Legal proceedings (commercial claims or tax disputes) iii. Event of default or impact on the Company's reputation	i. Systematic contractual protection against changes in laws and regulations in most of the assets. ii. Engagement of top law and tax firms to assess our positions and recognising provisions where required. iii. Strong corporate governance and reinforcing policy and procedures to ensure full compliance with all legal, regulatory and tax requirements.
People	i. Recruitment (volume, adequacy, and quality) ii. Nationalisation targets iii. Loss of key personnel iv. Retention of Staff	i. Dedicated recruitment-oriented resources to cope with high-growth demands and nationalisation efforts by the organisation to meet targets. ii. Talent and leadership development schemes to limit turnover. iii. A seasoned management team with decades of industry experience. Succession planning and key people management processes in place. iv. Performance-based evaluation process to enhance internal talent growth. v. Values-based organisation culture that promotes respect, inclusiveness, and diversity.
Governance and management	i. Non-adherence or non-compliances to prescribed organisation policies and processes or laws and regulations ii. Improper conduct of employees or business partners iii. Inappropriate governance and systems	i. "Tone at the top" established by its Board of Directors, Board Committees, and senior management. ii. Internal controls, systems and procedures in conformity with the relevant sanctions, anti-bribery, anti-money laundering and anti-terrorism laws. iii. Governance framework supported by ad-hoc control by Board Committees with significant independent member participation in each Committee. iv. Independent internal audit function reporting to Board Audit Committee. v. Whistleblowing program and process to by ensure a recognised, industry-leading ethics and compliance culture. vi. An integrated and comprehensive, technology-based governance, risk management, internal control and compliance tool being implemented for better alignment and reporting to reduce risks, costs and duplication of efforts.
Health, safety and environment (HSE)	i. Violations of health, safety and security standards ii. Exceedance of environmental limits	i. Stringent HSE standards on assets under operations and projects under construction, enforced by dedicated in-house HSE department. ii. Strong social and environmental impact mitigation and management, as part of sustainability framework and strategy. iii. NOMAC's integrated HSE and quality management system have been independently certified under the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.
Information technology Infrastructure	i. Cyberattacks ii. Reliability of the Group's IT infrastructure (to support remote working, uninterrupted operations)	i. Defence-in-depth strategy around IT systems (servers, network, end-user machines, etc.) to prevent cyberattacks, in compliance with the ISO standards at corporate-level. ii. Proven disaster (natural or man-made) recovery plans. iii. IT security assessments and periodic IT audits conducted by skilled IT auditors to ensure effectiveness of controls on IT systems. iv. ACWA Power and NOMAC have been certified under the ISO/IEC 27001.
Country and geopolitical	i. Novel regulatory regimes and commercial environments ii. Geopolitical tensions	i. Careful selection of new markets, diversified portfolio in 13 countries is a strong mitigating factor against individual country or regional economic risks. ii. Regular security assessments and compliance for countries where we operate.
Environmental, Social and Corporate Governance (ESG)	i. ESG targets if not met fully, partially, or timely	i. Establishing a robust framework to evaluate the impact of climate-related risks. ii. Set time-bound interim and end-state targets based on the reporting principles of the Global Reporting Initiative (GRI) and the Taskforce on Climate-related Financial Disclosures (TCFD). iii. Initiatives put in place on leadership in low-carbon products, water management, health and safety, and corporate governance. iv. No new investment for high carbon emission-based fossil fuels, such as coal thus increasing the share of our portfolio dedicated to clean and low-carbon power technologies.

Sustainability at ACWA Power

Leading the energy transition.

ACWA Power continued to support the shift to a low-carbon economy by advancing clean energy and providing innovative energy solutions. We remained focused on creating shared value by fostering our employees' growth and wellbeing, and on driving impact in the communities in which we operate. As a key milestone in our sustainability journey, we have redeveloped our Environmental, Social and Governance (ESG) strategy, which focuses on energy transition, low-carbon product leadership, water management, health and safety, and corporate governance. Our ESG strategy sets out some ambitious commitments and is designed to progress our sustainability journey.

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Introduction

This review highlights our purpose, strategy, governance, and commitment to sustainable corporate leadership.

Page 70

Championing the UN Sustainable Development Goals

We recognise that our industry plays a vital role in achieving the UN Sustainable Development Goals (SDGs).

Page 84

Driving community impact

As a company, we have always considered ourselves to be an integral member of the communities in which we operate.

Page 58

Overview

2020 marks the seventh year since the launch of our first Sustainability Report in 2014.

Page 72

The world's sustainability partner

Leading the energy transition with green power and low-carbon desalinated water.

Page 86

Corporate excellence

With good governance emerging as a key element in the fight against the pandemic, we will continue enhancing our ESG strategy to further strengthen our corporate governance model, policies, and processes.

Page 64

Our ESG approach

Our business principles aim to serve the interests of our shareholders and the needs of and opportunities for our stakeholders, local communities and future generations.

Page 80

Creating shared value for our people

People are our core value. We purposefully work towards creating shared value by fostering a safe working environment where people can contribute, innovate, and excel.

Page 88

Forging ahead with ambition

The goals of this ESG Review were to provide a snapshot of our sustainability and ESG performance for 2020, as well as to set out our commitments for the years to come.

Introduction

This review highlights our purpose, strategy, governance, and commitment to sustainable corporate leadership. It outlines our environmental performance achievements; efforts to contribute to the United Nations Sustainable Development Goals (SDGs); and significant community initiatives during the year. This is a prelude to our forthcoming 2020 Sustainability Report, which is modeled on the Global Reporting Initiative (GRI) framework.

Guided by our mission to champion a sustainable future, we remain committed to the cost-effective, efficient, reliable, and safe production of power and desalinated water through public-private partnerships. Because we are acutely aware of the longer-term climate challenges facing our communities, we are deploying the latest technologies to ensure a more sustainable future.

Areas of focus

Over the past year, our key areas of focus were:

Leading the energy transition with clean power and desalinated water by:

- Increasing the share of our portfolio dedicated to clean and low-carbon power technologies.
- Implementing innovative and pioneering technologies in the water desalination sector.
- Minimising our impact by increasing the efficiency of our portfolio.

Creating shared long-term value for employees and communities by:

- Fostering employee wellbeing and demonstrating leadership in the health and safety of our employees and contractors.
- Supporting programs that provide access to education, better community infrastructure, opportunities for livelihood enhancement, and women's empowerment.

- Spending SAR 21 million on COVID-19 relief initiatives and a further SAR 50 million to support national health endeavours and efforts in the Kingdom of Saudi Arabia.

Embodying corporate excellence by:

- Ensuring that governance at corporate level and in our project companies follows industry benchmarks.
- Establishing ESG responsibilities at Management-level with the creation of the Chief Risk, Strategy and Sustainability Officer (CRSSO) position, as well as formation of a Sustainability and CSR team to drive implementation.
- Enabling continuous monitoring and committing to the quarterly disclosure and reporting of ESG issues.

71 SAR mn

Spending SAR 21 million on COVID-19 relief initiatives and a further SAR 50 million to support national health endeavours and efforts in the Kingdom of Saudi Arabia.



Guided by our mission to champion a sustainable future, we remain committed to the cost-effective, efficient, reliable, and safe production of power and desalinated water through public-private partnerships.



Overview

2020 marks the seventh year since the launch of our first Sustainability Report in 2014. We remain resilient, even in the face of an unprecedented global pandemic, and continue to strengthen the foundation of ACWA Power's long-term sustainability and ESG vision.

Key highlights include:

We strengthened our market leadership position in the United Arab Emirates (UAE) with the fourth phase of the Mohammed bin Rashid Al Maktoum Solar Park.

Noor Energy 1 with a capacity of 950 MW.

950 MW



In 2020, we were also awarded the fifth phase of the Mohammed bin Rashid Al Maktoum Solar Park.

900 MW

This fifth phase of 900 MW will bring the production capacity of the Mohammed bin Rashid Al Maktoum Solar Park to 2,863 MW.



Our cutting-edge low-carbon renewable energy projects, including green hydrogen development and energy efficient water desalination plants, supported the advancement of the Kingdom's climate goals.



We continued to place great importance on making sure our workforce primarily comprises nationals of those countries in which we operate.



We participated actively in the Kingdom's national renewable energy agenda with our Sakaka PV IPP project's first year of operations.

Sakaka PV with a capacity of 300 MW.

300 MW



1,500 MW

The 1,500 MW Sudair PV IPP, awarded in 2020, will further advance the Kingdom's renewable energy strategy.



We expanded our geographic footprint with entry to the Uzbekistan and Azerbaijan renewable energy markets, all the while helping strengthen those countries' energy security.

240 MW

Wind power project in Azerbaijan

1,000¹ MW

Wind power project in Uzbekistan



Despite the disruption caused by the COVID-19 pandemic, we continued to show operational excellence with some ground-breaking industry achievements:

The Bokpoort CSP plant became the first renewable facility on the African continent to complete a full week of continuous, round-the-clock operation. Bokpoort CSP set the new African continental benchmark, achieving 13 days (312 hours) of continuous operations on 23 October 2020, almost double the previous record it had set in March 2016. This accomplishment was made possible by optimally managing 9.3 hours of the thermal salt storage system overnight, which allowed for a perfectly timed transition to the solar field every morning for the entire duration of this effort.

Throughout the pandemic, we continued to meet our commitment to the communities in which we operate with the uninterrupted supply of vital water and power services, testament to our operational excellence and the resilience of our operations.

We view the communities in which we operate as our own. We invest in and support local initiatives that address global issues and promote local development. During the year, this extended to supporting national COVID-19 efforts and aid actions.

In the Kingdom of Saudi Arabia, we pledged a contribution of SAR 50 million to the government's COVID-19 relief efforts, utilising our international expertise to achieve the swift delivery of the Nujood Medical Centre. This 100-bed hospital is outfitted with the latest medical equipment and supplies needed to treat COVID-19 cases, including 40 ventilators, two intensive care units, a research laboratory, and medical gas pipeline systems to ensure a safe environment.



¹ Subsequently in H1 2021, Uzbekistan is 2500 MW with addition of 1500 MW wind project.

Taking the ESG journey forward

As well as providing a snapshot of our 2020 sustainability and ESG performance, this review also sets out our commitments for the years ahead. These commitments are supported by our ESG strategy, developed in 2020.

There is growing recognition in the investor community that ESG issues have a direct correlation with the economic value of an investment. Most investors are now taking meaningful steps to integrate ESG considerations into their investing criteria when evaluating the environmental and social impact of their portfolios.

Against this backdrop, we have refined our ESG strategy and set ESG goals for the coming years.

Materiality assessment

Our ESG strategy was built on a comprehensive materiality assessment and focuses on the most material topics, namely climate change, water, health and safety and governance. Moving forward, our materiality assessment will remain a dynamic one, and will be updated every 2-3 years, ensuring agility in our strategy development. We incorporate Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and industry views into our analysis, guaranteeing alignment to best practice and globally-recognised standards.

Most investors are now taking meaningful steps to integrate ESG factors into their investing criteria and consider the environmental and social impact of their portfolios.

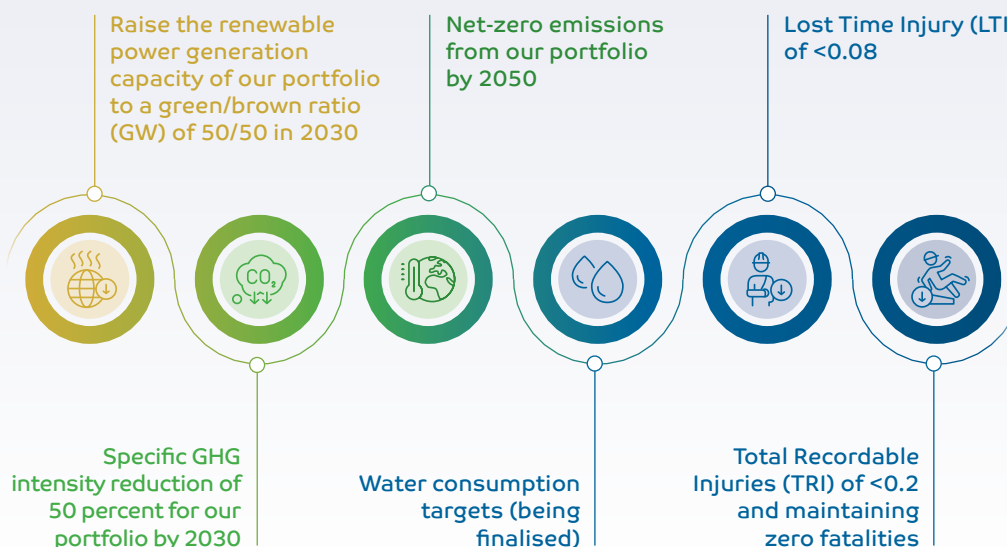


We formulated ESG goals and ambitions for the upcoming years and developed our ESG strategy.



Targets and timeline

In order to implement our ESG strategy efficiently, we are setting targets for our most material ESG topics, including:



There is growing recognition in the investor community that ESG issues have a direct correlation with the economic value of an investment.



We have refined our ESG strategy and set ESG goals for the coming years.



ESG flagship initiatives

We are building a dedicated roadmap to meet our ambitious ESG targets and have identified a set of flagship initiatives to start the process.

To fulfil our ESG commitments, we will continuously report our progress through our annual Sustainability Report.

It was important to ensure we had dedicated experts working towards implementing these initiatives. Cross-functional working teams were set up to implement the initiatives, together with our regional leads.



Develop a roadmap towards a low-carbon portfolio and Net-zero emissions from our portfolio by raising our renewable portfolio and reducing our GHG emission intensity.



Implement **TCFD reporting** by integrating all the required climate risk disclosures in line with TCFD guidelines.



Ensure effective **water management and disclosure**: disclose all relevant desalination and water consumption KPIs; set targets for a reduction in water consumption.



Adopt a comprehensive **health and safety program** and implement ongoing initiatives to improve safety culture and achieve Lost Time Injury (LTI) and Total Recordable Injuries (TRI) targets.



Aspire to a roadmap towards the highest **corporate governance excellence** which will enable us to align with best practice across all elements of corporate governance.



Shuaibah IWPP, Saudi Arabia

Taking the lead in energy transition

Energy transition and digital transformation are reshaping today's energy landscape, resulting in the emergence of new business lines in the energy sector. Not only must we embrace these new challenges, which we share with all our stakeholders, but we must also take the lead in that transition towards cleaner energy. Our corporate governance, which ensures the efficient and successful management of our operations, and an agile structure that is well adapted to a changing market, will be crucial to these efforts.

Organisational change for ESG

ACWA Power's Project Galvanize initiative, a blueprint for establishing a new operating model for the company, has assigned ESG-related responsibilities to the Chief Risk, Strategy and Sustainability officer (CRSSO). Reporting to the CEO, our CRSSO will ensure ESG management oversight and report to the Board on ESG-related risks and opportunities. These steps will ensure that we meet the ESG expectations of investors and credit rating agencies, as well as support our ESG leadership in the energy sector.

A key contributor to the Kingdom's renewable energy ambitions

We are poised to play an integral role in the development of the Kingdom's renewable energy strategy, since our commitment to renewable energy mirrors our shareholders' wishes, particularly those of the Public Investment Fund ("PIF"), the company's majority shareholder.

PIF's key objectives include unlocking the solar energy sector, and related industries; accelerating the development of innovative Saudi businesses; enabling localised manufacturing; and achieving solid long-term returns. Aligned with this strategy, PIF increased its stake in ACWA Power to 50 percent in 2020, a major endorsement of our leadership ambitions in renewable energy.

The Public Investment Fund (PIF) as key driver of the Kingdom's renewable energy commitments.

The Kingdom has committed to localising a significant portion of the renewable energy value chain in the Saudi economy, including research and development and manufacturing. The PIF will act as a key investment driver in that strategy.

The PIF's commitment towards sustainability is further reflected in the fact it is one of the founding members of the One Planet Sovereign Wealth Fund, which aims at integrating climate change risks and investing in the smooth transition to a low emissions economy.



SOVEREIGN
WEALTH
FUND

Notable accolades

Third-party recognition of our achievements continues to build stakeholder trust. These accolades acknowledge our efforts to deliver high-quality and sustainable power and desalinated water assets consistently and competitively.

- Water Project of the Year for Shuaibah – Middle East Economic Digest (MEED) Projects Award 2020.
- Desalination Company of the Year 2020 – Global Water Intelligence (GWI).
- Desalination Plant of the Year 2020 – Global Water Intelligence (GWI).



Our commitment to renewable energy mirrors our shareholders' wishes – particularly those of the company's majority shareholder, the Public Investment Fund (PIF) – and poises us to play an integral role in the successful development of the Kingdom's renewable energy strategy.



Our partnerships are a key element in the journey towards excellence, and we value as critical our stakeholders' feedback in refining our strategic goals and plans.



We are proud of our achievements in 2020 and are confident that we will continue to build on these in the coming year. Our ESG monitoring system and yearly Sustainability Report (which are both aligned with Global Reporting Initiative (GRI) standards) highlight our commitment to recognising the challenges we may face and the opportunities ahead of us on the journey towards sustainability.

Our partnerships are a key element in the journey towards excellence, and we value as critical our stakeholders' feedback in refining our strategic goals and plans. In 2021, we will continue to collaborate with those partners to chart our plan for building a sustainable future, in line with the United Nations Sustainable Development Goals (SDGs), through clean water, decarbonisation and renewable energy,

50%

PIF increased its stake in ACWA Power to 50 percent in 2020, a major endorsement of our leadership ambitions in renewable energy.



Sakaka PV IPP, Saudi Arabia

Our ESG approach

Our business principles aim to serve the interests of our shareholders and the needs of and opportunities for our stakeholders, local communities and future generations.

Building on our existing ESG values, we initiated the development during 2020 of a comprehensive long-term strategy to help shape our ESG priorities, with implementation starting next year.

The main focus is on energy transition and low-carbon product leadership, water management, health and safety and corporate governance.

Existing ESG values:

1 To support social development through our activities:

- Supplying power and desalinated water reliably for socio-economic development.
- Providing the lowest possible tariffs wherever we do business.
- Proactively collaborating with the communities where we operate, generating a positive impact on the ground through local engagement.



5 To embed corporate governance best practices:

- Applying a robust governance framework that is founded on the principle of transparency, which in turn enables improved accountability through recognition and management of risks.
- Implementing a multi-level corporate governance approach that spans the whole organisation and is based on layers of checks and balances in addition to a detailed Code of Conduct.

2 To produce green energy and energy efficient desalinated water:

- Delivering clean power and desalinated water by increasing our portfolio's share of renewables and other technologies that support the energy transition, such as green hydrogen.
- Leveraging innovative, low-carbon technologies and solutions to achieve operational excellence in our renewable power and water desalination plants.
- Setting ambitious environmental targets to reduce emissions and water consumption.

3 Human capital and knowledge development:

- Enabling economic development by hiring local workforces wherever we operate.
- Supporting knowledge transfer through training programs.

4 Health and safety:

- Implementing industry best practice, and leading standards, policies and programs across our operations. Extending them to our contractor Health, Safety, Security & Environment (HSSE) management procedures.
- Focusing on HSSE as a priority across all stages of the project lifecycle and ensuring compliance through comprehensive bi-annual audits.

Building on our existing ESG values, in 2020 we initiated the development of a comprehensive long-term strategy to help shape our environmental, social and governance priorities, with the implementation commencing in 2021.



Our ESG strategy

ACWA Power's ESG strategy is part of our business strategy; we see it as a source of long-term value creation. As such, we are responding to a changing societal context, as well as supporting the low-carbon economy shift, while capturing growing business opportunities in energy transition.

This strategy also enables the investment community to assess our performance against ESG-related indicators.

Our integrated strategy addresses key ESG issues, captured during a materiality assessment. However, for our ESG strategy to be implemented with impact, we are setting targets with impact, we are setting targets for our most material ESG topics.

These include:

50/50

Renewable power generation capacity of our portfolio to be increased to a green/brown ratio (GW) of 50/50 in 2030

Specific GHG intensity reduction of 50 percent of our portfolio by 2030

Net-zero emissions from our portfolio by 2050

Water consumption targets (being finalised)

<0.08

Lost Time Injury (LTI) of <0.08

<0.2

Total Recordable Injuries (TRI) of <0.2 and maintaining zero fatalities



To capture issues that are most relevant and important, we conducted an extensive stakeholder survey to produce a comprehensive materiality assessment.



Our ESG strategy is shaped by our stakeholders' priorities

We engage with a variety of key stakeholders on our ESG strategy. These include employees, shareholders, off-takers, partners and suppliers.

To capture issues that are most relevant and important, we conducted an extensive stakeholder survey to produce a comprehensive materiality assessment which helped us identify the most material topics, namely: climate change, water, health and safety, and governance.

We supplemented this initial analysis by referencing it against the GRI and SASB reporting standards, as well as industry best practices. Our assessment will be updated every two to three years; we see materiality as dynamic and want to ensure agility in our strategy development.



We will also support continued improvement by assigning ownership and responsibility to the steering KPIs.



11

Our 11 steering KPIs ensure focus on the most relevant aspects of our ESG initiatives.



Steering and reporting KPIs

Based on our materiality assessment, we defined two sets of KPIs for ACWA Power to steer and report on the progress of its ESG strategy implementation.

Steering KPIs

Designed to be a catalyst for our sustainability and ESG initiatives, our 11 steering KPIs ensure focus on the most relevant aspects. We will also support continued improvement by assigning ownership and responsibility to the steering KPIs.

Environmental indicators:-

To measure progress in the transition to a low-carbon product portfolio:

- Percentage of installed RES capacity (MW)
- Percentage share of low-carbon assets under management in portfolio (%)

To measure progress in achieving emission reduction targets:

- Absolute Scope 1 and 2 emissions of our portfolio
- GHG emission intensity Scope 1 and 2 of our portfolio

To support our implementation of the Task Force on Climate-related Financial Disclosures (TCFD), we will align to the TCFD-required disclosures in our Sustainability Report.

To demonstrate our leadership against peers in power generation and desalination:

- Water consumption for power generation (l/kWh)
- Specific power consumption for water desalination (kWh/m³)



Governance indicators:

To anchor ESG criteria as part of our management system, we will report on the share of:

- ESG KPIs in the company's scorecard
- Managers with variable compensation linked to ESG KPIs

Social indicators:

To demonstrate our HSE leadership:

- Percentage of Lost Time Incident (LTI)
- Percentage of Recordable Incident Rate (RIR)

Reporting KPIs

We will be reporting on a comprehensive list of indicators, both qualitative and quantitative, complying with international reporting standards, such as the GRI and SASB disclosure standards, and enabling us to report on material topics in line with international best practice.

In addition to currently reported KPIs, and to ensure we meet best practice stakeholder reporting requirements and full disclosure along our most material topics, we have identified a further 23 additional KPIs for inclusion.

These will provide full transparency around our most material topics and provide the necessary disclosure. We are in the process of complementing the list to ensure even more comprehensive coverage.

ACWA Power's ESG goals will be outlined in the 2020 Sustainability Report, which will be published in 2021. It will also include the status of most of its ESG reporting indicators.

Environmental

6 water and wastewater management indicators

- Water discharge to all areas (total and breakdown by area).
- Water discharge into fresh water vs. other waters.
- Water discharge to areas with water stress (total and breakdown by fresh water vs. other water).
- Water consumption from all areas (total).
- Water consumption from all areas with water stress (total).
- Change in water storage.

Social

11 Health and safety indicators

- Workers/employees covered by OHS1 system (total and percent).
- Fatalities and high-consequence recordable injuries – employees (total and rate).
- Fatalities and high-consequence recordable injuries – workers (total and rate).
- Fatalities because of and recorded cases of work-related ill-health – employees (total and percent).
- Fatalities because of and recorded cases of work-related ill-health – workers (total and percent).
- Statement of OHS management system implementation.
- Description of coverage of OHS management system.
- Description and explanation of how OHS requirements are met.
- Description of OHS training provided.
- Description of scope and access of non-occupational medical and healthcare service.
- Description of any voluntary health services and awareness programs.

1 Diversity and equal opportunity indicator

- Ratio of women to men.

2 Community engagement and impact indicators

- Operations with local community engagement and impact assessment.
- Significance and location of negative impacts of operations on local communities.

Governance

3 Corporate governance indicators

- Annual total compensation ratio.
- Highest governance body's role in managing risks and opportunities.
- Presence of stakeholder consultation to support highest governance body.

Continuous stakeholder engagement is an essential part of our approach to ESG.



ESG is now overseen at ACWA Power Board level. The Board provides overall strategic recommendations and direction, as well as overseeing progress on sustainability and ESG targets.



Providing overall strategic recommendations and direction. Overseeing progress on sustainability and ESG projects and targets. Ensuring alignment with overall corporate strategy and vision.

Board level Committee

Setting the direction of ESG strategy, goals and initiatives. Taking the key decisions on prioritisation, targets, budget and resources. Monitoring progress on key initiatives and current performance.

Management level Committee and CRSSO

Driving the overall ESG strategy and achieving excellence in reporting external and internal stakeholder engagement.

Corporate Sustainability Team

ESG governance and management processes

The year saw us demonstrate further commitment to sustainability and ESG by updating our governance and management processes in the context of our ESG strategy.

ESG is now overseen at ACWA Power Board level. The Board provides overall strategic recommendations and direction, as well as overseeing progress on sustainability and ESG targets. It also ensures alignment with overall corporate strategy and vision.

Our highest-ranking sustainability officer, the Chief Risk, Strategy and Sustainability Officer (CRSSO) is a member of the Management Committee, which sets the direction of ESG strategy, goals and initiatives, and takes the key decisions on prioritisation, targets, budgets, and resources. The CRSSO's role is also to monitor progress on key initiatives and current performance.

The creation of a dedicated sustainability and CSR function (reporting to the CRSSO) to drive overall ESG strategy and to achieve excellence in reporting external and internal stakeholder engagement was another highlight of the year. The sustainability function will enable the implementation of ESG and sustainability initiatives by:

- Developing frameworks and procedures related to environmental attributes asset management, GHG and ESG monitoring, and ESG and sustainability ratings.
- Establishing the framework for CSR activities, conducted at corporate and local level, in line with our ESG strategy.
- Organising a company-wide 'sustainability network' of people in the field to facilitate the two-way flow of information and create commitment to sustainability and CSR initiatives.

ESG performance metrics

We use non-financial ESG metrics to guide our financial decisions holistically. Our ESG performance is continually measured, monitored, and assessed against our overarching sustainability ambitions and material KPIs.

KPIs are assigned to relevant departments, with sustainability performance measurement, monitoring, and management responsibilities. Results are reported to the CEO and the Board and become a reference against which to develop future strategies to achieve our targets and improve performance.

Sustainability reporting process

Our reporting process ensures that the improvement and communication of our ESG performance is ongoing. Our stakeholder partnerships are central to the journey towards excellence; we value stakeholder feedback as a critical resource for continually improving our strategic goals and plans. Our aim is to understand the issues of concern and to respond openly and transparently to questions about our operations. Continuous stakeholder engagement is an essential part of our approach to ESG. It also underpins our engagement and collaboration with governments, civil society and others to achieve 'transformational change' – creating fundamental change to whole systems – not merely incremental improvements.

Championing the United Nations Sustainable Development Goals

We recognise that our industry plays a vital role in achieving the UN Sustainable Development Goals (SDGs), which have shaped policies and efforts since nearly all the world's nations agreed to them in September 2015.

In our own operations, we champion progress towards the UN SDGs and continue to support our host nations' advancement on the global goals and, ultimately, their national contributions to the Paris Agreement. In turn, the SDGs represent a useful tool to measure and improve ESG performance.

ACWA Power aligns with the SDGs as a strategic lens at the core of our operations.

As a result, we will ultimately be better placed to unlock market opportunities, manage emerging risks, and create an enduring license to operate.

We have now identified the core UN SDGs that align with our own ESG focus areas and have incorporated them into our business model, set performance goals, and can report progress, as follows:

In addition to the core UN SDGs below, we will introduce supportive UN SDGs linked to our ESG strategy in our Sustainability Report 2020.

ACWA Power's core UN SDGs



6 Clean water and sanitation

ACWA Power operates in regions where water desalination contributes more than 90 percent of all daily water requirements. We are committed to strengthening the reliability and availability of our water delivery systems by improving the efficiency of our desalination processes through technological improvements.



7 Affordable and clean energy

Renewable energy is at the heart of our commitment and we are focused on increasing market access. We are also working towards enabling cost-effective and energy-efficient water desalination, powered by renewable energy. With a strong focus on innovation and R&D, we are striving to be at the forefront of clean technologies, including carbon sequestration technologies.



8 Decent work and economic growth

We are a key economic enabler in the regions in which we operate. Furthermore, fostering local opportunities and employment is central to our overall mission.



13 Climate action

Prioritising climate action is essential. We are working towards this goal by mobilising financial resources to help effective climate change-related planning and management in those countries where we operate. We are also committed to managing climate risks by reducing the carbon footprint of our water desalination plant portfolio through technological improvements, including carbon sequestration technologies. These improvements are critical at a time when water demand in our region is increasing.

From 2021 onwards, we will report on the contribution to each of our SDGs in the annual Sustainability Report.

ACWA Power aligns with the SDGs as a strategic lens at the core of our operations.



We have now identified the core UN SDGs that align with our own ESG focus areas and incorporated them into our business model.



6 CLEAN WATER AND SANITATION



We are committed to continuously strengthening our water delivery system's reliability and efficiency as to ensure the availability and the sustainable management of our water resources.



7 AFFORDABLE AND CLEAN ENERGY



Renewable energy is at the heart of our commitment and we are focused on increasing market access.



8 DECENT WORK AND ECONOMIC GROWTH



Fostering local opportunities and employment is central to our overall mission.



13 CLIMATE ACTION



We are also committed to managing climate risks by reducing the carbon footprint of our portfolio of water desalination plants through technological improvements.



The world's sustainability partner

Leading the energy transition with green electricity and low-carbon water.

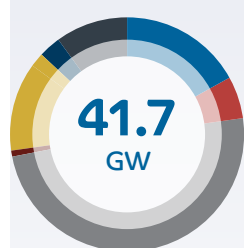
We have continued to lead the transition to green electricity and low-carbon water in terms of cost and technology. We demonstrated strong operational excellence and a determination to deliver low-cost sustainable solutions, with minimal environmental risk and impact, thereby ensuring the health and safety of our workforce and communities.

This mission is reflected in our decarbonisation efforts.

ACWA Power's low-carbon portfolio

In 2020, 77 percent of the total gross capacity of our portfolio consisted of clean and low-carbon power technologies, including assets under construction or in advanced development. In line with our ESG strategy, we are shifting our portfolio to renewables and other low-carbon technologies. We aim to achieve a green/brown ratio (GW) of 50/50 in 2030 and are setting a net-zero emissions targets for our portfolio for 2050, supported by a solid roadmap.

Power capacity by technology (by gross capacity)



17%
Oil

12%
PV

6%
Coal

2%
CSP - parabolic

49%
Natural gas

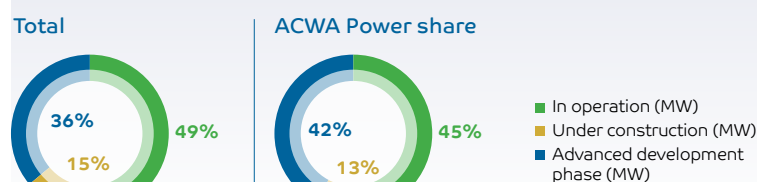
3%
Wind

1%
CSP Tower

10%
Green Hydrogen (Wind + Solar)

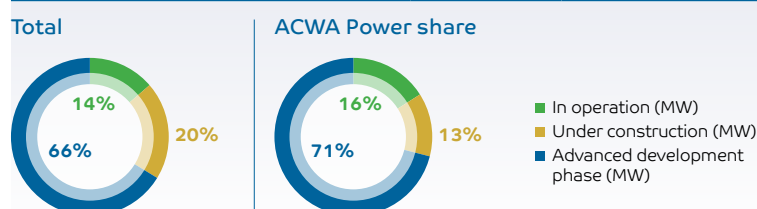
ACWA Power's total portfolio

Project status	Total	ACWA Power share
In operation (MW)	20,273	7,952
Under construction (MW)	6,250	2,250
Advanced development phase (MW)	15,225	7,337
Total (MW)	41,748	17,539



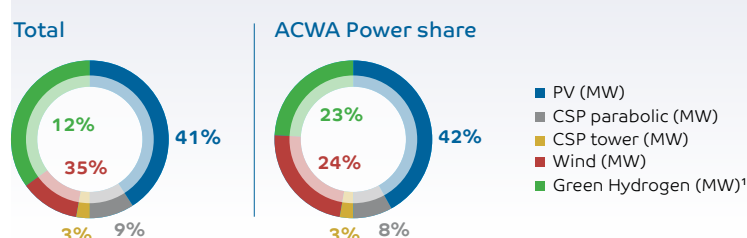
ACWA Power's renewable portfolio

Project status	Total	ACWA Power share
In operation (MW)	1,576	897
Under construction (MW)	2,350	703
Advanced development phase (MW)	7,625	3,967
Total (MW)	11,551	5,567



Breakdown per technology of ACWA Power's renewable capacity

Technology	Total	ACWA Power share
PV (MW)	4,795	2,338
CSP parabolic (MW)	1,010	430
CSP tower (MW)	350	182
Wind (MW)	1,396	1,283
Green Hydrogen (MW) ¹	4,000	1,333
Total (MW)	11,551	5,567



¹ Includes solar and wind.

In line with our ESG strategy, we are shifting our portfolio to renewables and other low-carbon technologies. We aim to achieve a green/brown ratio (GW) of 50/50 in 2030 and are setting a net-zero emissions targets for our portfolio for 2050, supported by a solid roadmap.



ACWA Power confirmed a 'global accelerator' role for the renewable energy transformation with projects that helped to significantly lower renewable energy tariff levels and better ensure operational efficiency.



Remarkable renewable projects in 2020

During 2020, many countries, utility companies, and businesses continued to announce or pursue plans to transition towards

renewable energy, despite the onset of the global pandemic. ACWA Power confirmed a 'global accelerator' role for the renewable

energy transformation with projects that helped to significantly lower renewable energy tariff levels and better ensure operational efficiency.

Noor Energy 1 (950 MW/SAR 16.2 billion)

The Noor Energy 1 project constitutes the fourth phase of the Mohammad Bin Rashid Al Maktoum Solar Park. It is the first (and largest) single-site project in the world to include three different solar technologies – photovoltaic (PV), concentrated solar power parabolic trough (CSP PT) and concentrated solar power central tower (CSP CT) – on a single operating site. The project is a true hybrid model for renewable energy.



Noor Energy 1, UAE

Project highlights

950MW

Capacity of 700 MW of CSP + 250 MW of PV.

1.6 mn tons per year

With estimated CO₂ savings of 1.6 million tons per year, the project supports Dubai's goal to increase its clean energy capacity by 25 percent by 2030.

260metre

The 100 MW CSP CT project will feature a 260 metre tower, the highest in the world.

State-of-the-art solution for dispatching baseload electricity, with operational flexibility delivered by optimally integrating three different renewable technologies.

The unique dispatch permitted by the combination of these three technologies allows delivery of energy to the Dubai Electricity and Water Authority (DEWA) at record tariffs of USD 0.024/kWh from the PV plant and USD 0.073/kWh for CSP.

24 hours a day

Noor Energy 1 has an energy storage capacity of 15 hours and can deliver power 24 hours a day.

Noor Energy 1 benefits from a power purchase agreement (PPA) with DEWA, characterised by the longest tenure in the world for a renewable IPP. NOMAC provides the O&M services and brings to the table its unique experience of CSP plants with thermal energy storage acquired through its operation of the 50 MW Bokpoort CSP PT plant in South Africa, of the 160 and 200 MW Noor 1 and 2 CSP PT, and the 150 MW CSP CT in Morocco, all with operational storage capacities.

1,500 MW

The 1,500 MW Sudair solar power is the first contract awarded by the PIF as part of the Kingdom's ambitious National Renewable Energy Program.



Sudair (1,500 MW/~SAR 3.6 billion)

The 1,500 MW Sudair PV project is the first contract awarded by the PIF as part of the Kingdom's ambitious clean energy program. It is the largest solar PV project in the Kingdom, with an initial objective to power the industrial city of Sudair while developing the local PV industry.

One of the project's prime objectives is to achieve high localisation targets. To that end, the Sudair project will procure a large quota of locally-manufactured PV components, with a significant share of the project budget allocated to supporting local contractors and PV component manufacturers – providing employment to Saudi nationals.



Green hydrogen – the next step in global energy transition

The time is now right to develop the potential of hydrogen to play a key role in a clean, secure, and affordable energy future. In 2020, NEOM, Air Products and ACWA Power signed a joint agreement to build the largest green hydrogen and green ammonia plant anywhere in the world. Green hydrogen is created using renewable sources of energy to isolate and collect the hydrogen used for fuel. As energy transition gains speed, this is a significant step towards a future global economy less dependent on hydrocarbons.

NEOM Helios, the world's largest green hydrogen facility

The project consortium will set up the world's largest green hydrogen project to produce 650 tons per day of hydrogen by electrolysis, nitrogen by air separation and 1.2 million tons per year of green ammonia. This is expected to save an overall 3 million tons of CO₂ per year.

Through the partnership, we will develop a world-scale green hydrogen production facility in the Kingdom to be entirely powered by renewable electricity. This will be converted to green ammonia as a hydrogen carrier for export to international markets.

NEOM is an ideal location for the project because of its unique combined availability of wind, solar power, and supplementary battery storage. This is critical to lowering the final cost of green ammonia to competitive price levels.

Based on proven, world-class technology, the facility will be a cornerstone in NEOM's strategy to become a major player in the global hydrogen market. The project is scheduled to be onstream in 2025.

The time is now right to develop the potential of hydrogen to play a key role in a clean, secure, and affordable energy future.



The Red Sea Development Company (TRSDC) is one of the world's most ambitious tourism projects. It has awarded its highest value contract to date to a consortium led by ACWA Power to design, build, operate and transfer the Red Sea Project's utilities infrastructure.



650

Tons per day of carbon-free hydrogen.

The project consortium will be setting up the world's largest green hydrogen project to supply 650 tons per day of carbon-free hydrogen which is expected to save an overall 3 million tons of CO₂ per year.



At a current estimated cost of SAR 18.75 billion, this project will position Saudi Arabia by 2025 as the largest exporter of green hydrogen in the world, catering for local and international mobility needs at prices competitive with gasoline, and with secured international off-take.

NEOM to become an energy transition hub

NEOM will benefit from its strong solar and wind power to generate one of the world's most competitive renewable energy resources. The high solar irradiation, coupled with the location's high average wind speeds, offer a perfect blend of complementary load curves to generate a high capacity factor.

Sustainable multi-utility solution: The Red Sea Project

The Red Sea Development Company (TRSDC) was established in 2018 as a standalone entity, wholly owned by PIF to spearhead the development of the Red Sea Project – one of the world's most ambitious tourism projects.

It has awarded its highest value contract to date to a consortium led by ACWA Power to design, build, operate and transfer the Red Sea Project's utilities infrastructure. The contract marks a significant step forward for the project, establishing it as the region's first tourism destination powered solely by renewable energy. A project of this size has never been achieved on this scale anywhere in the world.

The Red Sea Project is a luxury leisure, tourism and residential development that forms part of the Vision 2030. It aims to set new standards for sustainable development and tourism, while promoting the Kingdom as an unrivalled tourist destination. The Red Sea Project is committed to sustainable development, using renewable energy, environmental preservation and enhancement.

The first phase of development will include 14 luxury hotels – covering five islands and two inland resorts – to provide 3,000 hotel rooms. There will also be retail, food and beverage outlets, cultural buildings, a water park, and air and sea transport infrastructure, requiring 197 MW of peak power demand.

Six initiatives to preserve, protect and enhance the environment will position the Red Sea Project as a leader in sustainable development:

1. Free of single-use plastic
2. Carbon-neutral
3. Zero waste to landfill
4. 100 percent renewable energy, 24 hours a day
5. 30 percent net positive impact on biodiversity
6. Leadership in energy and environmental design – LEED Platinum Building standards

Comprehensive utility packages awarded

All the utilities will be delivered under a single agreement, unique for a contract of this kind, which includes the provision of renewable power, potable water, wastewater treatment, solid waste management and district cooling for the 16 hotels, the international airport and the infrastructure for the Red Sea Project's first phase.

Solar panels and wind turbines will generate sufficient energy to meet an initial demand of 210 MW, with the capacity to expand alongside the development. The Red Sea Project will feature the world's largest battery storage facility (1 GW), which is expected to operate completely off-grid. It will be solely powered by renewables at all times, something which has never been achieved before on a project of this scale.

The agreement also covers the construction of three seawater reverse osmosis (SWRO) plants, designed to provide clean drinking water and a waste management centre. An innovative sewage treatment plant (STP) is expected to facilitate the management of waste and wastewater in a way that enhances the environment, by creating new wetland habitats and supplementing irrigation water for the TRSDC landscape nursery.

We are actively increasing the efficiency levels of our desalination plants and employing innovative technologies to reduce costs. This is undertaken while simultaneously mitigating environmental impacts for our customers, our stakeholders, and our planet.



Sustainable water desalination

ACWA Power is a leader in the use of renewable energies for water desalination and, thanks to technological optimisation, we can focus on improving efficiency.

We operate in water-scarce regions, where global issues such as climate change are likely to increase water scarcity in the future. These regions include the Gulf, where water desalination contributes to more than 90 percent of daily water requirements. Fittingly, the Middle East and North Africa have 55 percent of the world's desalination capacity. Desalinated water production is concentrated across the Gulf Cooperation Council (GCC) states, with the Kingdom and UAE the largest producers.

High water demand – driven by population growth and industrialisation – continues to put pressure on the existing supply infrastructure. Government-owned utility companies are increasing their investment in new water desalination facilities, but heavy dependence on desalination poses sustainability risks in itself, with cost and environmental impact remaining as key concerns.

Desalination plants worldwide emit an estimated 76 million tons of carbon dioxide per year. This is expected to triple by 2040. CO₂ emissions from desalination plants in the Kingdom represent about 3 percent of global emissions from desalination and are estimated to reach 6.5 million tons by 2040.

Cost and technology leader

Our desalination plants use world-class energy-efficient technology, key to enabling the transition to a low-carbon economy.

We are actively increasing the efficiency levels of our desalination plants and employing innovative technologies to reduce costs. This is undertaken while simultaneously mitigating environmental impacts for our customers, our stakeholders, and our planet.

The choice of seawater reverse osmosis (SWRO) water desalination technology will play a critical part in significantly reducing water production costs and contribute to our sustainability and ESG goals.

GCC's top desalination developer

With 15 desalination assets, we led the Middle East Economic Digest (MEED)'s 2020 desalination developer ranking. We currently have an equity-share capacity of 2.7 million m³ a day (cm/d) for a total operational capacity under management of 5.8 million cm/d.

Pioneering sustainable large-scale water desalination plants through innovation

We have pioneered a paradigm shift in the design of large-scale desalination plants.

Since energy needs are central to all our design work, we have adopted an innovative approach to designing desalination plants. While the energy cost usually represents the largest portion of the tariff, our renewable energy expertise, combined with a big data approach to desalination, allows us to deliver the lowest tariffs for large SWRO desalination plants.

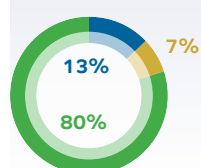
Using data from our existing plants, we have developed desalination simulation software, to understand annual variations in seawater conditions. With this expertise, we can model with a high degree of accuracy the seawater conditions that can be expected most of the time and simulate different membrane and plant configurations to achieve optimum results.

ACWA Power's water desalination portfolio per type of technology

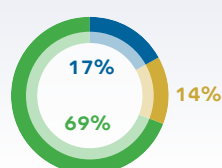
(capacity under management)

Desalination technology	'000 m ³ /day	Number of assets
Multi-stage flash distillation (MSF)	971	2
Multiple effect distillation (MED)	800	1
Seawater reverse osmosis (SWRO)	4,034	12

Number of assets



'000 m³/day



■ Multi-stage flash distillation (MSF)
■ Multiple effect distillation (MED)
■ Seawater reverse osmosis (SWRO)

Using data from our existing plants, we have developed desalination simulation software, to understand annual variations in seawater conditions.



In partnership with KAUST, we have launched KAPCO, the Center of Excellence for Desalination, which will operate as a long-term research and innovation centre in the region.



Shuqaiq IWPP, Saudi Arabia



Barka 1 IWPP, Oman

Our approach is to design an efficient energy system and build its desalination plant to ensure energy optimisation. We are developing some of the world's largest desalination plants namely Taweelah (UAE), Umm Al Quwain (UAE), Rabigh 3 (KSA) and Jubail 3A IWP (KSA). With its 41.3 US cents per cubic metre tariff for the 600,000m³/d Jubail 3A IWP project, it has also set a new world benchmark for the lowest cost of desalinated water.

In partnership with the King Abdullah University of Science and Technology (KAUST)

In partnership with KAUST, we have launched KAPCO, the Center of Excellence for Desalination, which will operate as a long-term research and innovation centre in the region.

The partnership will accelerate the adoption of emerging technologies, provide a platform for testing water treatment processes – ultimately aimed at developing best-in-industry plant optimisation tools – and pursue goal-oriented research on sustainability and cost efficiencies in desalination. As a result of this collaboration, the first pilot plants to improve the desalination process are up and running, while a solar PV pilot plant is under construction.

Promising patents to take it a step further

We have filed our first international PCT patent, the international patent system, to use carbon capture from the power plant and inject it into seawater to decrease RO processing costs.

The enhanced RO desalination system improves efficiency and eliminates the need for expensive industrial acids to acidify seawater. Instead, it injects CO₂ captured from power plant emissions, effectively reducing the RO process carbon footprint.

The dissolved CO₂ in seawater passes through the RO membranes. Consequently, the CO₂ addition also lowers the pH of the RO permeate and brine, which reduces the need for food-grade CO₂ in the post-treatment process.

Carbon capture utilisation and storage (CCUS) is a crucial technology for removing, reusing, and recycling CO₂ emissions and addresses multiple dimensions of the circular carbon economy model.

We are committed to a specific GHG intensity reduction of 50 percent for our portfolio. We will set targets and measure our progress in achieving emission reductions and emission intensity for absolute Scope 1 and 2 emissions.



Our low-carbon outlook

Our vision for a cleaner world reflects an ambition to drive the transformation towards low-carbon energy systems, and optimal energy and resource efficiency. The transition towards net-zero emissions requires a coordinated, determined effort by every area of our business and covers every aspect of our operations.

In 2021, we will define specific objectives to reduce GHG emissions. At the heart of our strategy will be to grow our renewable capacity by transitioning from a fossil fuel-based portfolio to a low-carbon portfolio. In adopting a portfolio diversification approach, ACWA Power will prioritise cost-effective ways to expand our renewable portfolio and to leverage the best aspects of each technology.

Our strategy also aims to repurpose, decommission, or increase the efficiency of our thermal power plants to reduce specific CO₂ emissions.

This year, total CO₂ emissions across all assets measured 65.95 million tons, with emissions for ACWA Power's share totaling 24 million tons. Despite a 7 percent increase in gross electricity production, the total emission intensity decreased from 0.053 kg/kWh in 2019 to 0.52 kg/kWh in 2020.

Moving forward, we are committed to a specific GHG intensity reduction of 50 percent for our portfolio. We will set targets and measure our progress in achieving emission reductions and emission intensity for absolute Scope 1 and 2 emissions.

Environmental impact and risk

We actively prioritise efficiency across our operations to ensure that all environmental effects and risks are managed responsibly.

We commission independent consultants to conduct Environmental and Social Impact Assessments (ESIA) during the feasibility assessment, development and acquisition phases of all new assets to ensure minimal environmental and social impact.

- ESIA ISO/OHSAS compliance monitoring is managed by ACWA Power and the project partner HSSE team and supervised by independent environmental consultants from the lender.
- ESIA identifies and assesses potential environmental impact as an effect of the project's construction and operational activities. Actionable mitigation and management measures are implemented based on ESIA to avoid or minimise environmental impact.
- ESIA scope includes air quality, marine water, sediment and ecology, waste management, geology, seismicity, soil and groundwater, terrestrial ecology, noise, traffic, archaeology and cultural heritage, socio-economic, landscape and visual amenity, community health, safety & security and workers' conditions and occupational health and safety.

ACWA Power's CO₂ emissions

CO ₂ emissions	2018	2019	2020
Total CO ₂ emissions (TMT*)	53,604	62,510	65,949
CO ₂ emissions from ACWA Power's share of the portfolio (TMT)	18,650	26,200	24,084
Net energy export (GWh)	102,587	111,272	118,091
Gross energy generation (GWh)	109,901	118,011	126,523
Emission intensity based on gross generation (kg/kWh)	0.49	0.53	0.52

Total CO ₂ emissions (TMT*)	Gross energy generation (GWh)	Emission intensity based on gross generation (kg/kWh)
2020 65,949	2020 126,523	2020 0.52
2019 62,510	2019 118,011	2019 0.53
2018 53,604	2018 109,901	2018 0.49

*Thousand metric tonnes

Renewables offer the most prominent solution to meeting Azerbaijan's ambitious climate targets.



We entered into a strategic agreement with the Uzbekistan Ministry of Energy to develop research programs and projects in hydrogen and renewable energy.



Health, Safety, Security & Environment (HSSE)

In our quest for an excellent safety record, we have introduced many state-of-the-art initiatives to elevate our safety systems, including:

- HSSE digitalisation through Synergi Life
- Corporate OHSE audits
- Process safety reviews
- E-learning
- Lessons learnt sharing.

In 2020, we reaffirmed our commitment to corporate governance through our policies and procedures. One such governance mechanism is our HSSE Policy and program. In 2020, the program was updated and strengthened to protect human health and safety, and the natural environment, while contributing to global water and energy solutions.

In implementing our new HSSE Policy with KPIs and targets, we were tasked with a commitment to register zero instances of environmental non-compliance. Our HSSE Policy has proved successful in enhancing our performance and, in 2020, we achieved our lowest ever LTI (Lost Time Injury) records.

Year to date at December 2020	Fatalities	LTIs
ACWA Power overall	0	10
Operational sites	0	2
Construction sites	0	8
NOMAC	0	2

HSSE digitalisation initiative – Synergi Life

With 62 projects either operating, under construction or in advance development in 13 countries, it is essential that the reporting of all HSSE events and actions is not only centralised, but also digitised for more efficient analysis. In response, we launched Synergi Life – using state-of-the-art tools and techniques and a big-data platform – to educate and disseminate information and monitor safety performance. Phase 1 of the implementation initially covered the Incident Management, Inspection Management and Audit Management modules.

Synergi Life now gives employees an online facility to report incidents, near misses, HSE observations, and audit findings, to support and sustain a zero-harm culture.

In Phase 2, we deployed the Environmental Management module to monitor the environmental performance indicators, including energy consumption data, as well as waste generation records, emission records, and permit compliance tracking.

Taking sustainability to new markets

Azerbaijan

We continued to expand our geographic footprint over the past year, entering the Azerbaijan market by executing an official agreement with the Ministry of Energy of Azerbaijan to develop, build and operate a 240 MW wind power project in the Absheron Khizi regions of the country, as a public-private partnership.

The plant will help Azerbaijan achieve its target of 30 percent renewable energy capacity by 2030. Once complete, it will provide power to 300,000 households and reduce CO₂ emissions by 400,000 tons a year to support the country's green ambitions.

Renewables offer the most prominent solution to meeting Azerbaijan's ambitious climate targets. The Republic has committed to reducing its GHG emissions by 35 percent by 2030 under the Paris Agreement and key public-private partnerships are fast-tracking its move towards harnessing its excellent sustainable wind energy resources.

The investment in this project reinforces our pivotal role in deploying Saudi foreign investment to promote the decarbonisation of the electricity sector, while our proven expertise will bring down renewable electricity costs, provide affordable electricity for communities and support the country's overall economic development.

Uzbekistan

We entered into a strategic agreement with the Uzbekistan Ministry of Energy to develop research programs and projects in hydrogen and renewable energy. This agreement will support Uzbekistan's ongoing efforts to reduce greenhouse gas emissions and meet its commitments under the Paris Agreement.

The agreement, signed by H.E. Alisher Sultanov, Uzbekistan's Energy Minister, and Mohammad Abunayyan, the Chairman of the Board of Directors of ACWA Power, covers three major power projects for a combined investment value of ~SAR 9.4 billion and a capacity of 2,500 MW: the 1,500 MW Sirdarya CCGT plant and two wind power plants with an aggregate power generation capacity of 1,000 MW.

During the construction and operational phases, we will train and upskill 1,000 local employees, ensuring long-term, socio-economic value through knowledge sharing and job creation.

Creating shared value for our people

People are our core value. We purposefully work towards creating shared value by fostering a safe working environment where people can contribute, innovate, and excel.

Employee wellbeing and development

In 2020, our workforce consisted of 3,538 employees across the 13 countries in which we operate, with female employees comprising 6 percent of the total.

We support the local workforce, wherever we operate. In 2020, this commitment was reflected in our employment of 2,151 local employees, representing 61 percent of our total workforce.

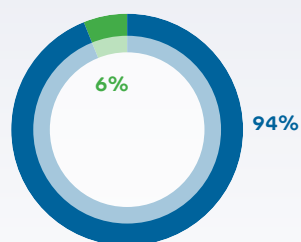
We encourage and develop local service providers, suppliers and workforce in the markets where we operate, stimulating national talent to help develop solutions that contribute to energy transformation.

As a further testament to this commitment, we hired a Head of Nationalization and Diversity to foster Saudisation and other localisation and diversity initiatives internationally.

Starting next year, we will have a clear localisation strategy for at least the following three years. We have already achieved some significant results and remain dedicated to achieving our Saudisation targets in the Kingdom and other localisation targets internationally.

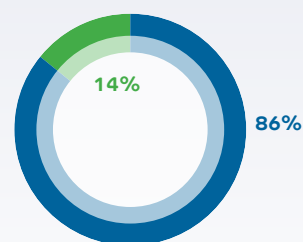
Human capital	2020
FTEs (full time employees)	
FTEs (full time employees) – men	3,334
FTEs (full time employees) – women	204
FTEs (full time employees) – Total	3,538
Managers and directors	
Managers and directors – men	338
Managers and directors – women	56

FTEs (full time employees)



■ FTEs (full time employees) men
■ FTEs (full time employees) women

Managers and directors



■ Managers and directors – men
■ Managers and directors – women

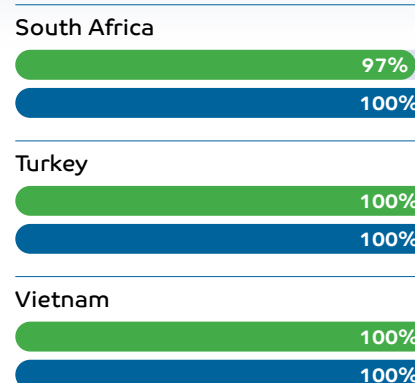
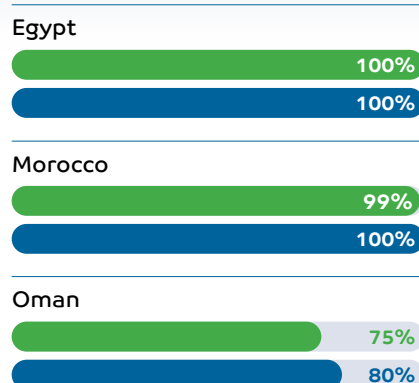
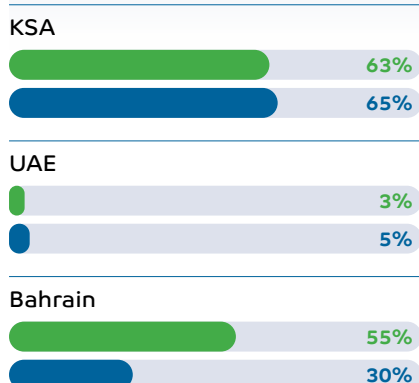
120
Vacancies filled



18%
Female hires



Localisation percent for 2020



■ Actual
■ Planned (as per internal targets)

We encourage and develop local service providers, suppliers and workforce in the markets in which we operate, stimulating national talent to help develop solutions that contribute to energy transformation.



Supporting our workforce during COVID-19

Since the beginning of the unprecedented crisis caused by the COVID-19 pandemic, our team has proactively identified and implemented measures to ensure secure and reliable electricity and desalinated water production to support the needs of our communities. In doing so, we have complied with all operational and financial measures to guarantee the continuation of the essential services we provide, simultaneously ensured the safety of our employees, and maintained strong liquidity and a sound balance sheet.

Part of our initial response was to align resources with potential scenarios, as well as to enforce the principles enshrined within our core values of 'Safety, People, and Performance'. Throughout the pandemic, we have attached the utmost importance to the health and safety of our employees, communities, and suppliers.

We installed the necessary IT infrastructure to allow corporate and support employees to work from home, enabled by virtual communication and collaboration tools. We ran internal wellbeing initiatives to keep our staff aware and engaged. More than 30 sessions covered a variety of topics, from fitness and nutrition, to mental health and emotional support. In addition to the wellbeing campaign, we organised several townhall sessions to allow employees to engage with management, even while working remotely.

We also formed several country-specific committees to better address the challenges specific to the pandemic.

COVID-19 measures and risk management highlights

- Ensuring workplace safety regulations to government standards globally
- Building a global team with HSSE focus
- Training and building awareness to show line managers and employees how to work from home
- Ensuring measures to protect our people
- International SOS to support wellbeing
- Office disinfection, sanitisation and provision of isolation room
- Special communication and care kit for those impacted

Business Impacts Steering Committee

This Committee met weekly to anticipate any impact that the pandemic might cause and to mitigate any risk or threat to our business continuity or operations.

The Committee members are delegates from ACWA Power's portfolio management (BU PM) as well as from the operation and maintenance (BU O&M) business units. There have been 31 meetings to date and the meeting minutes are shared directly with the Management Committee and the Board.

Health Risks Working Group

This Committee consists of HSSE professionals from all regions. Its purpose is to conduct situational assessments and report the number of total confirmed and suspected cases. It also provides updates on challenges in operational and construction sites and on the effectiveness of the precautions taken in our sites and offices.

People Support Committee

This Committee focused on the wellbeing of our employees across the globe. It consists of HR representatives from offices worldwide, HSSE, country heads and the Communications team. They discuss the impact of the pandemic on our people.

Many client-facing staff remained on-site to ensure the essential supply of energy and water. These operations have only been maintained subject to comprehensive health and safety protocols, including frequent sanitising and monitoring employees' temperatures.

We also contracted a third-party organisation to facilitate vaccination appointments for employees, as well as assess and promote the governmental programs offered by various health authorities.

Today, more than ever, our people are mobilised so that our operations can continue in full compliance with health regulations. With the help of clear policies and guidelines, in addition to monitoring issues on a near real-time basis, our measures have continued to protect employees and sustain essential services, safeguarding:

- The health and safety of Group employees, their families, and of those of our service providers.
- The continuity of essential operations.
- Limiting any financial impact and protecting financial liquidity.

As many corporate employees were working from home, we focused on increasing capabilities in virtual team management and communication.



Workforce development

We provide comprehensive and relevant training to our employees and local community members in order to develop a skilled, capable and dynamic local workforce. Our Talent and Development team leads several programs across organisational levels, each of them focusing on improving competence, skills and knowledge.

We started to provide e-learning solutions to all employees and will further develop this initiative over the next couple of years, including collaborations with third-parties and developing an internal curriculum.

We also established a partnership with LinkedIn Learning, laying the foundations for digital learning, and also ran several development programs at different levels of the organisation, from C-level to young managers.

As many corporate employees were working from home, we focused on increasing capabilities in virtual team management and communication. Our seven-month, virtual Leadership Development Program (LDP), includes extensive leadership and change management sessions, and was conducted in collaboration with PwC's Academy.

NOMAC's learning management system – Mishkaty

The past year saw the deployment of Mishkaty, the O&M Learning Management System Platform, which offers more than 1,600 learning resources covering technical, HSSE and behavioural topics. NOMAC employees completed 84 percent of the assigned e-learning.

Fully delivered via Mishkaty, 2020 also saw the design and deployment of a 4-Level Technical Competence program, The Technical Qualification Framework, for PV technology.

762

Courses completed

17,056

Videos viewed

2hr 30min

Average user time

930

Learning hours



LinkedIn Learning

Bespoke compliance course

Ethics compliance

Long-term program specialised for N-1 by Heidrick & Struggles

PwC's Academy: 20 participants CMI accreditation

We are building a broad performance management approach which builds on an integrated framework that fuels continuous development and informs key decisions on talent.



HIWPT is a vocational training institute founded by ACWA Power in 2010, since then it has become our flagship initiative and a priority project.



NOMAC also introduced Career Development Journeys, a program that aims to identify employees with high potential. Out of the 14 employees that completed the program, nine have either been promoted or made a positive career move.

We continued to foster the development of our people, using appraisals, scholarships, coaching and leadership courses focused extensively on employee performance.

Looking ahead, we are building a broad performance management approach which builds on an integrated framework that fuels continuous development and informs key decisions on talent.

Amplifying the Kingdom's next generation of innovators through the Higher Institute for Water and Power Technologies (HIWPT)

We have always believed in the immense potential of Saudi youth to develop progressive sustainable ideas. In order to spotlight the efforts of the next generation of innovators, we have introduced The Power is Within You. This platform includes an incubation program designed to help develop winning ideas, using a dedicated training and mentoring process guided by ACWA Power experts and supported by the Higher Institute for Water and Power Technologies (HIWPT).

HIWPT is a vocational training institute founded by ACWA Power in 2010, since then it has become our flagship initiative and a priority project.

HIWPT's continued success is assured by the strong strategic partnerships that the Institute has established with government authorities, water and power sector partners, industry leaders, equipment manufacturers, international training providers and plant operators.

Further highlights of the program include:



69

69 employees have completed three phases of the journey.



90%

90 percent on-time mobilisation for new projects despite the COVID-19 pandemic.



>40%

Achieved >40 percent solidarity rate i.e. 40 percent of all hiring was done using internal resources.

Support and access march

91%

Of NOMAC have accessed Mishkaty

Each user logged in on average at least **2.5 times monthly and 30 times yearly**

100

Class/learning requests delivered

80

Solution requests delivered

600+

Support queries answered

16+

Live support sessions



Driving community impact

As a company, we have always considered ourselves to be an integral member of the communities in which we operate.

At a local and project level, we have established a framework of socio-economic development standards and guidelines, which are adopted whenever we start operations in a new country. Each framework addresses the local context and encourages self-reliance, an approach which underpins our presence in these communities and maintains our license to operate for generations to come.

We have continued to communicate our corporate sustainability and ESG performance, to prioritise community engagement and to address the most pressing issues our communities face with relevant CSR programs.

Supporting our communities during COVID-19

Supporting vulnerable families and communities during the uncertainty caused by the COVID-19 pandemic has become vitally important.

In all 13 countries where we operate, we have complied with the measures announced by state agencies. We have adopted all necessary precautionary and preventative guidelines to guarantee the supply of water and electricity, and to keep the operations running in the Kingdom and abroad. We have also met the requirements relating to readiness in terms of infection management in the workplace.

In addition to supporting our employees and ensuring business continuity, ACWA Power proactively supports global response efforts. The CSR programs implemented in 2020, representing a total investment of about 71 million SAR, focused on facilitating community development as well as supporting COVID-19 response initiatives.

We have channeled our efforts into supporting national COVID-19 responses by harnessing our technical and human expertise, making an effective contribution to strengthening the infrastructure and improved the basic facilities that secure peoples' lives.

Nujood Medical Center

Since the emergence of the COVID-19 outbreak, the Kingdom's leadership has made extraordinary efforts to safeguard the health and safety of the country, its citizens and residents. In response to the measures taken by the leadership, and official local authorities, to contain the impact of the pandemic, and to secure the health and safety of the Kingdom's citizens and residents, we pledged a contribution of SAR 50 million to support national health endeavours and efforts. We believe it is crucial to do what we can to support the community and so demonstrate our wider social commitment to the Kingdom.

To support the government's COVID-19 relief efforts, we announced our contribution – part of the national energy sector's own response to the pandemic – in the very early stages. Further, we supported the Saudi Ministry of Health in building a fully equipped mobile hospital with all the necessary medical equipment. Thanks to our international project management expertise, we delivered the hospital in record time. In July 2020, HRH Prince Faisal Bin Salman, Prince of Madinah Province, inaugurated the Nujood Medical Center – named in honour of martyr Nujood Al-Khaibari, the first Saudi nurse in the line of duty to lose the fight against COVID-19. The Center, in Al Madinah Al Munawarah, has a capacity of 100 beds.

'We are cooperating closely with the Kingdom's local authorities to support their tireless efforts in containing the spread and impact of this pandemic. We have volunteered ACWA Power's human and technical expertise to establish suitable facilities that require the highest standards of security and safety'.
– Mohammad Abunayyan, ACWA Power Chairman.

71 SAR mn

The CSR programs implemented in 2020, representing a total investment of about 71 million SAR, focused on facilitating community development as well as supporting COVID-19 response initiatives.



In addition to supporting its employees and ensuring business continuity, ACWA Power proactively supports global response efforts.



Exterior and interior images of the Nujood Medical Center, Saudi Arabia.



Fighting COVID-19 in Egypt

We pledged a contribution of EGP 5.5 million to the Tahya Misr Fund to support the Egyptian government with the purchase of ventilators and RT-PCR detection kits to boost COVID-19 testing capacity in the country. The Tahya Misr Fund is a donation-based national fund that helps state agencies address crises, in partnership with the private sector.

This pledge underscores our solidarity for the Egyptian government's efforts to battle the pandemic. We will continue to support the government and local communities to establish a sustainable infrastructure and to keep pace with the growing demand for water and power consumption in the country.

Putting our employees and communities first

We will continue to safeguard our employees' health, produce electricity and desalinated water reliably and responsibly, contribute to efforts to fight COVID-19 in our communities and grow the share of renewable energy we produce. Further, we will support access to digitised education and training for all.

Corporate excellence

With good governance emerging as a key element in the fight against the pandemic, we will continue enhancing our ESG strategy to further strengthen our corporate governance model, policies, and processes.

Our corporate governance structure consists of our Board, and five functional Board Committees, each responsible for reviewing the company's operations within their respective areas of expertise. Relevant findings and suggestions are then presented to the Board. The Board, its advisors, its functional committees, company management and employees, shareholders, and direct stakeholders are guided by ACWA Power's Corporate Governance Guidelines and Procedures and Code of Ethics.

Our good governance approach

Our corporate governance approach is supported by a robust framework designed to enhance accountability through the recognition and management of all risk areas, including those related to ESG issues. It specifies the distribution of rights and responsibilities among various participants of the organisation, including our Board of Directors and its five functional committees, our senior management and our employees.

Risk and Compliance Committee

The Risk & Compliance Committee (BRCC) assists the Board in executing its fiduciary responsibility for overseeing, and reviewing, the identification and evaluation by management of the company's principal strategic, financial, operational, business and compliance risks, including the company's risk management framework and the policies, procedures, and practices employed to manage risks.

This Committee supports the Board in monitoring our risk environment and provides direction for any activities that will mitigate any risk that could adversely affect the company's ability to achieve its goals. The BRCC is chaired by an independent member of the Committee.

ESG and climate risks, as well as risks linked to mitigation challenges such as society's transition to a low-carbon economy (transition risks), are covered in our overall approach to risk management. BRCC will continue to refine its approach to identifying and evaluating ESG and climate-related risks to enable ACWA Power to remain competitive in these areas.

Project Galvanize

Project Galvanize was key to the design and implementation of our new operating model. Led by a dedicated project team, a dedicated external consultant, and supported by our People and Culture department, the objectives of Project Galvanize were:

1. To improve the **management structure**: one CEO, a Management Committee, a Management Investment Committee.
2. To maintain agility in **business development**, while continuing to maintain proper checks and balances.
3. Manage NOMAC as a fully **integrated business** unit of ACWA Power to further benefit from the synergies of the operation and maintenance (BU O&M) as well as the portfolio management business units (BU PM), while at the same time preserving the BU O&M's managerial integrity.
4. To introduce **regional management** to oversee our project companies and their operating and construction projects, enabling ACWA Power to manage a growing portfolio of companies more effectively.

5. Reinforce construction support for **project execution**.

6. Strengthen transversal **enabling functions**, with matrixed managers also reporting to the different business units, thereby enhancing collaboration and transparency.

The Galvanise Project involved more than 100 employees – working in teams over several months – to develop a new organisational structure; produce organisational charts; unit and job descriptions; lists of activities; and allocation of responsibilities. Managers were appointed to lead the new teams and processes have been adapted.

Integrity and transparency

Our Code of Business Conduct and Ethics sets down key guidelines and compliance practices to be observed by all employees, wherever they are located or operate.

The Code is a forward-looking document designed to align all employees in the ongoing implementation of business principles. It establishes non-negotiable standards of behaviour in key areas. The Code is further supported by the Code of Conduct policy, which benchmarks correct behaviour and outlines the ethical responsibilities that will help grow our organisation, reputation and business.

To enhance efficiency and transparency, we adopt the matrix reporting function, strengthening the collaboration between transversal enabling functions and the different business units.



Our corporate governance approach is supported by a robust framework designed to enhance accountability through the recognition and management of all risk areas, including those related to ESG issues.



We developed two mandatory e-learning modules, Making Ethical Decisions and Code of Ethics Policy, which offer guidance in an interactive and engaging way to help employees gain a better understanding of the guidelines and practices set out in our various Codes.

By raising compliance awareness within our community, we are promoting company-wide adherence to the highest ethical standards. And, in helping to discourage any breach of conduct, we have also established a mechanism for the confidential submission of concerns through an independent third-party.

Anti-bribery and anti-corruption commitments

With our global expansion, and taking into account our exposure to third-parties and the nature of transactions we are required to process, it is of paramount importance that we mitigate the risks associated with corruption, bribery and money laundering. It is also essential that our employees are aware of the consequences of our failure to comply with the applicable anti-bribery, anti-corruption, anti-money laundering, and counter-terrorism financing laws and regulations.

As set out in the Code, we are committed to conducting business ethically and in compliance with the applicable laws and regulations in force wherever we operate. We are similarly minded only to work with partners who comply with our values and rules of integrity.

These values include, but are not limited to, conducting business with integrity; never requesting, offering, or accepting any form of payment or incentive intended to improperly influence a decision; and ensuring that our activities are never used to launder the proceeds of criminal activities or to finance terrorism-linked activities, directly or indirectly.

The compliance function worked during the year on developing an Anti Bribery and Anti-Corruption (ABC) Policy, and Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policies.

In developing these policies, we set out to meet the following objectives:

- Ensuring that employees are aware of their obligations and the need to remain vigilant in the fight against money laundering, terrorist financing, bribery and corruption.
- Setting out the scope, processes and controls required to mitigate any risk related to money laundering, terrorist financing, bribery or corruption in the company.
- Articulating the responsibilities of the company, and its employees, in observing and upholding the company's position on money laundering, financing terrorism, bribery and corruption.
- Providing information and guidance on how to recognise and deal with money laundering, terrorism financing, bribery and corruption issues.
- Assisting all stakeholders in reporting money laundering, terrorism financing, bribery and corruption issues.

We regularly reinforce the message that there is zero tolerance of money laundering, financing terrorism, bribery and other corrupt activities and that disciplinary measures will be taken against anyone found to have contravened these policies. This applies to Board directors, including members of Board Committees, officers, third-parties (such as consultants), agents, vendors, suppliers, independent contractors, and all employees of the company, its subsidiaries, business units and branches.

Transparency around climate risks and opportunities

We believe in ensuring transparency around climate-related risks and opportunities. In line with our commitment to integrate the voluntary recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD), we will begin to disclose TCFD compliance reporting in our Sustainability Report 2021.

Forging ahead with ambition

The goals of this ESG Review were to provide a snapshot of our sustainability and ESG performance for 2020, as well as to set out our commitments for the years to come.

We have demonstrated that our ESG strategy is embedded in our business strategy and that we regard ESG as a real source of long-term value creation. Our ESG strategy, developed and refined over the year, is a response to a society that is changing. It enables the shift to a low-carbon economy and supports growing business opportunities within the ongoing energy transition.

ESG reporting

We will continue to report annually on our ESG performance. With each iteration, we will aim to improve our ESG disclosure, including our GHG emissions disclosure, and our reporting on water consumption and key water desalination metrics.

In 2021, we will publish a full frame Sustainability Report covering 2020. This will outline our ESG strategy, metrics and targets.

Net-zero commitment

We have set a target of Net-zero emissions by 2050 across our entire operations.

Our strategy focuses on the transition from a fossil fuel-based portfolio to a low-carbon portfolio by growing our renewable capacity. In adopting a portfolio diversification approach, we will prioritise finding cost-effective ways of expanding our renewable portfolio and leveraging the best aspects of each technology. We will assess our capex allocation so that our projects and spending are aligned with the Paris Agreement goals.

Task Force on Climate-related Financial Disclosures

Improving communication around the impact of climate change on our activities, and how we intend to take it into account in adapting our strategy and activities, is a major goal for next year and beyond. Our aim is the comprehensive reporting of results, using the TCFD framework, by no later than 2024. We will disclose:

- Governance surrounding climate-based risks and opportunities.
- Strategies for addressing such factors.
- Risk management considerations.
- Metrics and targets which can be used to assess those factors.

We have formed an internal working group to facilitate the reporting process and to adapt the reporting to TCFD recommendations, particularly in the assessment of regulatory, technological, market, reputation and physical risks.



The TCFD has developed a framework to help public companies and other organisations disclose climate-related risks and opportunities, using their existing reporting processes, more effectively.



In actively reducing and reporting our emissions in line with TCFD recommendations, we will be able to anticipate the physical impacts of climate change, assess the financial consequences and analyse how best to adapt.



The TCFD has developed a framework to help public companies and other organisations disclose climate-related risks and opportunities, using their existing reporting processes, more effectively. This includes recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. Their widespread adoption will ensure that the effects of climate change are routinely considered when reaching business and investment decisions.

It will also help us better demonstrate our responsibility and foresight when considering climate issues. This, in turn, will lead to smarter allocation of capital and help smooth the transition to a more sustainable, low-carbon economy.

In actively reducing our emissions in line with TCFD recommendations, we will be able to anticipate the physical impact of climate change, assess the financial consequences and analyse how best to adapt.

In 2021, we will reaffirm our pledge to creating a sustainable future and to cementing our position as a leading sustainability and ESG enabler in the region. We will achieve this by continuing to produce power and desalinated water efficiency, reliably and safely at low cost, while deploying the latest technologies, and giving the communities where we operate a sustainable future.

About the TCFD

In 2015, the G20 created the TCFD (Taskforce on Climate-related Financial Disclosures), after the Financial Stability Board (FSB) was tasked with drawing up recommendations regarding the financial transparency of companies around climate risk.

The TCFD recommendations aim to:

- Take more account of climate-related risks in financing and investment portfolios.
- Avoid the risk of a drastic devaluation of assets and carbon bubbles.

- Appreciate the resilience of companies faced with medium- and long-term climate impact.
- Make capital allocations consistent with transition objectives to remain below the scenario of a rise in average global temperatures of less than 2°C.

By adopting TCFD's recommendations and reporting guidelines, we are following energy industry best practice. Since the sector is already one of the best performers with its disclosure of climate-related risks, we will be joining some of the top-performing companies in the energy industry.



Board of Directors' report



Shuqaiq IWPP, Saudi Arabia



Esteemed Shareholders of ACWA Power,

The Board of Directors of International Company for Water & Power Projects ('ACWA Power' or the 'Company') is pleased to present its annual Board of Director's Report for the year 2020. The report reviews the year's performance and key achievements in addition to the consolidated financial statements and auditor's report for the year ended on 31 December 2020.

The report also contains disclosures related to the Company's governance, Board of Directors, its committees and transactions with related parties.

1. Overview

ACWA Power (the "Company") is a Saudi closed joint stock company established under Commercial Registration No. 1010253392 dated 10/7/1429H (corresponding to 13/7/2008G) and Ministerial Resolution No. 215/Q dated 2/7/1429H (corresponding to 5/7/2008G). The Company (together with its subsidiaries, the 'Group') is a leading private developer, investor and operator of power generation and water desalination projects, both in fossil fuel and renewable technologies, in the Kingdom of Saudi Arabia and in the wider GCC, Egypt, Ethiopia, Morocco, South Africa, Turkey, Uzbekistan, Azerbaijan and Vietnam.

The Group aims to become one of the largest power generation and water desalination players in the GCC, Asia and Africa without compromising its commitment to reliably and responsibly deliver power and desalinated water at low cost, as well as an innovative player in the production of green hydrogen. The Group's mission is to reliably and responsibly deliver electricity and desalinated water at an optimized cost – as low as possible to ensure uninterrupted contracted cash flow throughout the term of the contract, but high enough to recover all costs and a return on the investment to create shareholder value. This contributes toward the Group's wider vision to ensure the ingenuity and entrepreneurship of the private sector, and make available power and desalinated water in a reliable and responsible manner to support the social development and economic growth of nations in which the Group operates as well becoming a key player at the forefront of the energy transition from conventional to renewable power and green hydrogen.

2. Main activities

The Company and its subsidiaries (collectively the "Group") are engaged in the business of development, construction, acquisition, generation and sale of electricity and desalinated water, leasing, operation and maintenance of power generation, water desalination and steam plants, and other related or auxiliary business activities complimentary to it.

3. Key activities and achievements in 2020

The Group added six (6) new projects in 2020, bringing the total number of projects in its portfolio of operating, under construction and advanced development to sixty-two (62) as of 31 December 2020. As of this same date; the total contracted power generation and water desalination capacity stood at 41.7GW and 5.8 million m³/day, respectively, and thirty eight (38) projects were operational, reliably and responsibly delivering 20.3GW of power and 2.7 million m³/day of desalinated water.

During 2020, the Public Investment Fund of the Kingdom of Saudi Arabia (PIF) increased its ownership interest in the Company from 33.6% to 50.0% by acquiring shares from other shareholders via private transactions. Consolidating a relationship dating back to 2013, which has flourished ever since, this transaction is a strong vote of confidence in ACWA Power's ability to expand its profitable operations domestically and internationally, while also reflects the strategic importance the Government of the Kingdom of Saudi Arabia places on the Group and its role as a leading private sector investor in the power and water infrastructure of the country and a leading contributor to the Kingdom's energy transition agenda.

During its annual Strategy Meeting in 2020, The Group decided to no longer invest in additional coal-fueled projects. Additionally, the Group has committed to raising its power generation capacity in Renewables (including projects under construction or advanced development) to at least 50% renewables by 2030, reducing the GHG emission intensity of its portfolio by 50% by 2030, and to achieving net-zero- emissions by 2050.

Notably, during 2020 the Group:

- Recorded an overall 95% availability for power generation and 94% for water desalination, thus keeping critical power and infrastructure operational despite the challenges of the COVID-19 pandemic.
- Crossed 23 million safe man-hours without lost-time injury and there has been no fatality across the entire Group.

- Engaged in the advanced construction of ten (10) power and water projects across four (4) countries in the GCC region, representing more than USD 9.5 billion of estimated project cost and an aggregate gross power capacity of 3.85 GW and gross desalination capacity of 744 MIGD – all in a year where entire economies were deeply impacted by the COVID-19 pandemic.
- Participated in twelve (12) competitive bids in addition to several other direct negotiations for projects, which included four (4) bids submitted in Indonesia and emerged as the lowest bidder in all of them.
- Won seven (7) new projects, including in two (2) new countries – Azerbaijan and Uzbekistan, as follows:
 - Awarded Jubail 3A IWP – won at a new record-low tariff for desalinated water of USD 0.413/m³/day.
 - Awarded “The Red Sea Project”, a landmark zero-carbon, zero-waste “Giga-City” initiative in which ACWA Power will deliver not only renewable power and water, but also district cooling, wastewater and solid waste and telecommunication services.
 - Signed PPAs for three (3) new Wind projects at a total of 1.24 GW of new capacity – Bash and Dzhankeldy projects in Uzbekistan, each of 500 MW, and 240 MW wind project in Azerbaijan. Subsequently in 2021, we signed an implementation agreement with the Government of Uzbekistan for a 1500 MW Wind IPP, which is possibly the largest single-site wind project in the world.
 - Announced equal joint venture participation through a joint development agreement with Air Products and Chemicals, Inc. (“Air Products”) and NEOM (a planned smart city and economic zone in north-western Saudi Arabia) in the landmark Neom Hylios project, to produce and deliver carbon-free hydrogen to power buses and trucks around the world, notably using approximately 4 GW of renewable energy produced by the Group, together with its joint venture partners, to generate the power used for producing green hydrogen (using green ammonia as the transportation vector).
 - Signed PPA for 1,500 MW Sudair PV project, the first project under the PIF-led portion of the National Renewable Energy Program within the Kingdom’s Vision 2030.
- Signed an MoU with Egypt to conduct preliminary and feasibility studies for a series of solar/wind-powered water desalination projects.
- Achieved financial close for the 600,000 m³/day Jubail 3A IWP in Saudi Arabia, 900 MW DEWA V PV IPP project in the UAE, and 500 MW Ibri 2 PV IPP in Oman.
- Achieved 13 days and nights, or 312 hours, of continuous operation at Bokpoort CSP plant in South Africa.
- Collaborated with the world’s largest green hydrogen project developers as a founding partner of the Green Hydrogen Catapult initiative.
- Committed to reducing the Green House Gas (GHG) emission intensity of the Group’s portfolio to 50 percent by 2030, and to net-zero by 2050.
- Obtained US\$125 million 5-year Shariah-compliant general corporate facility from Arab Petroleum Investment Corporation (APICORP) to fund investments in renewable projects.
- Re-financed debt in the Bokpoort CSP at better terms in approximately 5 billion-rand (USD 336 million) transaction in South Africa’s biggest infrastructure-refinancing transaction yet, and voluntarily offered a further tariff reduction to the offtaker – over and above the 16 percent lower tariff than the second lowest tender back in 2011.
- Implemented most of the initiatives of Project Galvanize, the Company’s organizational transformation program, restructuring the way we are organised and the way we work, all the more reinforcing our institutionalisation drive – a very timely and crucial intervention designed to provide us with the ability to remain agile, efficient, and entrepreneurial in the face of the rapidly growing scale of operations and expanding geographical footprint.

Subsequently, in June 2021 the Group has successfully raised SAR 2.8 billion, through a senior, unsecured floating Sukuk rate issuance with a 7-year tenor, under the Shariah compliant Mudaraba-Murabaha structure. Oversubscribed by 1.8 times over the issue size of SAR 5 billion, the final 100 bps pa + SAIBOR pricing has been the lowest spread secured in the Saudi capital markets by a corporate or bank issuer since 2017.

Moreover, within the scope of the Group’s corporate social responsibility (CSR) framework under the Group’s Environment, Social and Governance strategy, the Group has fulfilled the following initiatives:

- In support of the national health efforts in the Kingdom of Saudi Arabia to contain the impact of the Covid-19 pandemic, the Group contributed SAR 52.5 million to build an integrated mobile hospital with a 100-bed capacity in cooperation with THABAT, a local construction company and a wholly owned subsidiary of a shareholder. The new mobile hospital was fully resourced with the medical equipment and supplies required to treat Covid-19 cases.
- Contributed EGP 5.5 million to support Tahya Misr Fund’s efforts in combating Covid-19
- Launched “The Power is Within You” nation-wide initiative, to empower the youth in the Kingdom of Saudi Arabia to ideate, develop and implement their product, service or technology innovations in the power and water sector.

COVID-19 has affected the world from the beginning of 2020 in an unprecedented manner. The Group's priority and immediate response has been to focus on the health and safety of our people, and, given the criticality of the services provided, safely keeping the power generation and desalinated water production plants in operation, always strictly adhering to the instructions and guidance of national and local authorities. At corporate level, a COVID-19 steering committee was formed to oversee safety and business continuity, monitor the financial situation closely and regularly, and to take precautionary measures minimizing the potential impacts. Thanks to these and other measures across our portfolio of operating and under construction projects, combined with the contractual nature of our business, the impact of the pandemic on the results of operations of the Group has remained limited.

4. Highlights on the Group's consolidated financial results

- Operating income before impairment loss and other expenses from the continuing operations, grew by SAR 106.9 million, or 5.8%, to SAR 1,949.0 million in 2020, mainly driven by new operational projects in addition to full-year consolidation of one of the Group's projects, RAWEC, in the Group's results following RAWEC become a subsidiary (from an equity accounted project) in October 2019.
- Profit/(Loss) attributable to equity holders of the parent for 2020 was SAR 882.6 million, decreasing by SAR 291.3 million, or 24.8%, from a year ago, mainly due to certain acquisition and capital recycling gains in 2019 and a write-off in 2020 for the project development costs of a project in Vietnam.
- As at 31 December 2020, cash and cash equivalents stood at SAR 832.7 million, decreasing by 70.2%, or SAR 1,965.6 million, from the previous year, mainly driven by payment at the Group level of dividend to shareholders by SAR 1.0 billion as well as the investments in various projects of SAR 1.7 billion, which were funded by distributions (dividend, investment repayment, fees and others) from the Group's projects and fees from development services.
- The Group completed one acquisition and one divestment during 2020. While increasing its ownership in Hajr for Electricity Production Company ("HAJR") to 22.49% from 17.5%, the Group divested its entire stake in ACWA Power CF Karad PV Park EAD in Bulgaria through ACF Renewable Energy Limited.
- In 2020, the Group booked impairment charges of SAR 67 million attributable to equity holders of the parent, related to one subsidiary (Barka in Oman) and one equity accounted affiliate (SWEC in KSA). Additionally, the Group entered into a sale purchase agreement whereby the barges of Bowarege, a subsidiary of ACWA Power, were sold and the gain on disposal amounting to SAR 9.6 million was recorded under other income.
- In 2020, the Group has decided not to pursue any new coal projects in line with its commitment and focus towards decarbonization and has fully written-off the incurred project development and related costs of Nam Dinh 1 IPP project in Vietnam amounting to SAR 80.9 million. The amount so written off is disclosed in the Group's consolidated statement of profit and loss as "Development cost, provision and write offs, net of reversals."
- In July 2020, the Company received an assessment from the Zakat Tax and Customs Authority (the "ZATCA") in relation to prior years 2009 to 2018 with an additional claim. The Company paid SAR 116 million (provision of SAR 29 million and SAR 87 million were recognised in 2019 and 2020, respectively).

5. Governance structure

The Company seeks to adopt and adhere the highest standard of corporate governance and best practice to deliver the highest level of sustainable value to our stakeholders.

The Company's corporate governance structure is built around the Board of Directors, whom were nominated by the Shareholders and appointed at an ordinary general assembly meeting, and five functional Board Committees, each of which is responsible for reviewing the Company's operations within the context of their specific expertise, conducting voting decisions of their own on various matters and providing frequent updates to the Board for approvals and/or information.

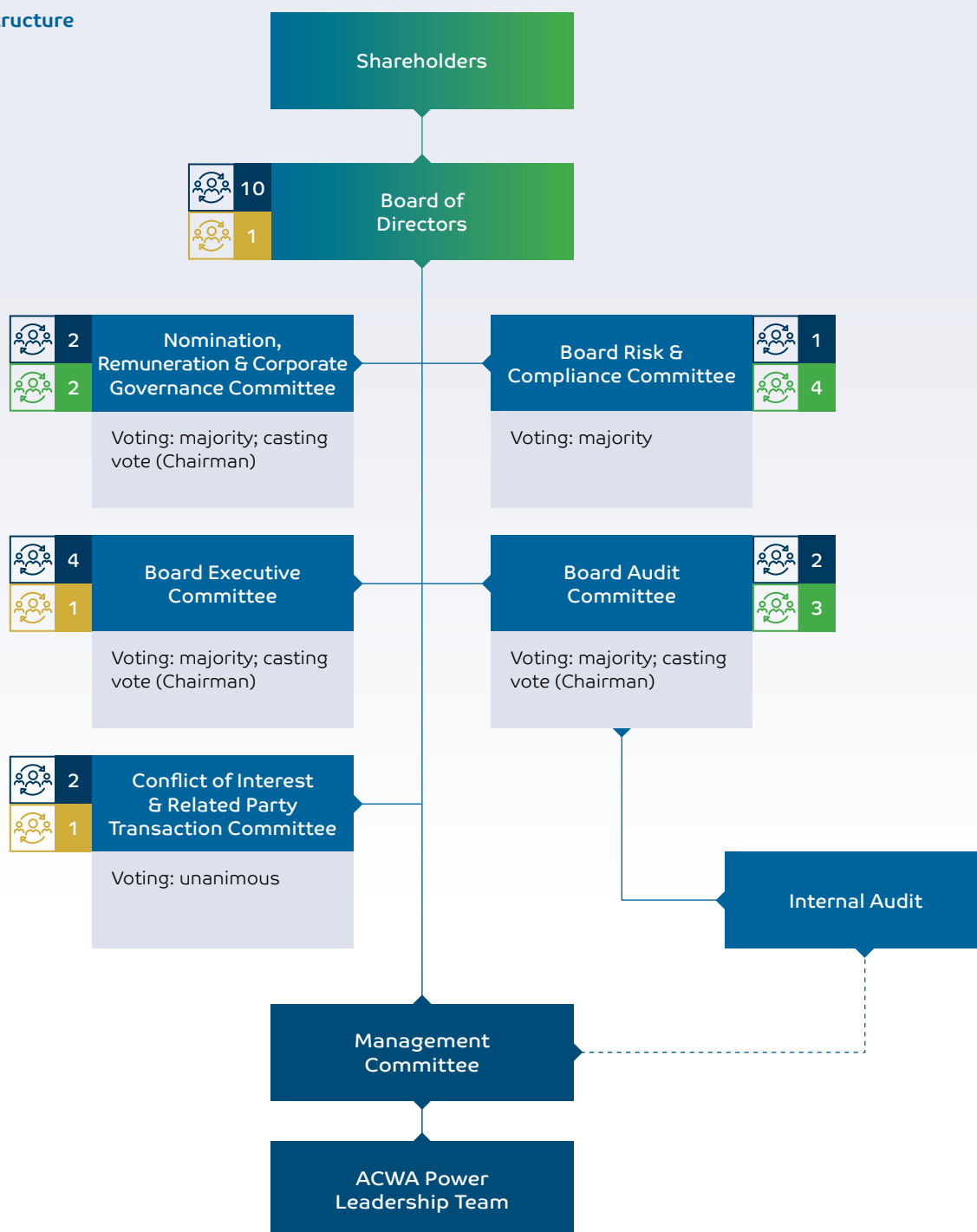
The Management Committee (MC) which consists of the President & Chief Executive Officer (CEO), and his direct reports, operate the Company with direct oversight and guidance from the Board of Directors.

6. Board of Directors

The Board of Directors consists of eleven members, appointed by the General Assembly every three years, which meet at a minimum four times a year (every quarter) or when required by incitation from the Chairman, or from two Directors. In 2020, the Board of Directors held a total of eleven (11) board meetings during the year to guide the Company's strategy, operations, and business expansion across approved target markets. The decisions and discussions of the Board of Directors are documented in the minutes of meetings and signed by the Chairman and Board of Directors.

The Company's Board of Directors consists of highly qualified and respected individuals in the regional and international business community. The Board members and their brief profiles are shown on pages 96 to 99.

Governance structure



Board Director

Independent Board Director

Independent Member

Board of Directors' profiles



Mr. Mohammad Abunayyan
Chairman of the Board of Directors

With more than 38 years of experience in the commercial and industrial sectors, Mr. Abunayyan is widely recognized as one of the most respected leaders in the water and energy sectors. Under his chairmanship, ACWA Power has grown into a leading private sector energy and water provider, achieving significant milestones since the inception of the Company.



Mr. Thamer Al Sharhan
Vice Chairman of the Board of Directors

Mr. Thamer Al-Sharhan, Vice Chairman of the Board of Directors of ACWA Power and Chairman of the Board's Nomination & Remuneration Committee is a business leader with over 38 years of professional experience in major industrial corporations with international operations. Appointed in 2020 as Vice Chairman of ACWA Power, Al-Sharhan has immense expertise in diversified stakeholder relationship management.



Mr. Sulaiman Al Muhaidib
Member of the Board of Directors

Mr. Al Muhaidib is the Chairman of Al Muhaidib Group and a number of companies including Savola Group and RAFAL Real Estate Development.

Appointed

5 July 2019

30 July 2020

5 July 2019

Membership Status

Non-Executive

Non-Executive

Non-Executive

External Appointments

Mr. Abunayyan chairs and/or is a member of the Board of Directors of several world leading organizations, including Vision Invest and Dussur. In addition, Mr. Abunayyan holds a number of prestigious honorary and leadership positions focused on transforming and diversifying the economy of Saudi Arabia.

Mr. Al-Sharhan sits as a member of the Board of Directors and/or board committees of local and regional organizations.

Mr. Al Muhaidib sits on the Board of Directors of Almarai Company, Vision Invest, Prince Salman Centre for Disability Research and Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care.

Committees

BEC

NRC

BEC

Board Executive Committee

BAC

Board Audit Committee

NRC

Nomination, Remuneration & Corporate Governance Committee

BRCC

Board Risk & Compliance Committee

RPTC

Conflict Of Interest and Related Party Transaction Committee



Dr. Ibrahim Al Rajhi
Member of the Board of Directors

Dr. Al Rajhi is the Chairman of Arabian Cement Company, a public joint stock company, and other reputable companies in Saudi Arabia. In addition, he sits on the Board of Directors of several local companies including Al Rajhi Holding Group, a closed joint stock company with diversified investments including, but not limited to, financial services, real estate, industrial, contracting and infrastructure. Dr. Al Rajhi received his Master of Science in Management from the United States and a Ph.D. from the United Kingdom.



H.E. Mr. Mohammed Al Nahas
Member of the Board of Directors

His Excellency is the Governor of the Public Pension Agency, as per royal decree no. A/236 dated 16/11/1437H. He has more than 32 years of experience in the banking sector where under his leadership, Alinma Bank realized significant growth and expansion as a leading financial institution. He received his B.Sc. in Accounting from King Saudi University in KSA and an Executive Program from Michigan Ross business school in the USA.



Mr. Raid Ismail
Member of the Board of Directors

Mr. Ismail is the Director of Direct Local Holdings within the Public Investment Fund. He has extensive experience in business development, operations and strategy, including but not limited to change management and organizational turnovers and transformations. Mr. Ismail has held various executive management positions, including General Manager of Mawarid Food Co., CEO of Saudi Tadawi Health Care Group and Founder/Managing Partner of House of Retail LLC.

He received his BSc in Finance from the USA and an MBA from the prestigious London Business School, United Kingdom.

5 July 2019 – 13 May 2020

Non-Executive

Dr. Al Rajhi is the Chairman of Arabian Cement Company, Tibah Airports Development Co. and Tibah Airports Operation Co. In addition, he sits on the Board of Directors of Al Rajhi Holding Group and other companies.

5 July 2019

Non-Executive

His Excellency is the Chairman of a number of esteemed organisations, including ASMA Capital, Al Raidah, Raza, SPIMACO ADDWAEIH, Damamm Pharma Taawuniyah Real Estate Investment. In addition, he is a member of the Board of Directors and Committees of SABIC, STC, Riyadh Bank, Iskan program and the General Organization for Social Insurance.

5 July 2019

Non-Executive

Mr. Ismail sits on the Board of Directors of several companies, including Credit Suisse of Saudi Arabia.

BRCC

BEC

NRC

RPTC



Mr. Rasheed Al Rasheed
Member of the Board of Directors

With over 29 years of experience, Mr. Rasheed Al Rasheed has a strong track record in management, information technology, accounting and finance. He is a member of the Board of Directors of Vision International Investment Company and several other reputable organizations in KSA and in the GCC.



Mr. Omar AlMidani
Member of the Board of Directors

Mr. AlMidani is the Chief Executive Officer of Vision Invest, a leading Saudi Development & Investment Holding Company with active investments in the Power & Water, Industrial Gases, District Cooling, Waste Water Treatment, Logistics and Environmental Solutions Sectors. Mr. AlMidani has served in multiple roles within Vision Invest over the past 10 years. Mr. AlMidani is a member of the Young Presidents Organization and holds a Bachelor of Commerce Degree (Finance) with Honours from the John Molson School of Business in Montreal, Canada.



Mr. Esmail Alsallom
Member of the Board of Directors

Mr. Alsallom is the Chief Investment Officer of Al-Rajhi Holding Group (RHG), a leading development and investment company headquartered in KSA with local and international operations and investments. Mr. Alsallom chairs and/or is a member of the Board of Directors of several esteemed organizations in KSA, regionally and internationally. Previously, Mr. Alsallom led executive roles in flagship organizations including the Head of Corporate Finance in the Structured Finance department of Banque Saudi Fransi. He received a Bachelor's in Industrial Engineering from King Saud University and completed a Leadership Development program from Harvard University, USA.

Appointed

5 July 2019

5 July 2019

5 July 2019

Membership Status

Non-Executive

Non-Executive

Non-Executive

External Appointments

Mr. Al Rasheed chairs and/or is a member of the Board of Directors of more than 8 regional companies including Vision International Investment Company, Saudi Organization for Certified Public Accountants (SOCPA), Saudi Economy Association and the Family Business Council of the Gulf Cooperation Council.

Mr. AlMidani sits on the Board of Directors of several Saudi companies, including Saudi Tabreed, Qudra Energy, Miahona and Etihad International ESCO.

Mr. Alsallom chairs and/or is a member of the Board of Directors of a number of organizations including Mada Infrastructure Holding Co, Injaz Development Co, TIBAH Airports Development Co, Havas Ground Handling Co, BTA Foods, ATU Duty Free, and Al Madinah Airport Hotel.

Committees

BAC

BEC

BEC

BEC

Board Executive Committee

BAC

Board Audit Committee

NRC

Nomination, Remuneration & Corporate Governance Committee

BRCC

Board Risk & Compliance Committee

RPTC

Conflict Of Interest and Related Party Transaction Committee



Dr. Mohsen Khalil
Member of the Board of Directors

Dr. Khalil is the Founder/CEO of MAKVEST, which provides business and financial advisory services to companies focusing on emerging markets. Previously, he held various executive positions with the International Finance Corporation (IFC) and the World Bank, including Director of IFC's Central Asia, Middle East and North Africa and joint World Bank/IFC Director of the Global Information and Communication Technologies Department. Dr. Khalil also served as Business Professor at the American University of Beirut, advisor to various governments and major corporations, in addition to working with McKinsey & Co.



Mr. Abdullah Al-Rowais
Member of the Board of Directors

Mr. Al-Rowais is the Chief Audit Executive of Etihad Etisalat Company (Mobily). He holds more than 25 years of experience in Corporate Governance, Finance & Accounting, IT, ERM and Internal Audit. Mr. Al-Rowais holds a B. Comm (Accounting) and Master of Science in Computer and Information Systems from the USA and has successfully completed leadership and executive courses from internationally renowned schools such as IMD, INSEAD and London Business School. He is one of the founding members of the Institute of Internal Auditors of KSA.



Mr. Vincent De Rivaz
Member of the Board of Directors

Mr. Vincent de Rivaz has been the longest serving Chief Executive Officer within the United Kingdom Energy Companies from February 2002 till October 2017. He has held an extensive range of responsibilities within EDF Group and was a member of the Executive Committee from 2010 till 2017 and retired from the Group in 2018. During almost a decade, he has been leading the engagement with UK government and a wide range of stakeholders to create the political, financial, industrial and regulatory conditions of the revival of nuclear industry in U.K. He has a graduate engineer of Ecole Nationale Supérieure d'Hydraulique de Grenoble (1976), he was made Chevalier de la Legion d'Honneur in 2009 and honorary Commander of the British Empire in 2012. He was elected as a fellow of the Royal Academy of Engineering in 2015.

5 July 2019

Independent

Dr. Khalil is a member of the Board of Directors for many companies and funds at different stages of growth.

5 July 2019

Non-Executive

Mr. Al-Rowais sits as a member of the Board of Directors and/or board committees of local and regional organisations, including SAMBA Financial Group, Bawan, Alinma Tokio Marine, Noon investments Company and Saudi Tourism Authority.

5 December 2019

Non-Executive

Mr. Vincent De Rivaz holds NED positions as representative of the Public Investment Fund in Acwa Power in the Kingdom of Saudi Arabia. He is a Clean Energy Advisor for Temasek (Singapore).

BEC

RPTC

BAC

RPTC

The table below shows the board meetings held and the board of directors' attendance for the year 2020.

			API Board Meeting (2020) - Attendance												
No.	Board of Directors Name	Designation / Position	6-Jan Riyadh	18-Feb Riyadh	10-Mar Riyadh	30-Mar Riyadh	30-Jun Riyadh	8-Sep Riyadh	10-Sep Riyadh	30-Sep Riyadh	4-Oct Riyadh	29-Oct Riyadh	10-Dec Riyadh	Total	
1	Mohammed Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
2	Sulaiman Al Muhaidib	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
3	Ibrahim Al Rajhi	Board Director	✓	x	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	
4	Rasheed Al Rasheed	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
5	Mohsen Khalil	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
6	Omar Almidani	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
7	Mohammed Al Nahas	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
8	Raid Ismail	Board Director	x	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	9	
9	Esmail Al Sallom	Board Director	✓	x	✓	✓	x	✓	✓	✓	✓	✓	✓	9	
10	Abdullah Al Rowais	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
11	Vincent De Rivaz	Board Director	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	
12	Thamer Al Sharhan	Vice Chairman	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6	

Legend: (✓) Present; (x) Apology; (N/A) Not a Board of Director at that time or has resigned.

Allowances of Board of Directors

The members of the Board of Directors are remunerated an annual remuneration of two-hundred thousand Saudi riyals (SAR 200,000) and an attendance fee of three thousand Saudi riyals (SAR 3,000 SAR) for each attended meeting, during a given year. The Board of Directors received a total remuneration, inclusive of attendance fees of SAR 3,973,666, for the year 2020. Expenses related to board or committees meetings for the given year was SAR 1,200.

Board of Director Name	Role	Annual Remuneration (SAR)	Attendance Fees (SAR)	BEC	BRCC	NRC	RPTC	Board remuneration paid in 2020 (SAR)	Expenses ¹ (SAR)
Mr. Mohammad Abunayyan	Chairman	200,000	33,000	232,500				465,500	-
Mr. Thamer Al Sharhan	Vice Chairman	50,000	-			116,666		166,666	-
Mr. Sulaiman Al Muhaidib	Board Director	200,000	33,000					233,000	-
Dr. Ibrahim S. Al Rajhi	Board Director	100,000	9,000					109,000	-
Mr. Rasheed Al Rasheed	Board Director	200,000	33,000					233,000	-
Dr. Mohsen Khalil ²	Board Director	200,000	33,000	263,500			68,000	472,500	1,200
Mr. Omar Almidani	Board Director	200,000	33,000	217,000				450,000	-
Mr. Mohammed Al Nahas	Board Director	200,000	33,000	31,000	74,000			338,000	-
Mr. Raid Ismail	Board Director	200,000	27,000	139,500		81,000	52,500	500,000	-
Mr. Esmail Alsallom	Board Director	200,000	27,000	217,000				444,000	-
Mr. Abdullah Al Rowais	Board Director	200,000	33,000	31,000			68,000	332,000	-
Mr. Vincent De Rivaz	Board Director	200,000	30,000					230,000	-
Total		2,150,000	324,000	1,131,500	74,000	197,666	188,500	3,973,666	1,200

Note 1: During the year 2020, the expenses related to Board or committees meetings were low compared to prior years due to the virtual meetings as a result of the COVID-19 pandemic.

Note 2: Due to the yearly cap of SR 500,000, Dr. Mohsen Khalil was paid only SR 472,500 (USD 126,000) for the entire year of 2020 against all board and committees' remunerations and SR 27,500 already paid in 2019 was excluded.

Thamer Al-Sharhan Service Agreement remuneration

Mr. Thamer Al Sharhan has entered into a Service Agreement with the Company which start on 1 September 2020. This Agreement was approved by the ordinary general assembly on 13 June 2021. In addition to the board remuneration of Thamer as set out in the above table, he received a total amount of SAR 1,334,924 under his Service agreement from 1 September 2020 until 31 December 2020, as shown in the above table.

7. Board Committees

The Company's Board Committees include the: (1) Nomination, Remuneration & Corporate Governance Committee; (2) the Board Audit Committee; (3) the Board Risk & Compliance Committee; (4) the Board Executive Committee; and (5) Conflict of Interest & Related Party Transaction Committee all of which act in line with the stipulated mandate in their respective charters.

A. Board Audit Committee

The Board Audit Committee ('BAC') is composed of five members, appointed by the general assembly for a period not exceeding the term of the Board membership, consisting of two (2) non-executive Board members and three (3) independent non-Board members, one of whom is the chairman of the committee. In line with the Corporate Governance regulations for un-listed companies "CGRs", none of the committee members are executive Board members, and the chairman of the committee is not the chairman of any committees stipulated under the CGRs.

The Committee has the knowledge and expertise in accounting, internal audit, compliance, and commercial law that enables it to perform its fiduciary role and responsibilities in providing independent assurance and of the integrity and effectiveness of the reports, financial statements, and internal control systems. In line with the Committee's charter, the key role and responsibility of the BAC includes, but is not limited to: (i) reviewing key internal audit findings across financial, operational, and risk and compliance matters; (ii) reviewing the Company's interim and annual consolidated financial statements before the latter is put forward for approval at the Company's General Assembly; (iii) reviewing the accounting policies and authorities table adopted by the Company before its endorsement and recommends any change in these policies to the Board, for approval; (iv) ensuring that internal controls are effectively applied, and that sound accounting records are kept with appropriate supporting documents. In support of a holistic understanding and overview, the Committee invites business functions from across the Company, from time to time, to discuss areas of interest. In addition, quarterly high-level updates are presented to the Board by the BAC Chairman to ensure that the Committee's activities and endorsements are communicated.

Through self-assessment, the BAC evaluates its performance on an annual basis, reviews its compliance status under the committee's charter, and confirms that it has fulfilled its duties and responsibilities.

The table below outlines the names of the members of the Board Audit Committee and their respective attendance of the ten (10) meetings which were held during the year 2020:

No.	Board of Directors Name	Designation / Position	BAC Meeting (2020) - Attendance										Total
			20-Feb Riyadh	8-Mar Riyadh	8-Jun Riyadh	9-Jun Riyadh	31-Aug Riyadh	1-Sep Riyadh	24-Sep Riyadh	10-Nov Riyadh	29-Nov Riyadh	16-Dec Riyadh	
1	Mr. Khalid Al Rabiah	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
2	Mr. Harold Manasa	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
3	Mr. Rasheed Al Rasheed	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
4	Mr. Abdulrahman Al Khelaifi	Member	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	9
5	Mr. Abdullah Al Rowais	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10

Legend: (✓) Present; (x) Apology; (N/A) Not a Committee member at that time.

B. Board Risk & Compliance Committee

The Board Risk & Compliance Committee ('BRCC') is composed of five members, appointed by the Board of Directors for a period not exceeding the term of the Board membership, consisting of one (1) non-executive Board member and four (4) independent non-Board members, one of whom is the chairman of the committee. The Committee has the required knowledge and expertise in risk management, compliance, and commercial law to support the Board in executing its fiduciary responsibilities. In line with the BRCC charter, the role and responsibility of the committee includes, but is not limited to (i) provide oversight and advice to the Board on the current risk exposures and future risk strategy of the Company; (ii) ensure the implementation and maintenance of a supportive culture in relation to the management of risks across the Company, alongside established prescriptive rules, processes and procedures, and compliance with the relevant laws and regulations; (iii) facilitate continuous improvement of the Company's capabilities around managing its risks (current and emerging risks), controls and compliances including effective utilisation of risk management techniques in decision making; and (iv) support the Board by monitoring and evaluating guidelines and policies to govern the process by which internal controls, risk assessment, risk management and compliances are undertaken. In addition, the BRCC Chairman presents quarterly high-level updates to the Board to ensure that the committee's activities and endorsements are communicated.

Through self-assessment, the BRCC evaluates its performance on an annual basis, reviews its compliance status under the committee's charter, and confirms that it fulfils its duties and responsibilities.

The table below outlines the names of the members of the Board Risk and Compliance Committee and their respective attendance of the nine (9) meetings which were held during the year 2020:

No.	Board of Directors Name	Designation/Position	BRCC Meeting (2020) - Attendance									Total
			9-Mar Riyadh	24-Mar Riyadh	4-Jun Riyadh	9-Jun Riyadh	9-Jun Riyadh	26-Jun Riyadh	2-Sep Riyadh	9-Nov Riyadh	9-Dec Riyadh	
1	Dr. Khalid Al Faddagh	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
2	H.E Mohammed Al Nahas	Board Director	✓	✓	✓	✓	x	✓	✓	✓	✓	8
3	Mr. Mohamed El Roubi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
4	Mr. Harold Manasa	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
5	Mr. Ayman Elariss	Member	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	7

Legend: (✓) Present; (x) Apology; (N/A) Not a Committee member at that time.

C. Board Executive Committee

The Board Executive Committee ('BEC') is composed of five members, appointed by the Board of Directors for a period not exceeding the term of the Board membership, exclusively consisting of members of the Board of Directors whereby four (4) are non-executive Directors and one (1) is an independent Director. The Chairman of the Board of Directors chairs the BEC. The Committee has the required knowledge and expertise executing its duties, as stipulated in its charter, which includes but is not limited to: (i) approve investments, acquisitions and/or submittal of binding bids in relation to any project; (ii) review and endorse to the Board of Directors for approval the five year business plan, operating plans or any other plan that has a significant impact upon the operations of the Company; (iii) review and endorse the annual business plan and budget for Board of Directors approval. The BEC Chairman presents quarterly high-level updates to the Board to ensure that the committee's activities and approvals are communicated.

The Chairman of the Board chairs the BEC. As per the Committee's charter, decisions are to be approved by a majority vote, whether in person or by proxy; in cases of a tie, the Chairman has a casting vote.

Through self-assessment, the BEC evaluates its performance on an annual basis, reviews its compliance status under the committee's charter, and confirms that it has fulfilled its duties and responsibilities.

The table below outlines the names of the members of the Board Executive Committee and their respective attendance of the seventeen (17) meetings which were held during the year 2020:

			BEC Meeting (2020) – Attendance																	
			6- Jan	23- Mar	28- Apr	28- May	15- Jun	25- Jun	2- Jul	13- Aug	27- Aug	17- Sep	4- Oct	12- Oct	26- Nov	30- Nov	4- Dec	20- Dec	28- Dec	
No.	Board of Directors Name	Designation / Position	Riyadh																	Total
1	Mr. Mohammed Abunayyan	Chairman	✓	✓	x	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15
2	Dr. Mohsen Khalil	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17
3	Mr. Omar Almidani	Board Director	✓	✓	x	✓	✓	x	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	14
4	Mr. Raid Ismail	Board Director	x	✓	x	✓	✓	x	✓	✓	✓	x	x	✓	x	x	x	✓	✓	9
5	Mr. Esmail Al Sallom	Board Director	✓	✓	✓	✓	✓	x	x	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	14

Legend: (✓) Present; (x) Apology; (N/A) Not a Board of Director at that time or has resigned.

Note: Due to a disclosed conflict of interest relating to standing members of the BEC, the Board nominated and approved for Board members, Messrs. Mohammed Al-Nahas and Abdullah Al-Rowais to attend two ad-hoc meetings on 28 April 2020 & 25 June 2020 along with the committee independent director to review and take a decision on specific investments (refer to the attendance table below).

D. The Nomination, Remuneration & Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee ('NRCGC') is composed of four members, appointed by the Board of Directors for a period not exceeding the term of the Board membership, consisting of two (2) non-executive Board members and two (2) independent non-Board members. In line with the CGRs, none of the committee members are executive Board members. The Chairman of the Committee is a non-executive board member, in which the Board provided a waiver to article (1.4) of the NRC Charter, forgoing the need for an Independent board member to chair the committee.

The Committee has the required knowledge and expertise in fulfilling its entrusted duties and responsibilities and duties in supporting the Board in fulfilling its fiduciary responsibilities by providing assurance that the governance, leadership and human capital resources of the Company are fulfilled. Specifically, the Committee's key purpose is to assist the Board in discharging its oversight responsibility in respect of: (i) overseeing the evolution of the Company's governance culture, policies and practices; (ii) propose and endorse policies and standards for directorships; (iii) review the appropriate skills and qualifications required for the Board, Board Committees and Executive Management; (iv) review the structure of the Board, Board Committees and evaluate their effectiveness periodically; propose remuneration policies and assess their effectiveness periodically; and (v) fulfil any other tasks which the Board of Directors of may entrust to the committee. In addition, the NRCGC Chairman presents quarterly high-level updates to the Board to ensure that the committee's activities and endorsements are communicated.

Through self-assessment, the NRCGC evaluates its performance on an annual basis, reviews its compliance status under the committee's charter, and confirms that it fulfils its duties and responsibilities.

The table below outlines the names of the members of the Nomination, Remuneration & Corporate Governance Committee and their respective attendance of the twenty (20) meetings which were held during the year 2020:

No.	Board of Directors Name	Designation/Position	NRC Meeting (2020) - Attendance									
			2-Mar Riyadh	15-Mar Riyadh	16-Apr Riyadh	29-Apr Riyadh	11-May Riyadh	28-May Riyadh	7-Jun Riyadh	9-Jul Riyadh	11-Aug Riyadh	19-Aug Riyadh
1	Mr. Raid Ismail	X Chairman/Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	x
2	Dr. Fahad Al Zahrani	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mr. Johan Brand	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr. Thamer Al Sharhan	Chairman/X Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

No.	Board of Directors Name	Designation/Position	NRC Meeting (2020) - Attendance										Total
			9-Sep Riyadh	24-Sep Riyadh	5-Oct Riyadh	20-Oct Riyadh	21-Oct Riyadh	10-Nov Riyadh	23-Nov Riyadh	30-Nov Riyadh	24-Dec Riyadh	31-Dec Riyadh	
1	Mr. Raid Ismail	X Chairman/Member	✓	✓	✓	x	✓	✓	x	x	✓	✓	16
2	Dr. Fahad Al Zahrani	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20
3	Mr. Johan Brand	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20
4	Mr. Thamer Al Sharhan	Chairman/X Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20

Legend: (✓) Present; (x) Apology; (N/A) Not a Committee member at that time.

E. Conflict of Interest and Related Party Transaction Committee

The Conflict of Interest & Related Party Transaction Committee is composed of three (3) members, appointed by the Board of Directors for a period not exceeding the term of the Board membership, exclusively consisting of members of the Board of Directors whereby two (2) are non-executive Directors and one (1) is an independent Director. The Chairman of the Committee is an Independent Director.

The Committee has the required knowledge and expertise in fulfilling its entrusted duties and responsibilities to review and approve all conflict of interests and related party transactions that involve the Company's shareholders, board of directors and executive management, as stipulated in the board approved Committee charter and Related Party Transactions and Conflicts of Interest Policy ('RPTCI Policy'). The review of the RPTC includes material related party transaction disclosures, contained in the Annual Report or in the Company's financial statements and which have also been reported by the Committee to the Board and General Assembly, in accordance with the Companies Law. The Chairman of the Committee provides high-level briefs to the Board on a quarterly basis and on an ad hoc basis as needed. As per the Committee's charter, decisions are to be unanimously approved, whether in person or by proxy. Any approval or rejection given by the Committee is considered as an approval or rejection by the Board of Directors.

Through self-assessment, the RPTC evaluates its performance on an annual basis, reviews its compliance status under the committee's charter, and confirms that it fulfils its duties and responsibilities.

The table below outlines the names of the members of the Conflict of Interest & Related Party Transaction Committee and their respective attendance of the six (6) meetings which were held during the year 2020:

No.	Name	Designation/Position	RPTC Meeting (2020) - Attendance						Total
			17-Mar Riyadh	8-Mar Riyadh	17-Jun Riyadh	6-Aug Riyadh	21-Sep Riyadh	30-Nov Riyadh	
1	Dr. Mohsen Khalil	Chairman	✓	✓	✓	✓	✓	✓	6
2	Mr. Raid Ismail	Member	✓	✓	✓	✓	✓	x	5
3	Mr. Abdullah Al Rowais	Member	✓	✓	✓	✓	✓	✓	6

Legend: (✓) Present; (x) Apology; (N/A) Not a Committee member at that time.

8. Shareholders' Genereal Assembly

Extraordinary general assembly meetings were held on 13 July 2020 and 16 November 2020.

9. Acknowledgement

The members of the Board of Directors would like to express their gratitude to the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al Saud (may Allah protect him) and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud (may Allah protect him), Crown Prince, Deputy Prime Minister and Minister of Defense. The Board of Directors also graciously extend gratitude and appreciation to the Minister of Energy, His Royal Highness Prince Abdulaziz bin Salman; the Minister of Finance, H.E. Mohammed Al-Jadaan, and the Minister of Environment, Water & Agriculture, H.E. Abdulrahman Al-Fadley, for their continued support of the privatized electricity and water sectors.

The Directors' appreciation extends to all government officials and relevant authorities for their continued cooperation with the Company. We also would like to recognize the dedication and commitment of the Company's Management and employees in ensuring ACWA POWER continues to be an industry leader in the electricity and water sectors in Saudi Arabia and across all our target geographies.

Yours Sincerely,

Mohammad A. Abunayyan

Chairman of the Board of Directors

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