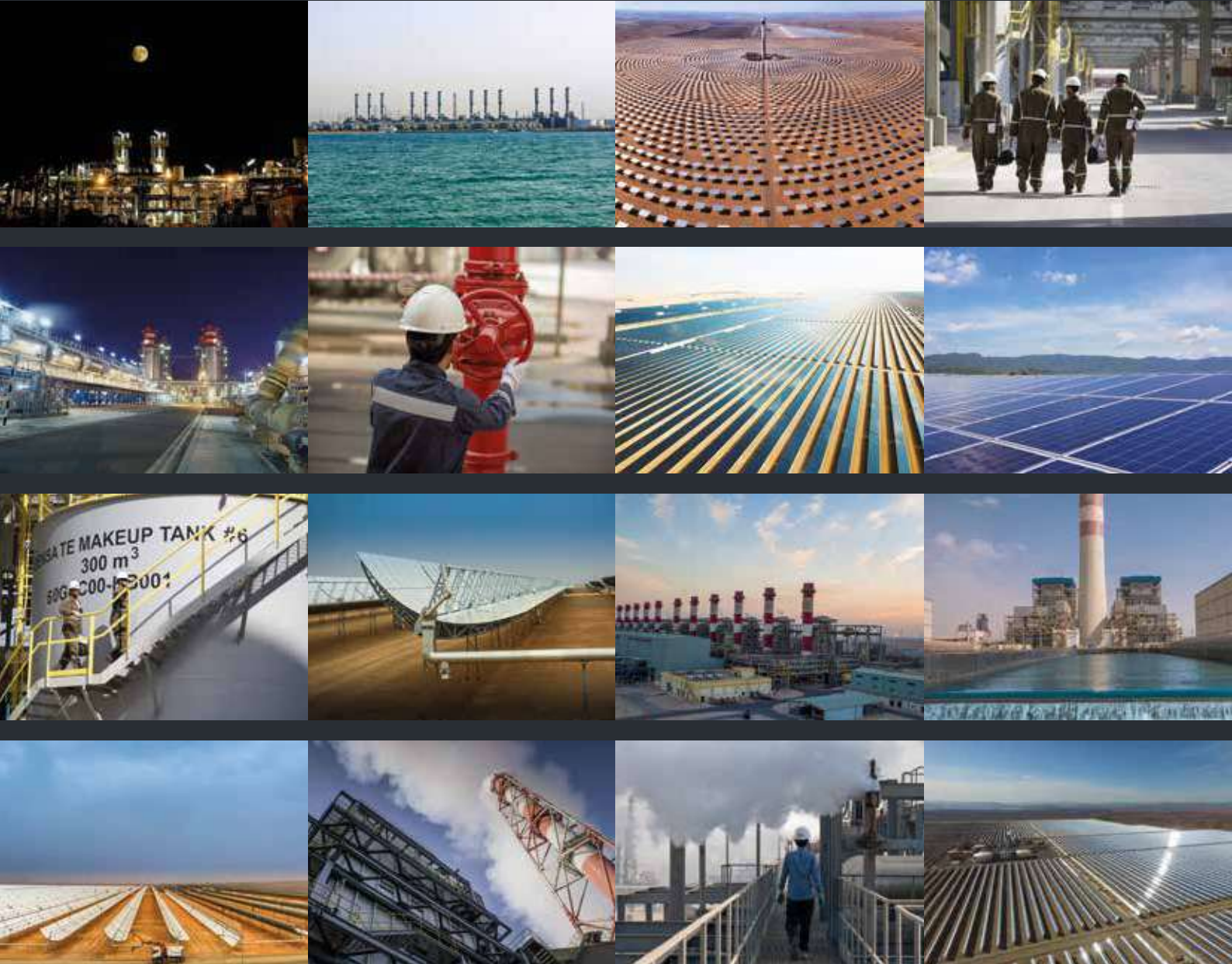




ACCELERATED TRANSFORMATION

ACWA POWER ANNUAL REPORT 2019



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

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Who we are

ACWA Power is proud to play a vital role in the lives of millions of people across Saudi Arabia and beyond.

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.

Since our founding in 2004, we have developed, owned and operated power generation and water desalination plants that supply electricity and potable water to people across the Middle East, Africa and Asia in a reliable and responsible manner, at low cost.

In a world undergoing a historic energy transition, we are leading the way for accelerated deployment of renewable energy by facilitating countries' plans to reduce their dependence on fossil fuel-based energy production and improve their fuel balance towards a more decarbonised, cleaner future.

As a proud national champion, we carry Saudi Arabia's flag globally, contributing to our leadership's Vision 2030 to become a leading nation and shining example of what is possible when unlimited potential is realised for the good of all.

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 environment 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 practicing 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.



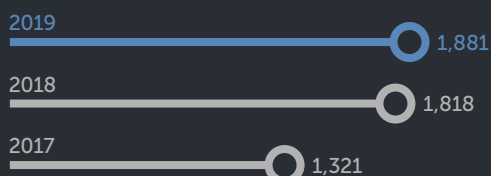
AT A GLANCE

Highlights

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

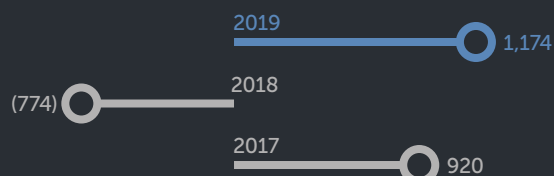
Operating income before impairment loss
and other expenses (SAR million)

1,881



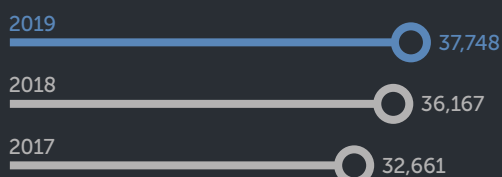
Net profit attributable to equity holders (SAR million)

1,174



Total assets (SAR million)

37,748



Cash and cash equivalents (SAR million)

2,798



ACWA POWER (END OF 2019)

SAR

Portfolio size

170.1BN



Employees

3.5k

Nationalities

30+

Local employment

60+%



De-carbonisation

15%

Renewable (of gross power capacity)

68%

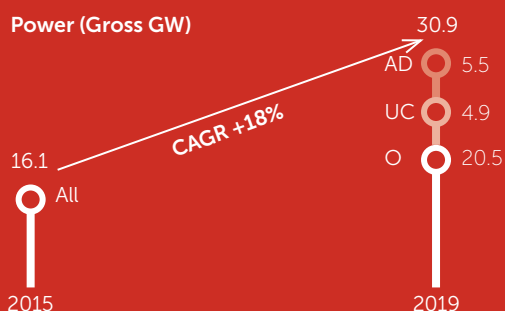
Renewables, Natural Gas and SWRO (Sea Water Reverse Osmosis) (of total project costs)



GW Power

30.9

Power (Gross GW)



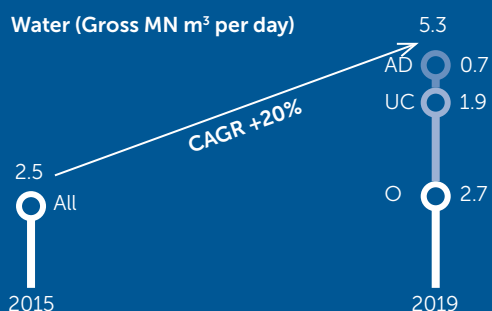
All: All Assets; O: Operational Assets; UC: Under Construction Assets; AD: Assets in Advanced Development



M³ per day Water

5.3MN

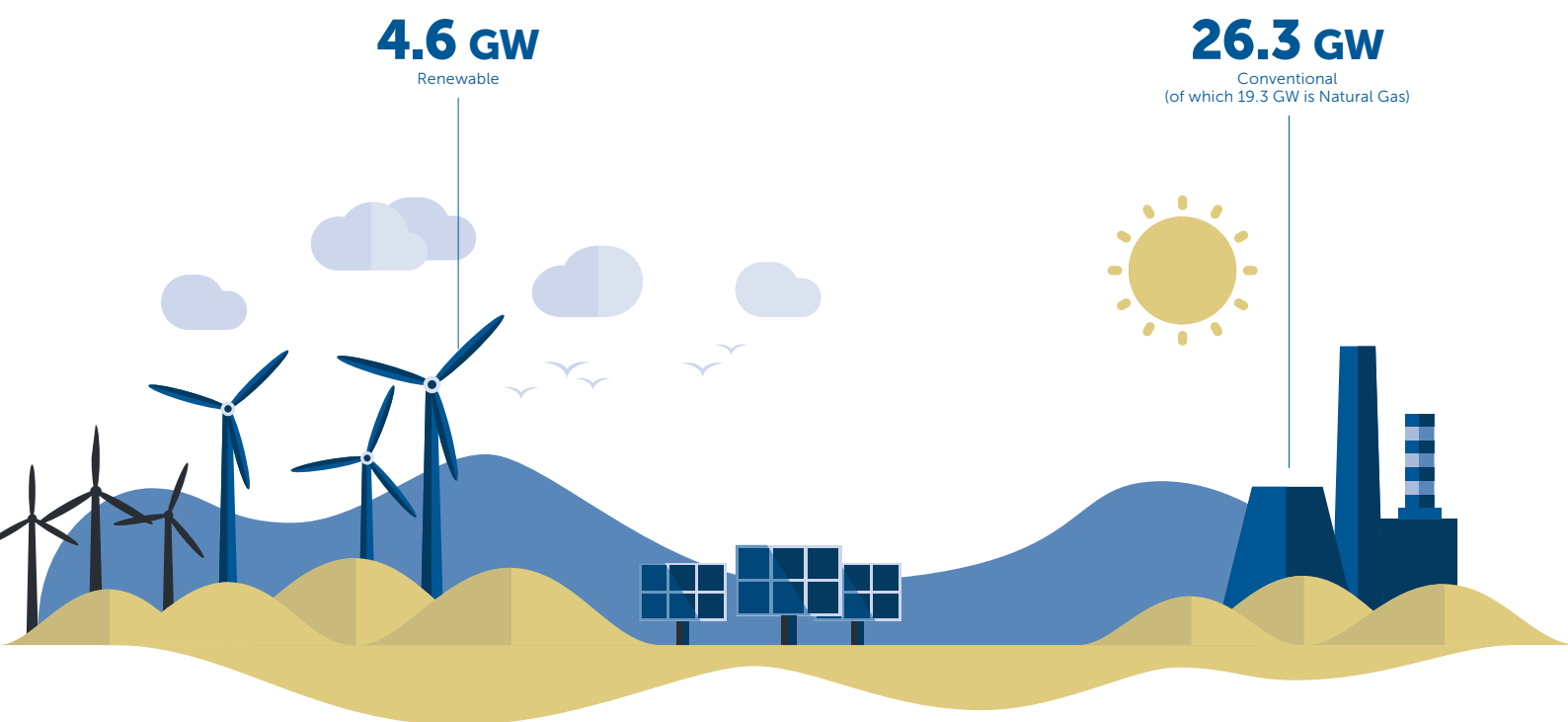
Water (Gross MN m³ per day)



All: All Assets; O: Operational Assets; UC: Under Construction Assets; AD: Assets in Advanced Development

AT A GLANCE

What we do



Power 30.9 GW

GROSS POWER GENERATION CAPACITY (END OF 2019)

Technology-neutral and fuel-agnostic, we serve client nations and communities according to their needs through renewable and conventional power generation.

Abstaining from any new investment in coal or oil, we continue to grow our renewable assets in a lower-oil-price environment, as off-takers look to increase energy security

through diversification, shareholders expect healthy returns and the global energy community seeks to reduce emissions.

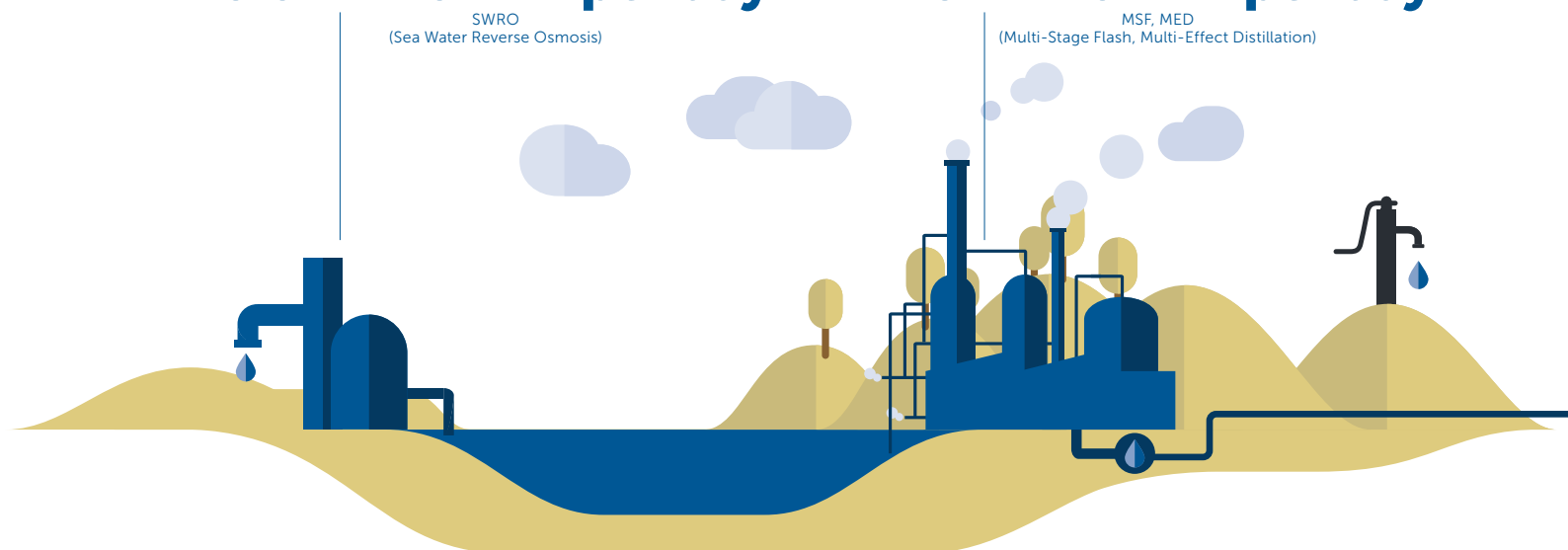
"WE DEVELOP, OWN AND OPERATE POWER GENERATION AND WATER DESALINATION PLANTS THAT SUPPLY ELECTRICITY AND POTABLE WATER TO PEOPLE IN A RELIABLE AND RESPONSIBLE MANNER, AT LOW COST."

3.5 million m³ per day

SWRO
(Sea Water Reverse Osmosis)

1.8 million m³ per day

MSF, MED
(Multi-Stage Flash, Multi-Effect Distillation)



Water

5.3 million m³ per day

GROSS WATER DESALINATION CAPACITY (END OF 2019)

We provide a crucial supply of desalinated water in our home market of Saudi Arabia and other growing economies where water is scarce, removing salt from seawater to

produce drinking water, primarily through a process of reverse-osmosis. The innovative technology we deploy is driving the future of desalination, moving it toward

more efficient, sustainable production – particularly as we continue to leverage renewable power in our desalination plants.

AT A GLANCE

Where we operate

We are a leading private developer, investor and operator of a broad portfolio of power generation and water desalination plants in our home market, Saudi Arabia, and 10 other markets across the Middle East, Africa and Southeast Asia.

Our talented team of 3,500 people proudly represents over 30 nationalities spread across our geographic footprint. As a result of our self-imposed quota of at least 40 percent local employment wherever we invest, our current localisation ratio sits at a remarkable 60 percent of our entire workforce.

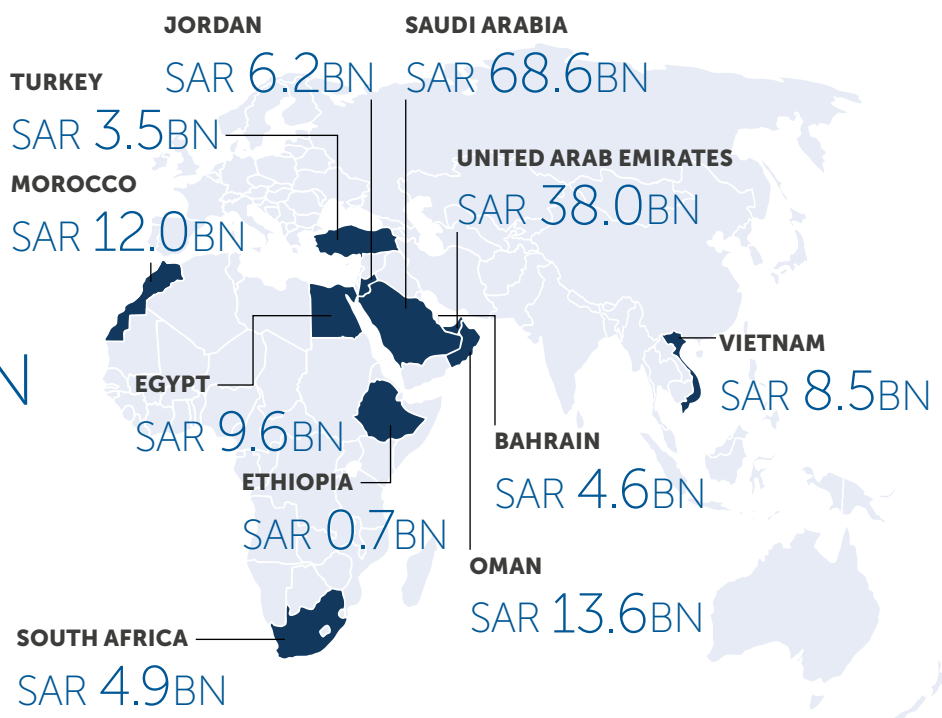
OVERALL PROJECT COST

SAR 170.1BN

NUMBER OF PROJECTS

56

40 OPERATIONAL
6 UNDER CONSTRUCTION
10 ADVANCED DEVELOPMENT



DIVERSIFIED ASSET PORTFOLIO

We have a growing and diversified asset base, with renewable fuel sources generating 15 percent of our gross power capacity, and 68 percent of our total project costs invested in decarbonising energy sources.

	Coal 3,600MW	Oil 3,474MW	Gas 19,291MW	Green 4,578MW	Total Power 30,943MW	Non-Thermal 2,858 000 m³ per day	Thermal 2,398 000 m³ per day	Total Water 5,256 000 m³ per day
SAUDI ARABIA					12,505			3,130
SOUTH AFRICA					150			–
TURKEY					950			–
UNITED ARAB EMIRATES					4,450			1,591
OMAN					4,865			307
MOROCCO					765			–
JORDAN					1,547			–
EGYPT					2,620			–
ETHIOPIA					250			–
VIETNAM					1,241			–
BAHRAIN					1,600			227

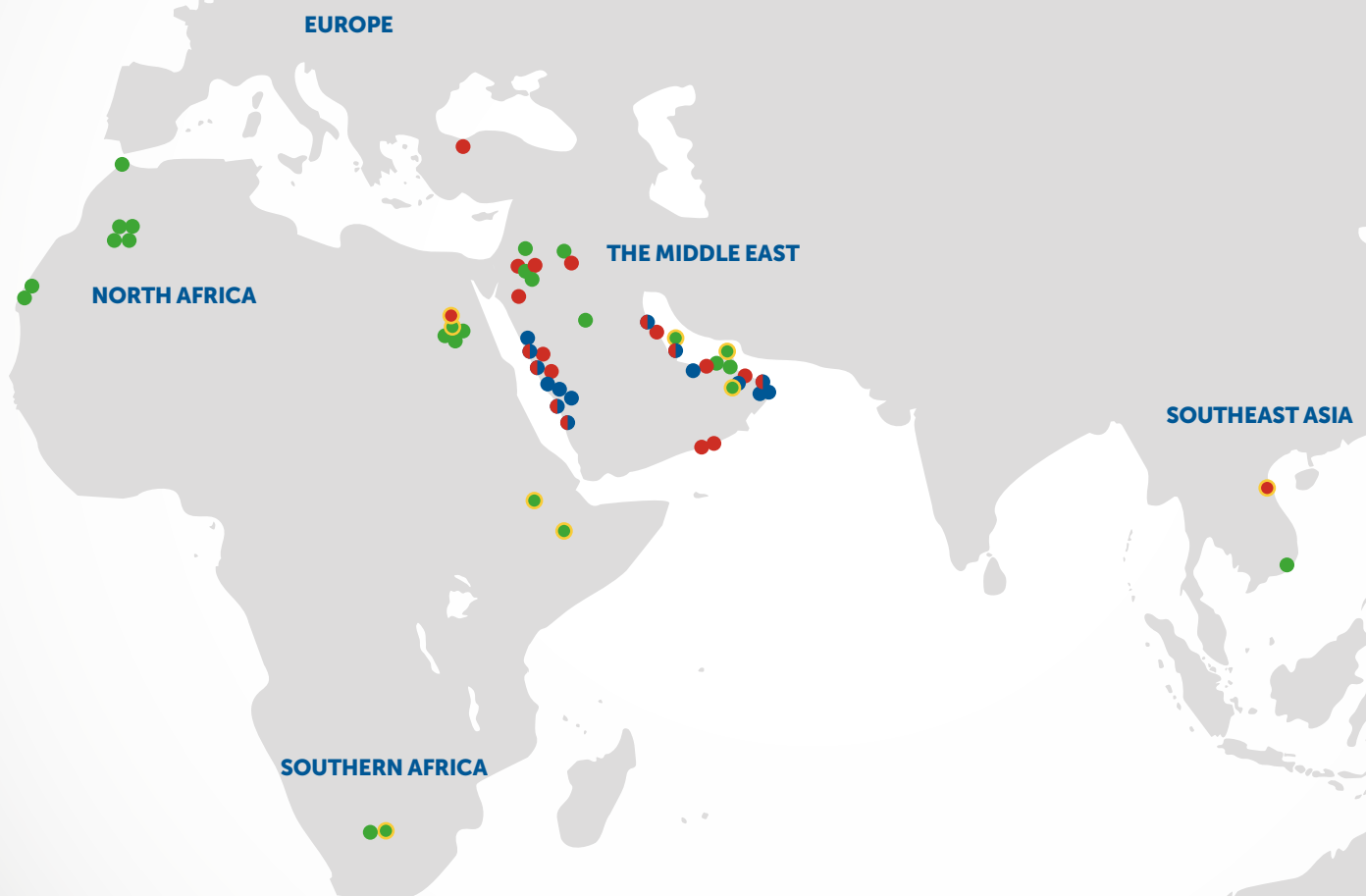
A RAPID TRAJECTORY OF GROWTH AND INTERNATIONAL EXPANSION

ACWA Power has grown rapidly domestically and internationally whilst building a power generation and water desalination platform of 56 assets across 11 countries across the Middle East, Africa and South East Asia.



A global business

We create value for our shareholders, employees and partners in addition to the communities in the 11 countries we currently operate. However, our impact on the social development and economic growth of the nations transcends well beyond these countries thanks to our global leadership in the price reduction of renewables.



PROJECT TYPE

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

As at 31 December 2019 Project name	Project cost (SAR million)	ACWA Power effective share (%)	Gross power (MW)/water (000' m ³ per day)	PCOD (actual/expected)	Contract duration (years)	Project type
Saudi Arabia						
Shuaibah IWPP	9,188	30.00%	900/880	Q1 2010	20	●
Shuaibah Expansion IWP	874	30.00%	0/150	Q4 2009	20	●
Petro-Rabigh IWSPP	4,466	99.00%	360/134	Q2 2008	25	●
Petro-Rabigh (Phase 2) IWSPP	3,689	99.00%	160/54.5	Q1 2018	25	●
Bowarege IWP	371	64.85%	0/50	Q3 2008	— ³	●
Marafiq IWPP	12,596	20.00%	2,744/800	Q4 2010	20	●
Shuqaiq IWPP	6,866	32.00%	850/212	Q2 2011	20	●
Rabigh IPP	9,398	40.00%	1,204/0	Q2 2013	20	●
Qurayyah IPP	10,189	17.50%	3,927/0	Q2 2016	20	●
Rabigh 2 IPP	5,847	50.00%	2,060/0	Q1 2018	20	●
Shuaibah 2 IWP	1,176	100.00%	0/250	Q2 2019	25	●
Sakaka PV IPP	1,133	70.00%	300/0	Q2 2020	25	●
Rabigh 3 IWP	2,813	70.00%	0/600	Q1 2022	25	●
United Arab Emirates						
Shuaa Energy PV IPP	1,222	24.99%	200/0	Q1 2017	25	●
Hassyan IPP	12,140	26.95%	2,400/0	Q1 2023	25	●
Noor Energy 1	16,233	24.99%	950/0	Q4 2022	35	●
Taweelah IWP	3,278	40.00%	0/909	Q4 2022	30	●
Oman						
Barka 1 IWPP	1,556	41.91%	427/91	Operational when acquired. Acquisition: Q3 2010	18+	●
Barka 1 Expansion IWP	204	41.91%	0/45.5	Q2 2014	7+	●
Barka 1 Phase II Expansion IWP	298	41.91%	0/57	Q1 2016	5+	●
Salalah 2 IPP – Existing ¹	629	27.00%	273/0	Operational when acquired. Acquisition: Q2 2015	15	●
Salalah 2 IPP – Greenfield ¹	1,687	27.00%	445/0	Q1 2018	15	●
Ibri IPP	3,626	44.90%	1,509/0	Q2 2019	15	●
Sohar 3 IPP	3,589	44.90%	1,710/0	Q2 2019	15	●
Salalah IWP	600	50.10%	0/114	Q4 2020	20	●
South Africa						
Bokpoort CSP IPP	1,939	20.40%	50/0	Q1 2016	20	●
Jordan						
CEGCO Assets (includes five assets) ²	3,885	40.93%	962/0	Operational when acquired. Acquisition: Q3 2011	10+	●
Zarqa IPP	1,819	60.00%	485/0	Q3 2018	25	●
Mafrq PV IPP	265	51.00%	50/0	Q4 2018	20	●
Risha PV IPP	254	51.00%	50/0	Q4 2019	20	●
Morocco						
Noor I CSP IPP	3,153	73.13%	160/0	Q1 2016	25	●
Khalladi Wind IPP	655	26.01%	120/0	Q2 2018	20	●
Noor II CSP IPP	4,125	75.00%	200/0	Q2 2018	25	●
Noor III CSP IPP	3,233	75.00%	150/0	Q4 2018	25	●
NOOR PV1 IPP (includes three assets)	788	75.00%	135/0	Q4 2018	20	●
Bahrain						
Al Dur Phase II IWPP	4,125	60.00%	1,500/227	Q2 2022	20	●
Egypt						
Ben Ban 1	281	32.81%	50/0	Q3 2019	25	●
Ben Ban 2	300	32.81%	50/0	Q3 2019	25	●
Ben Ban 3	113	18.05%	20/0	Q3 2019	25	●
Turkey						
Kirikkale CCGT IPP	3,488	69.60%	950/0	Q3 2017	— ³	●
Vietnam						
Vinh Hao 6 PV IPP	203	60.00%	41/0	Q2 2019	20	●
TOTAL	142,290		25,393/4,574			

Projects under advanced development

Project name	Country	Project cost (SAR million)	ACWA Power effective share (%)	Contracted power (MW)/water (000' m ³ per day)	Project type
Redstone CSP IPP	South Africa	2,959	35.00%	100/0	●
Nam Dinh 1 IPP	Vietnam	8,250	45.00%	1,200/0	●
Dairut-Luxor IPP	Egypt	8,250	40.00%	2,300/0	●
UAQ IWP	UAE	2,988	40.00%	0/682	●
Ibri 2 PV IPP	Oman	1,444	50.00%	500/0	●
Al Askar IPP	Bahrain	488	60.00%	100/0	●
Ethiopia PPP Phase 1 (includes two assets)	Ethiopia	675	100.00%	250/0	●
Kom Ombo	Egypt	619	100.00%	200/0	●
DEWA V PV	UAE	2,138	24.00%	900/0	●
TOTAL		27,809		5,550/682	

- Salalah 2 IPP-Greenfield and Salalah 2 IPP-Existing are considered one asset.
- CEGCO includes five assets of which two are renewable (wind) assets.
- Bowarege contract has not been renewed; Kirikkale is a merchant-market asset.

BOARD OF DIRECTORS



Mr. Mohammad Abunayyan

Chairman of the Board of Directors

BIOGRAPHY

With more than 37 years of experience in the commercial and industrial sectors, Mr. Abunayyan is widely recognised 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. 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.

Dr. Ibrahim S. 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 realised significant growth and expansion as a leading financial institution. He received his BSc 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 organisational 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.

Mr. Tariq Almutlaq

Member of the Board of Directors

Mr. Almutlaq is the Vice-Chairman and Managing Director of Almutlaq Group; a closed joint stock company with diversified holdings in industrial manufacturing, real estate, utilities and financial sector. He is the Chairman of Almutlaq Real Estate Investment Company and sits on boards of various companies operating in the petrochemical, financial and industrial sectors.

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 organisations in KSA and in the GCC.

APPOINTED

22 June 2008	22 June 2008	18 June 2018	16 June 2016	9 July 2018	29 November 2008 – 25 March 2019	22 June 2008
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MEMBERSHIP STATUS

Non-Executive	Non-Executive	Non-Executive	Independent	Non-Executive	Independent	Non-Executive
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EXTERNAL APPOINTMENTS

Mr. Abunayyan chairs and/or is a member of the Board of Directors of several world leading organisations, 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 Muhaidib sits on the Board of Directors of Saudi British Bank (SABB), Almarai Company, Vision Invest, Prince Salman Centre for Disability Research and Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care.	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.	His Excellency is the Chairman of a number of esteemed organisations, including ASMA Capital, Al Raidah, Raza, SPIMACO ADDWAEIH and Taawuniyah Real Estate Investment. In addition, he is a member of the Board of Directors and Committees of SABIC, STC, Riyadh Bank, National Centre of Privatization and the General Organization for Social Insurance.	Mr. Ismail sits on the Board of Directors of several companies, including Credit Suisse of Saudi Arabia.	Mr. Almutlaq sits on the Board of Directors of several companies, including Middle East Paper Company, Riyadh Cables Group of Companies, Qassim Cement, Watani Wealth Management Company, Almutlaq Real Estate Investment Company, Himmah Capital and Daikin Saudi Arabia.	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.
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COMMITTEES





**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 9 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 organisations in KSA, regionally and internationally. Previously, Mr. Alsallom led executive roles in flagship organisations 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.



**Dr. Mohsen
Khalil**

Member of the
Board of Directors

Dr. Khalil is the Founder of MAKVEST, which provides financial advisory services to companies focusing on emerging markets. Previously, he held various executive positions with 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 a 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

With more than 40 years of experience in the power utilities sector, Mr. Vincent de Rivaz has held an extensive range of responsibilities within EDF Group. He was a member of EDF Group's Executive Committee from 2010 to 2017 and is considered the longest serving Chief Executive Officer within the United Kingdom Energy Companies.



**Mr. Ibrahim
Alromaih**

Member of the
Board of Directors

Mr. Alromaih is the Chief Executive Officer of Saudi Arabian Investments Company (Sanabil Investments). Prior to joining Sanabil Investments in 2009, Mr. Alromaih was appointed, by a royal decree, as the Vice Chairman of the Capital Market Authority in 2004. He served as Assistant Secretary General of the Public Investment Fund from 1985 until 2004.



**Mr. Federico
Tauber**

Member of the
Board of Directors

Mr. Tauber has over 29 years of experience in investment banking, financial services, real estate and corporate restructuring. He currently serves as the CEO of Gemstone Real Estate Development Company. Prior to this, he was the President of Tameer Holding Investment and Vice President of Business Development of Al Rajhi Holding and Managing Director of Citigroup.

18 June 2018

5 July 2019

23 February 2015

5 July 2019

05 December 2019

2 January 2013 –
30 October 2019

16 June 2016 –
4 July 2019

Non-Executive

Non-Executive

Independent

Independent

Non-Executive

Non-Executive

Non-Executive

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 organisations including Mada Infrastructure Holding Co, Injaz Development Co, TIBAH Airports Development Co, Havas Ground Handling Co, Betta Foods, ATU Duty Free, and Al Madinah Airport Hotel.

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

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, and Saudi Arabian General Investment Authority.

Mr. Vincent De Rivaz is a member of the Board of Marafiq (Saudia), and of the Clean Energy Advisory Group of Temasek (Singapore).

Mr. Alromaih chairs and/or is a member of the Board of Directors of several local and international companies, including National Commercial Bank of Saudi Arabia.

In addition to leading Gemstone, Mr. Tauber sits on the Board of Directors of AEP Investment and Basil Trust.

E

E

C E

A C

R Risk & Compliance Committee

C Conflict Of Interest & Related
Party Transaction Committee

O Indicates Committee Chairman

Delivering Value

Since our founding, we have maintained an uncompromising commitment to provide competitive tariffs for our customers, whilst charting an independent course that creates sustainable long-term value for all our stakeholders. We remained true to these guiding principles in 2019 and continued to excel in meeting our internal and external goals.

A PROVEN STRATEGY, PROVIDING INCREASING VALUE FOR ALL STAKEHOLDERS

At the heart of our success lies our 'Develop – Invest – Operate' business model. This not only gives us significant leverage over the full lifecycle of a project but also enables cohesive and agile planning and execution – from bidding for, to constructing, operating and maintaining an asset.

The overall value proposition of this highly successful model allows us to ensure the sustainability of our investments for decades, whilst benefiting local communities across multiple geographies by virtue of the substantial savings we offer to our off-takers through our electricity and water tariffs. This helps us to nurture long-term relationships via multiple touch points in society by making relevant and meaningful contributions to their social and economic development.

These positive effects will be magnified in step with our rapidly expanding global footprint, which will see us to quadruple our current number of stronghold markets by 2030.

OUTSTANDING GROWTH ENRICHED BY AN ACCELERATED SHIFT TOWARD CLEANER ENERGY

We reached 30.9 GW and 5.3 million m³ per day in gross power generation and water desalination capacity, respectively, in 2019, and take great pride in becoming the world's largest producer of desalinated water.

As remarkable as these figures are, and despite the significant growth they represent, the most meaningful development has been the rapid shift in our portfolio over the past three years toward decarbonisation, which has seen considerable investment in cleaner forms of energy. The shares of non-thermal power (renewable) and water (reverse osmosis) in contracted capacities have more than doubled since 2017 to reach 15 and 66 percent, respectively.

Meanwhile, our renewable power capacity has grown to 4.6 GW from 2.1 GW in 2017. Of the eight new plants commissioned since then, seven are for renewable energy and one for natural gas, including the first large utility-scale photovoltaic (PV) plant in Saudi Arabia at Sakaka that was completed and connected to the national grid in 2019, and a major project in Dubai to construct the largest single-site solar thermal plant in the world. We remain committed to accelerating our investment in renewable energy sources in the new decade.

In water, in Saudi Arabia, we signed a 25-year WPA to build the Kingdom's largest reverse osmosis (RO) plant at Rabigh, which will yield a capacity of 600,000 m³ per day, using electricity as energy source. In the UAE, we achieved financial closure and started construction in Abu Dhabi of the world's largest seawater RO desalination plant, in addition to signing a 35-year WPA with the Federal Electricity and Water Authority (FEWA) to build another RO desalination plant that will produce 150 MIGD (681,900 m³ per day) of desalinated water in the Emirate of Umm Al Quwain.

Going forward, we see ourselves doing more to provide cleaner, more efficient and reliable supplies for customers across an expanding range of countries. Following the launch in 2019 of a landmark collaborative project in Bangladesh, we will be entering the gas-to-power (G2P) space for the first time. At the same time, we are also actively exploring opportunities to produce scalable and cost-competitive green hydrogen. Both initiatives represent new business lines for ACWA Power and reflect our commitment to become a leader in decarbonisation and green energy.

BUILDING STRENGTH THROUGH STRATEGIC PARTNERSHIPS AND INVESTMENTS

As we expand, so too do our partnerships, which were strengthened considerably during 2019 through a series of new strategic initiatives.

With its purchase of a 49 percent stake in ACWA Power Renewable Energy Holding, Silk Road Fund became a strategic, joint-controlling partner in a newly established joint venture company. Having already co-invested in two of our UAE-based projects – the 2,400 MW Hassyan clean coal power plant and the 950 MW Hybrid CSP and PV Fourth Phase of the Mohammed Bin Rashid Solar Park – we look forward to deploying our combined strength to create a cleaner, greener and more sustainable world, whilst also serving the national visions and interests of both Saudi Arabia and China.



In another equally significant transaction in October 2019, we became joint venture partners with Air Products and Saudi Aramco to invest in and operate the Jazan Integrated Gasification Combined Cycle Power Plant. At an approximate total investment value of SAR 43.1 billion (US \$11.5 billion), this initiative will not only constitute our single-largest equity investment when it is completed in 2020 but also support the Kingdom's plans to drive economic diversification and attract foreign direct investment.

We continue to benefit from the strong support provided by our national and international partners and in particular by our sovereign shareholders, the Public Pension Fund (PPA) and the Public Investment Fund (PIF). As we finalise the PIF's direct equity stake increase in ACWA Power during 2020, we will continue to break new ground in our core and new business lines, across our home market and beyond.

SUPPORTING THE NATION'S DEVELOPMENT VISION

Driven by a deep strategic commitment to remain the unrivalled national champion in the power generation and desalinated water production space in our home market, we are playing a leading role in supporting the realisation of the Saudi Vision 2030.

We are accelerating our nation's transition to cleaner and more resource-efficient energy production. By enhancing the nation's technological competitiveness and

burgeoning knowledge economy through the introduction of advanced technologies, we are significantly contributing not only to the Kingdom's renewable energy research and development efforts that are unified under the leadership of the Renewable Energy Project Development Office (REPDO) but also to the development of an innovative, sustainable circular economy at home. In doing so, we are proud to participate in achieving our country's aspiration to play a more significant global role by positively influencing the world beyond its borders.

A MODEL FOR PRIVATE GOVERNANCE AND ORGANISATIONAL SUSTAINABILITY

As a private, independent company, we seek to set the bar for others to follow in terms of corporate governance and organisational sustainability. Our corporate governance structure is built around a Board of Directors and five functional Board Committees, each of which is responsible for reviewing the Company's operations within the context of their specific expertise, before returning to the Board.

Our dedication to developing and implementing the highest standards of governance is also reflected in our strong organisational sustainability ethos and commitments to our own people. Guided by our uncompromising core values of Safety, People and Performance, and continually stimulated by our drive towards excellence, we introduced the 'Galvanize' programme in 2019 to identify and implement further

improvements to our organisation and structure. Once executed in 2020, this programme will not only reinforce our institutional strength and endurance but also ensure our continued success in supporting the considerable growth that lies ahead in the coming decade.

Our commitment to safety of our people has resulted in several significant milestone achievements during 2019 both in terms of our safety systems and the number of hours without an incident on our operational sites. Nonetheless, it is with great sorrow to acknowledge the loss of two lives in separate accidents on two of our construction sites; on behalf of the Board of Directors and the entire ACWA Power family, I extend once again my heartfelt condolences to the families and friends of our lost ones.

I would also like to extend our wholehearted sympathies to all who have been impacted by the coronavirus outbreak across the world since the start of the new year. In strict adherence to the government guidelines to help prevent the further spread of the virus, we are taking all precautionary and contingency measures to ensure the health and safety of our people, and to keep our plants operational uninterrupted. All the while, we maintain our conviction that mankind will eventually navigate through this challenge and will come out stronger and more responsible than ever with all the lessons learned.

As the Galvanize initiative clearly demonstrates, ultimately it is people – both our own and those we serve – to whom we owe our success. Our achievements in 2019 reflect the invaluable contributions of the individuals at all levels of our organisation who power our ongoing progress. To our experienced and insightful Board members and our global family of 3,500 dedicated employees, therefore, I wish to express my sincere thanks and appreciation.

Likewise, I am grateful to the Saudi government, our shareholders, customers, other host governments, suppliers and financial partners for their continued trust and support. Together we constitute a critical ecosystem that not only supplies power and water to our communities but also positively impacts people's lives and the health and wealth of entire societies; and we are truly proud and grateful to be part of this diverse family.

Mohammad A. Abunayyan
Chairman

"OUR DEDICATION
TO DEVELOPING AND
IMPLEMENTING THE
HIGHEST STANDARDS
OF GOVERNANCE
IS ALSO REFLECTED
IN OUR STRONG
ORGANISATIONAL
SUSTAINABILITY ETHOS
AND COMMITMENTS
TO OUR OWN PEOPLE."

MANAGEMENT TEAM



Patxi Saez

Chief Technical Officer

Mr. Saez has over 25 years of experience in the power and water sectors, with special focus on project engineering and execution across different continents. Before becoming Chief Technical Officer, Mr. Saez was President & CEO of a large Saudi EPC contractor.

Mr. Saez has a Bachelor's degree in Engineering and completed his Master's degrees in Power Engineering as well as Energy Business. Mr. Saez sits on the boards of several power and utility companies owned and operated by ACWA Power.

Yara Anabtawi

Chief People & Culture Officer

Mrs. Anabtawi is responsible for Human Capital, Organisational Health, Corporate Alignment and Integration and Marketing & Communications at ACWA Power.

With over 24 years of experience, Mrs. Anabtawi has been in 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.

Julio Torre Gutierrez

Acting Chief Portfolio Management Officer
President & CEO, NOMAC

Mr. Julio Torre Gutierrez is the Chief Portfolio Management Officer of ACWA Power, and the President and Chief Executive Officer of First National Operations and Maintenance Company (NOMAC).

Prior to this, Mr. Gutierrez served as a Vice-president for Business Operations at Duke Energy International, where he held positions of increasing seniority over a 23-year period in the United States and Latin America.

He is a graduate of North Carolina State University and he holds a B.S. in Nuclear Engineering.

Paddy Padmanathan

President & Chief Executive Officer

Mr. Padmanathan is a professional civil engineer, with over 35 years of experience. He joined ACWA Power as CEO in 2006.

Mr. Padmanathan began his career in Black & Veatch (previously John Burrow and Partners), a major global engineering and construction company, latterly serving as a Vice President and Corporate Officer. He has worked in the UAE, Algeria, Botswana, Zambia and Swaziland, amongst others.

Mr. Padmanathan holds a degree in engineering from the University of Manchester and serves on the boards of several water and power companies.



Thamer Al Sharhan
Managing Director

Mr. Al Sharhan is a professional engineer with over 30 years of experience. Before joining ACWA Power as Managing Director, Mr. Al Sharhan was President and Chief Executive Officer of Marafiq, the principal utility company serving the cities of Jubail and Yanbu.

His career began at SABIC where he rose to become President of Saudi Petrochemical Company (SADAF), President of SABIC Terminal Services Co. (SabTank) and Senior Manager at Arabian Petrochemical Company (Petrokemya).

He holds a degree in chemical engineering and serves on the board of several companies and charitable foundations.

Kashif Rana
Chief Financial Officer

Mr. Rana has 20 years of extensive power and water sector experience. As CFO of ACWA Power, Mr. Rana led the private securities offering with sovereign institutes of Saudi Arabia, as well as the International Finance Corporation, and prepared the company for a listing in Saudi Arabia. Mr Rana is responsible for leading the development and implementation of best practices in various strategic areas, while also representing ACWA Power at various audit, board, executive and management committees on its joint venture businesses.

Previously, Mr. Rana was the CFO for AES Corp Middle East Region and was Project Finance Director at Aqualyng AS.

Mr. Rana is a Chartered Accountant who qualified in 2001 from the Institute of Chartered Accountants of Pakistan.

Rajit Nanda
Chief Investment Officer

Mr. Nanda is responsible for ACWA Power's growth and remains functionally in charge of new business development, legal (projects), acquisitions & divestiture, and corporate and project finance. Mr. Nanda has also led the structuring and financing of Independent Water and Power Projects IPP/IWPPs across Asia, Middle East, Africa and Turkey. He is currently overseeing ACWA Power's expansion across MENA, Southern Africa and South East Asia.

Before joining ACWA Power Mr. Nanda was the Regional CFO for Engie's Middle East, Asia & Africa region. Mr. Nanda sits on the Board of several power and utility companies owned and operated by ACWA Power and also serves as an independent Investment Committee member for an Infrastructure fund managed by INVESTEC Bank in South Africa.

Strategic Growth

The story of ACWA Power since its establishment a decade and a half ago is one of consistent operational and financial growth, spurred by an unwavering focus on establishing new benchmarks along the way. From our commitment to drive down the costs of power generation and desalinated water production, to our pioneering position in accelerating the shift toward renewable and cleaner forms of energy production, everything we do aims to generate sustainable benefits for the local ecosystems in which we operate and the communities we serve, as well as for our partners, shareholders and investors both at home in Saudi Arabia and beyond.

Today, we are the largest independent power producer in the MENA region and the world's largest producer of desalinated water, following yet another remarkable year with numerous projects commercially and financially closed, and new contracts entered – including in new territories in Africa and Asia. In particular, our focus throughout 2019 on the development and deployment of renewable energy technologies – which now account for 15 percent of our 30.9 GW of gross power generation capacity – continued to drive the transformation of the power sector in the Middle East and beyond, accelerating the affordability of renewables and contributing to global decarbonisation efforts.

By achieving exceptional cost reductions across the value chain, we are now also leading the seawater desalination cost curve downwards, making desalinated water economically viable and therefore accessible to millions more people around the world.

A JOURNEY OF CONSISTENT AND SUSTAINED GROWTH

2019 was by no means a routine year, having brought spectacular growth with extraordinary accomplishments across multiple geographies. By adding eight more assets to our portfolio and reaching 56 projects in total, we not only became the largest IPP in the MENA region and the largest seawater desalinator in the world but also achieved a rapid shift of our portfolio in favour of renewables.

Internationally, we entered new regions and countries, continuing our legacy and commitment to offering energy at a competitive cost to enable our partners to diversify their energy mix. In Ethiopia, we signed two long-term PPAs with the country's state-owned electricity producer for two 125 MW PV projects at a price level that sets a completely new benchmark

for the nation, giving great hope not only to Ethiopia itself but also to the entire continent. Additionally, following successful completion of discussions in 2019, we signed implementation agreements at the beginning of 2020 in Azerbaijan and Uzbekistan for construction, development and operation of a 240 MW wind farm and a 1,500 MW combined-cycle gas turbine (CCGT) power plant, respectively.

In our home market of Saudi Arabia, we completed two large strategic projects – Sakaka PV IPP and Shuaibah 2 IWP. With a contracted capacity of 300 MW, Sakaka is the first and largest utility-scale renewable energy plant in the Kingdom. By bringing this project online on schedule, we demonstrated to the world that the Kingdom's ambitious targets for energy transformation are achievable on all fronts – namely size, cost and contribution to decarbonisation. A similarly significant accomplishment was the completion of the Shuaibah 2 IWP one month ahead of schedule, delivering water to the Makkah region before the holy month of Ramadan. The plant was completed within just 21 months, setting a record for large-scale reverse osmosis plants.

In the UAE, both Noor Energy 1 in Dubai and the Taweelah IWP in Abu Dhabi are game-changing projects – while the former is the world's largest single-site concentrated solar power plant, the latter is its largest IWP. Constituting the fourth phase of Mohammed bin Rashid Al Maktoum Solar Park, Noor Energy 1 will offset the emirate's CO₂ emissions by one million metric tons when it starts commercial operations in 2022. On the other hand, the Taweelah plant achieved financial close in October 2019, and it will set new benchmarks in terms of its size, efficiency and the cost of water produced when completed in 2022.

Supplying 909,200 m³ per day of water – that is enough to meet the water demand for over 350,000 households, it will be one and a half times larger than the second largest reverse osmosis plant of Rabigh 3 IWP, which is another one of our projects.

Complemented by other equally important projects in Saudi Arabia, the UAE, Vietnam, Egypt, Jordan and Oman, our gross power and water capacity reached 30.9 GW and 5.3 million m³ per day at the end 2019, increasing by six percent and 36 percent, respectively, while our global asset portfolio, at project cost stood at SAR 170.1 billion. We brought nine projects online – one in each of Jordan and Vietnam; two in each of Saudi Arabia and Oman; and three in Egypt – increasing our operational capacity to 20.5 GW of power and 2.7 million m³ per day of water.

BUILDING A DYNAMIC ORGANISATION FIT FOR THE FUTURE

The past year has also seen considerable progress in strengthening our technical, operational and organisational capabilities.

In early 2019, building upon the tremendous expertise accumulated by our operations and maintenance branch, NOMAC, we established a new technical services group, NOMAC Maintenance Energy Services (NMES). NMES vertically consolidates under NOMAC the maintenance works of our assets that were previously outsourced to multiple third parties. In doing so, we not only reduced risks but also unlocked outstanding incremental value by optimising resource synergies and reducing costs, all without compromising the high quality and HSE standards we demand.



CEO & MD'S MESSAGE CONTINUED

It is also through NOMAC that we are taking the lead in digitalisation. To monitor and improve the reliability and performance of our entire plant fleet, we established two state-of-the-art Monitoring and Prediction centres in Dubai and Jeddah that collect and collate remote signals in real time from our sophisticated equipment park. Using GE-Predix technology and related applications, and based on Artificial Intelligence (AI), Internet of Things (IoT), Advanced Pattern Recognition and Digital Twin techniques, these centres have already begun to allow us to more accurately predict failures and undertake preventative maintenance, as well as to achieve enhanced, data-driven efficiencies to reduce costs and environmental impacts.

To ensure the highest possible health and safety standards for our people who clocked a massive 52 million total man-hours on our operational and construction sites, we continued to rigorously implement leading-practice internal standards and systems, as well as strict international standards.

Crossing 15 million safe man-hours in all our operational power and water plants since the last lost-time incident (LTI), we reached a new safety record that we are all proud of. Tragically, however, even these high standards were not sufficient to prevent two fatalities on two separate construction sites that were acutely felt by the entire ACWA Power family. Indeed, there is no alternative to achieving zero casualties; rest assured, we will continue to stay dedicated to achieving excellence in safety, driven by our unwavering commitment to continuous improvement.

We are aware that ACWA Power's successful rapid development depends on our ability to maintain a strong, scalable organisation with a steadfast internal culture. To this end, and in anticipation of the increased demands that will be placed on our human capital by the accelerating pace of our business growth resulting from all the opportunities so clearly available to us over the coming decade, we embarked upon a major organisational development programme

known internally as 'Galvanize.' Launched in late 2019, Galvanize aims to identify and implement improvements in the way we are organised, to ensure the company's endurance and success in fulfilling our growth ambition to quadruple our portfolio of assets by 2030, in both power generation and water desalination.

With this comprehensive approach to people development, we are also supporting our nation's Saudi Vision 2030. By providing quality training through our sponsorship of the Higher Institute for Power and Water in Saudi Arabia, we are creating future leaders – both for our company and the broader economy – and enhancing the prospects of young Saudis.

THE NEW DECADE

The rapid ongoing geographic expansion and development of our business achieved in recent years will continue in 2020. Thanks to our renewed efforts to access new frontier markets, we anticipate that our international presence will grow to cover 16 countries by year-end and to 25-30 by 2025. Successes are already forthcoming, and we are now also present in Ethiopia, Azerbaijan and Indonesia, with Uzbekistan to follow in March 2020.

As we invest more and more in renewables, complemented by our commitment to zero new investment in oil and coal, the nature of our assets will change too. Our renewables portfolio currently stands at 4.6 GW of contracted power capacity and SAR 42 billion in gross investment value across 10 countries. Of around SAR 40 billion we are planning to invest in 2020 and 2021, we expect around half to be allocated to renewables.

There is no other country in the world that can provide a comparable volume of opportunity as Saudi Arabia in renewable energy development in the short- to medium-term for us. By targeting a 60 GW pipeline, we expect to see growth in renewable capacity in our home market in the thousands of megawatts in 2020. In terms of our overall target to become a 150 GW power company operating in more than 40 countries by 2030, we would not be surprised to see renewables constitute two-thirds of this capacity.





Noor III CSP IPP, Morocco

We also aim to become a leading agent of change in the global water business. Capitalising on our mega transactions – the Rabigh 3 IWP, UAQ IWP and Taweelah IWP – which have catapulted ACWA Power to become the biggest seawater desalinator in the world, we intend to continue our massive expansion in efficient water desalination beyond the GCC region.

As we continue to pursue more environmentally sustainable forms of energy development as part of our drive for decarbonisation, we have also decided to expand our strategic engagement in the green hydrogen landscape. With power and water as our building blocks, and given the favourable economics of renewable energy, pursuing the production of green hydrogen from renewable sources is a perfect fit for our business model. In 2020, we will be more active in identifying scalable and economic opportunities and capturing them to help the world transition to a cleaner, greener and more sustainable future.

Starting in 2020, we will also begin to reap the benefits of several strategic partnership initiatives we established during the past two years. Whilst our controlling-share acquisition in RAWEC will help consolidate our position as a major industrial player in the Saudi market, the joint venture agreement signed with Air Products and Saudi Aramco to invest in and operate the Jazan Integrated Gasification Combined Cycle Power Plant will constitute our single largest equity

investment when completed in 2020. Meanwhile, our equity partnership agreement with China's Silk Road Fund through some of our renewable portfolio will bring combined achievements that will enhance regional connectivity and embrace a brighter future of renewable energy deployment.

The bold vision for the development and expansion of our business reflects the broader goals of our home nation and its leadership. Acting as a national champion in the Kingdom's power generation and desalinated water production space, we will continue to closely align our development with the objectives of Saudi Vision 2030.

We designated 2020 as the 'year of our people', inspired by a renewed focus on improving the working environment whilst building our culture and institutional strength for the journey ahead. Through Galvanize and other initiatives, we will not only strengthen our HSSE performance but also maximise the positive impacts of our business on local communities and people throughout the countries in which we operate.

As we prepare for this significant period of accelerated growth and organisational development, we wish to express our deep gratitude and appreciation to our Board of Directors for their wise counsel, as well as to our shareholders, customers, host governments and partners for their trust, support and patronage. We also remain indebted to our 3,500 employees for

their continued dedication to achieving excellence in all areas of our business as we embark on this auspicious new era of opportunity and growth for ACWA Power.

While we celebrate the spectacular successes of 2019, the COVID-19 virus crashed into the world within the first few months of 2020, confounding us all with the terrible tragedy of rapidly rising death rates, entire economies grinding to a halt, and even human and social interaction being redefined. Our own corporate priority has been to focus on the health and safety of our people, and, given the criticality of our services, safely keeping our power generation and desalinated water production plants in operation, always strictly adhering to the instructions and guidance of national and local authorities. While we are continually stress-testing and contingency-planning for ever-worsening scenarios too, we retain our conviction in the ingenuity, capacity and resilience of the humankind to bring this pandemic under control sooner than later and to confidently begin the rebuilding process, taking advantage of the opportunity to design a better, less resource-consuming and polluting, environmentally more responsible, economically more inclusive, and socially more equitable world.

Paddy Padmanathan
President & CEO

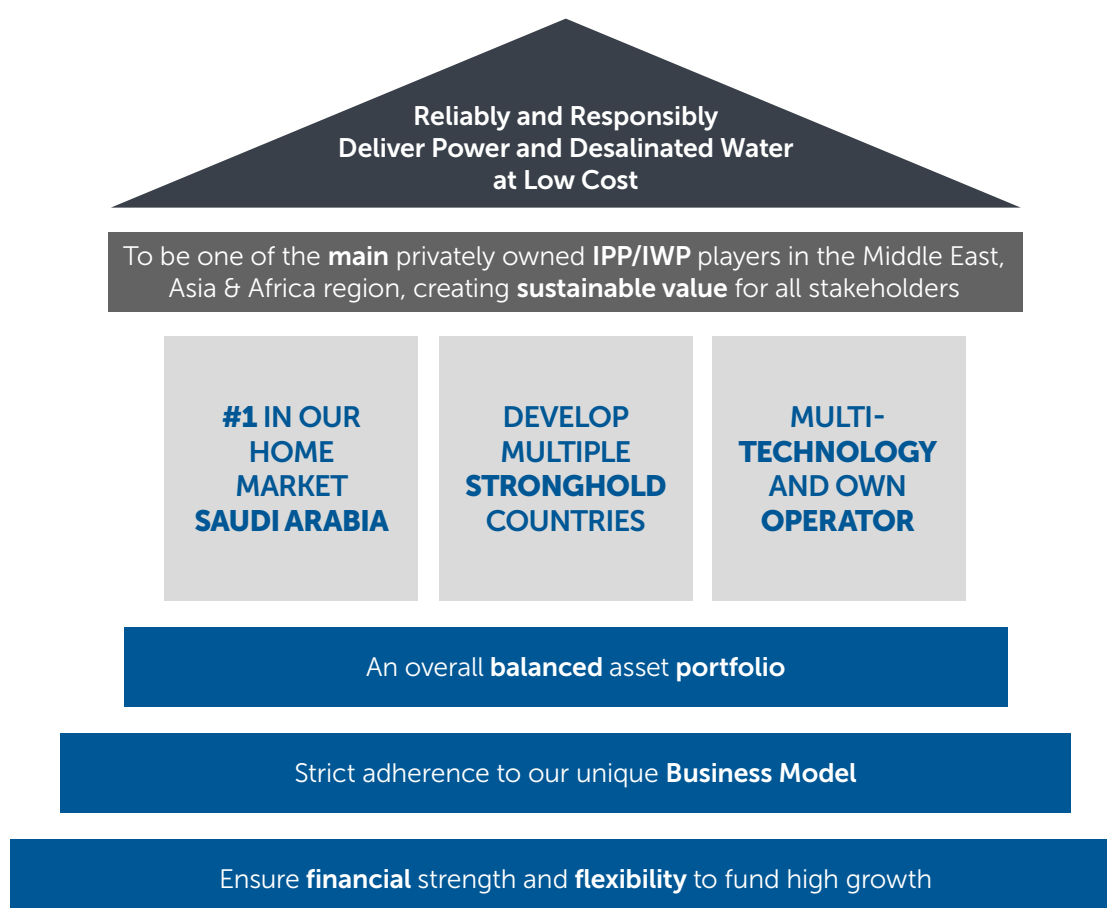
Thamer Al Sharhan
Managing Director

"2019 WAS BY NO MEANS A ROUTINE YEAR, HAVING BROUGHT SPECTACULAR GROWTH WITH EXTRAORDINARY ACCOMPLISHMENTS ACROSS MULTIPLE GEOGRAPHIES."

STRATEGY

ACWA Power aims to become one of the largest IWPP players in the Middle East, Asia and Africa, without compromising our commitment to reliably and responsibly deliver power and desalinated water at low cost.

Reflecting the capability and capacity of the entrepreneurial, talented and hard-working people across our organisation and the risk appetite of our shareholders, our strategic framework allows us to also address the opportunities in the market, pursuant to the commitments made by many governments at COP 21 in Paris to decarbonise all human endeavour and embrace the private public partnership model for electricity and water.



Our business strategy is to:

- Maintain our number one position in our home market Saudi Arabia
- Develop multiple stronghold countries through geographic expansion
- Be a leading multi-technology and own operator

We were founded on and remain committed to our bedrock principles of:

- Ensuring financial strength and flexibility
- Adhering to our winning business model
- Maintaining a technologically and geographically balanced portfolio

Every year, ACWA Power's Management Committee and Board of Directors conduct an extensive review of our business strategy to assess and address any need for recalibration, considering changes across the sector's value chain and in the wider ecosystem. As a result of our review in 2019, we developed an approach that not only endorsed our existing business strategy but also opened a new path for further diversification into complementary business adjacencies.

#1 IN SAUDI ARABIA

- #1 in the I(W)PP space
 - 13 assets/SAR 69 billion
 - Market share: Power 14.6% and Water 32%
- Major industrial energy supplier
 - Sole embedded steam, power and water provider to the world's largest integrated petrochemical complex (RAWEC)
- Ample growth opportunity in new capacity and replacement capacity
 - Renewables: REPDO, PIF Renewables Programme
 - Desalination: WEC/SWPC
 - Green hydrogen, Cogen Programme, Gasification

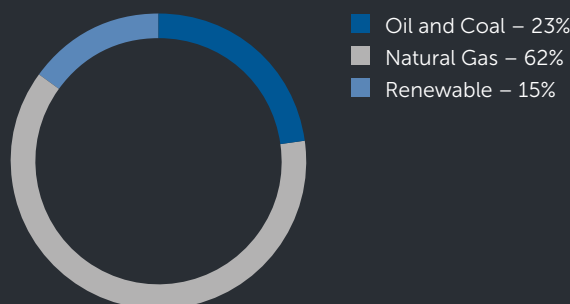
DEVELOP STRONGHOLD COUNTRIES

- Significant local player in 3 stronghold countries – Morocco, Oman, UAE
 - 18 assets, of which 14 are online and 4 under construction/SAR 57 billion
 - 3 more assets in advanced development/SAR 6.6 billion
- Presence in 4 frontier countries – Bahrain, Vietnam, Egypt, South Africa
 - 11 assets (5 in advanced development)/SAR 27.5 billion
- Expansion into new countries
 - Ethiopia in 2019
 - Uzbekistan, Azerbaijan, Indonesia among others in pipeline from 2020

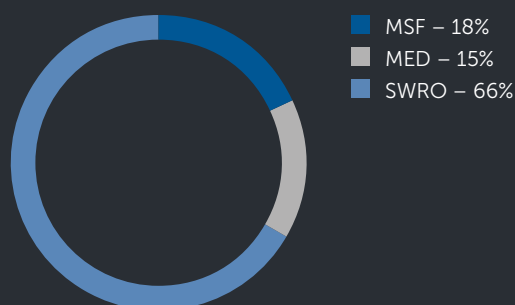
MULTI-TECHNOLOGY & OWN OPERATOR

- Fuel agnostic and technology neutral
 - 56 assets with multiple thermal and non-thermal and renewable technologies
 - 2 SWRO and 6 renewable projects added in 2019
 - No new coal and oil investment – all 8 additions in 2019 are non-thermal
- Operated by own operator
 - 7 out of 8 new projects in 2019 operated by NOMAC
 - NMES took over all major equipment overhaul and maintenance works in the portfolio
- Safe and reliable delivery of power and water
 - 15 million safe man-hours in all our operational power and water plants crossed first time in our history
 - 90% and 94% total plant availability for power and water, respectively
 - Reliability of Supply Framework supported by digitalisation through Big Data, Artificial Intelligence, and Internet of Things

Power generation energy source (MW)

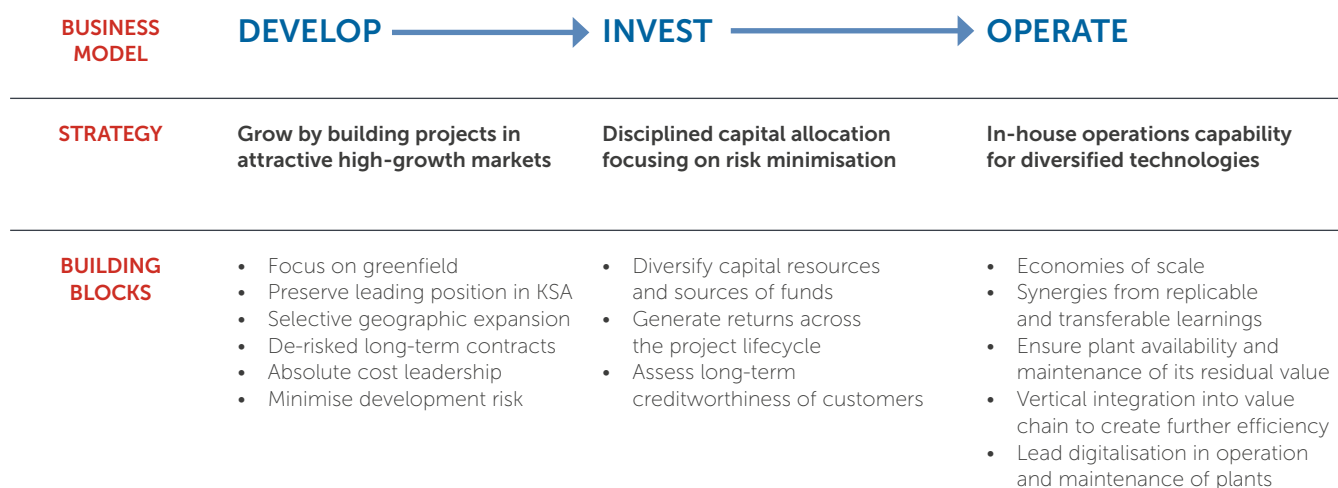


Water desalination technology (m³/day)



BUSINESS MODEL

Our Develop–Invest–Operate model maximises our oversight and influence over the entire lifecycle of our projects.



Our long-term offtake contracts generate revenue and cash flows at contracted rates over a period of decades.

01 ACWA Power enters long-term contracts with creditworthy purchaser to sell capacity at a pre-agreed tariff

02 ACWA Power is required to invest a significant amount of capital upfront to realise the construction of a power generation and/or desalinated water production plant

03 Once complete, ACWA Power operates the facilities to produce and sell desalinated water and electricity over a period of decades, generating revenues at the contracted rate

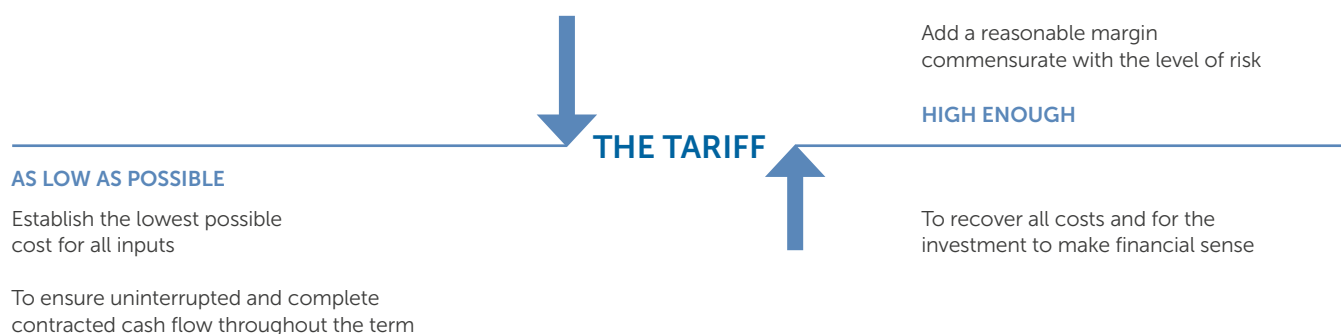
04 The income generated is then used to cover operating costs, repay any outstanding loans and recover the capital investment with a return commensurate with the risk taken

05 Throughout the duration of these contracts, ACWA Power's formula of reliably and responsibly delivering power and water while keeping the tariffs low ensures client loyalty as well as timely, continued payment



WE ARE CHARTING OUR OWN COURSE

Our strategy of setting tariffs as low as possible gives us the power to chart our own course.



EVERYBODY WINS!



WE WIN

Contracts Win Rates 2017-2019

SAUDI ARABIA

63%

INTERNATIONAL

57%



OFFTAKERS WIN

ACWA Power's focus on lower cost saves the host governments billions of dollars in net present value



COMMUNITIES WIN

- Lower electricity and water tariffs
- Value retention within local economy through ACWA Power's CSR commitments:
 - Maximised local content
 - Industrial activity through the investment
 - Local employment and human resource development

We had another amazing year of growth in 2019, adding contracted power generation and water desalination capacity of 1,991 MW and 1,386,544 m³ per day, respectively, through 8 new projects at a total project cost of about SAR 2,871 million, across 6 countries. As a result, we consolidated our position as one of the largest developers in the Power and Utilities sector across the MENA region.

This is not only a reinforcement of the unwavering and steadfast commitment in our vision and mission, but also a reflection of the right strategy that has been firmly in place over the last three years.

Staying true to our ethos of being fuel agnostic and technology neutral in our approach to business opportunities, we maintained our preferred solution-provider status for our off-takers, adding capacities both in power generation through conventional as well as renewable sources, and in seawater desalination through Reverse Osmosis (RO) technology. NOMAC continued to be an integral part of ACWA Power's value and growth proposition, with all new projects but one (Salalah IWP) having NOMAC as the O&M contractor.

ACWA Power continues to hold fort in Saudi Arabia, our home country, as the largest private sector player, by far, with 13 projects that account for 14.6 percent* of the total power generation capacity and 32 percent* of the total water desalination capacity of Saudi Arabia.

The greenfield growth of the portfolio in Saudi Arabia was supplemented by a significantly value-enhancing M&A in the RAWEC IWSP, whereby we increased our effective shareholding in RAWEC to 99 percent in October 2019.

Outside of Saudi Arabia, ACWA Power has been and continues to be a significant 'local' player in each of its stronghold countries (Morocco, Oman and the UAE). Additionally, we are progressively growing our asset base in our frontier countries where ACWA Power has at least one operating project (South Africa, Bahrain, Vietnam and Egypt) with strong local presence and sustainable long-term relations with the local off-takers. We also won our first project in Ethiopia in 2019, and are in varying stages of business development in new markets across South Asia, Southeast Asia, CIS and Africa.

These wins over the course of the last year are a direct result of the drive and rigour of our people, who always strive to go the extra mile in defining innovative and optimal technical solutions for all our projects. The fact that we ended 2019 with the lowest tariffs both on PV and water, in addition to defending the record for the lowest CSP tariff, is an indisputable testament to that effect.

In 2019, we divested a 49 percent shareholding to the Silk Road Fund in ACWA Power Renew Co., which owns about 1.7 GW of ACWA Power's CSP, PV, and wind assets across the UAE, South Africa, Jordan, Egypt and Morocco. This transaction cements our company's position as an important player in both the economic transformation envisioned by the Belt and Road Initiative and Saudi Arabia's forward-looking Vision 2030, and more profoundly, creates the ideal platform to capitalise on the rapidly growing renewable energy potential in various emerging markets.

"ACWA POWER CONTINUES TO HOLD FORT IN SAUDI ARABIA, OUR HOME COUNTRY, AS THE LARGEST PRIVATE SECTOR PLAYER."



* Based on installed generation capacity figures in KSA published in Electricity and Cogeneration Regulatory Authority (ECRA) latest annual statistical report.

Number of projects in Saudi Arabia

13

Percentage of total power generation capacity in Saudi Arabia

14.6%

Percentage of total water desalination capacity in Saudi Arabia

32%

2020 AND BEYOND

We are a part of the energy ecosystem that is in the middle of a transition away from fossil fuels towards renewables. The fuel mix of the future is being re-shaped by the rise of renewables and the slow death of coal.

For more and more countries in the world, new addition of power generation capacity will increasingly be through renewable energy – mainly solar PV and wind. Even in the Middle East, renewables are expected to account for over 40 percent of the total power capacity by 2040, with nearly half of that being solar PV. Meanwhile, RO with membranes has now established itself as the technology of choice to address Middle East's reliance on desalination as a source of sustainable supply of potable water.

The world of power generation is gyrating towards a large-scale replacement of fossil fuel-consuming energy facilities, which in many instances are not only old but also inefficient with today's proven, available and cost-competitive renewable energy solutions.

Energy is already being consumed increasingly in the form of electricity and indeed more efficiently both for utility services and the industry. As solar and wind energy is already being deployed to generate that electricity cost competitively in more locations than before, we are also thinking out of the box and embracing that cheap green electricity to accelerate the production of hydrogen using the electrolysis process to decarbonise the more challenging heavy industry and transportation sectors. Renewable energy and green hydrogen will not only be environmentally responsible and climate-change resilient resources, but also contribute to much needed economic activity by widening energy access and expanding industrial enterprise with cost-competitive energy.

BID PIPELINE 2020-22

	# of projects	Power GW	Water M (m³ per day)	Project cost (SAR BN)
KSA	41	16.5	6.0	99.4
GCC	11	7.7	1.8	44.3
AFRICA	19	6.5	0.1	37.9
ASIA	10	4.1	–	20.6
CIS ¹	5	3.2	–	16.1
TOTAL	86	38.0	7.9	218.3

1 The Commonwealth of Independent States

Power and water are fundamental drivers of life and economic growth of countries, and we are privileged to be entrusted with their production in the markets that we serve. As respective governments look for solutions to meet their constant need for capacity addition, all the while aiming to achieve more economical and cleaner energy mix, there is a massive pipeline of growth opportunity in this sector.

For us, at ACWA Power, it is not just about doing even more of what we are reliably and responsibly delivering every day; it is also about prudence and adaptability – how fast and how big we can grow in this environment, in a controlled manner and with optimal risk-return trade-offs, and how our strategy, capabilities and execution must adapt to capture more than our fair share in this singular growth opportunity.

With an excellent track record of always delivering on our promises and the clarity of the strategic vision that we have, we are aiming to more than quadruple our size in the next decade, expecting to build a balanced portfolio that is in excess of SAR 750 billion

in size, with about 150 GW of contracted power capacity and 15 million m³ per day of desalinated water, whilst contributing to a cleaner, greener world for all.

We will get there by adhering to our winning business model of being a reliable and responsible developer, investor and operator of a balanced portfolio of assets, and by maintaining our financial strength and flexibility to support our long-term growth.

Rajit Nanda
Chief Investment Officer

In 2019, we successfully translated our strategic and operational strength into robust financial performance and delivered solid operating profit before impairment loss and other expenses with a strong cash position at the end of the year.

OPERATING INCOME

Our consolidated operating income before impairment loss and other expenses reached SAR 1,881 million in 2019, an increase of three percent over 2018. Major performance drivers were the new projects which were operational in 2019 vs. partial or no operation in 2018, realisation of project development fees on account of financial close of several projects, and the first time consolidation of RAWEC upon conversion into a subsidiary, following ACWA Power's acquisition of a controlling stake in October 2019.

Although modest, the three percent growth rate jumps to a noteworthy 31 percent when the SAR 387 million one-time gain pertaining to the acquisition of an additional 37 percent share in RAWEC is excluded from the base year. Not owning a controlling interest after acquiring the 37 percent, ACWA Power

reported this one-time gain in 2018 through share in net results of equity accounted investees thus increasing the amount reported as operating income before impairment loss and other expenses.

ADDITIONAL SHARE ACQUISITION IN RAWEC IN 2019

Comprising two phases that are operational since 2008 and 2018, the RAWEC IWSP project was originally developed on a build, own and operate basis, providing steam, electricity and desalinated water to Petro-Rabigh, Rabigh Refining and Petrochemical Company, in Saudi Arabia as a captive plant. After increasing our share from 37 percent to 74 percent in 2018, we acquired an additional controlling 25 percent stake and increased our effective shareholding in RAWEC to a controlling 99 percent in October 2019.

This acquisition has significantly consolidated our position as a major industrial player in the Saudi market by being the sole embedded steam, power and water provider to the world's largest integrated petrochemical complex. We also financially benefited from the transaction in the form of a net gain of SAR 211 million. As RAWEC became a fully-controlled subsidiary of ACWA Power following this transaction, its results are consolidated in the parent company financial results; accordingly, this one-time net gain was reported as 'other income', below operating income before impairment loss and other expenses, positively contributing in the profit for the year from continuing operations.



"IN 2019, WE CONTINUED TO UPHOLD OUR COMMITMENT TO CREATE SUSTAINABLE STAKEHOLDER VALUE, AND I BELIEVE OUR STRONG FINANCIAL RESULTS FOR AND FINANCIAL POSITION AS OF THE END OF 2019 ARE SOLID TESTAMENTS IN THIS RESPECT."

PARTNERSHIP WITH CHINA'S SILK ROAD FUND AND PARTIAL DIVESTMENT OF RENEWABLE PORTFOLIO

Another operational milestone in 2019 that had material positive impact on our financial position and cashflow was the partnership with China's Silk Road Fund.

In 2018, ACWA Power Renewable Energy Holding Limited (APREH), a fully-owned subsidiary of ACWA Power, entered into a convertible loan agreement with the Silk Road Fund of China, which provided the lender an option to convert all or a portion of the loan's principal amount into shares at an agreed conversion price. In 2019, the Silk Road Fund partially exercised its right to purchase 49 percent of the Group's shareholding in APREH and became a strategic, jointly controlling partner in the new company, ACWA Power Renew Co.

The significance of this transaction transcends the SAR 554 million net gain on loss of control that we realised and reported under 'discontinued operations' on the consolidated statement of profit or loss; besides being a testament to the maturity of our business model and our success in creating sustainable value for our shareholders, it is an exceptional example of the robust, strategic and ever-growing ties between Saudi Arabia and China.

DIVESTMENT OF ACWA POWER CF KARAD PV PARK EAD IN BULGARIA

In a move in accordance with our strategy, ACF Renewable Energy Limited, one of our subsidiaries in which we own 42 percent stake, signed a binding agreement to sell its entire stake in ACWA Power CF Karad PV

Park EAD in Bulgaria to an Austrian investor and project developer in the renewable energy sector. Concurrently and with the same investor, NOMAC Limited also signed a binding agreement to sell its entire stake in NOMAC Bulgaria that provides O&M services to the Karad plant. The transaction was not completed as of the end of 2019 hence the results and assets and liabilities of Karad are presented as 'discontinued operations' and 'held for sale' on the respective consolidated financial statements of ACWA Power.

PLANT OUTAGES

Several forced plant outages resulted in not only unplanned plant unavailability in 2019 but also a subsequent increase in our insurance premiums and deductibles. Although operational interruptions are inevitable given the size and complexity of our portfolio, every effort is made to minimise them, as they result in inefficiencies and financial losses. We carried out root-cause analysis of these incidents and took invaluable lessons from them, immediately implementing these learnings across our portfolio.

Most importantly, as will be covered in more detail in the operational review section, our state-of-the-art NOMAC monitoring and prediction centres in Dubai and Riyadh now remotely allow us to stay one step ahead of likely operational problems. Already operational in nine plants, they apply machine learning and adaptive pattern recognition techniques over big data. This is a significant operational performance enhancer as a result of our relentless digitalisation efforts, which will continue to deliver benefits for many years to come.

IMPAIRMENT LOSSES

Although undesirable, impairment charges in such a large portfolio of assets with decades-long operational lifetimes are another reality that we seek to minimise but cannot avoid completely when there are changes in the external environment. In 2019, a total of SAR 880 million of impairment charges was made against consolidated operating income, pertaining to two projects, in which ACWA Power's share was SAR 460 million.

The larger one, at SAR 792 million (ACWA Power's share: SAR 403 million), was the result of a recent re-assessment of post-PWPA revenues of ACWA Power Barka SAOG in Oman, in the wake of contractual developments as a by-product of the 'Oman's Power 2022 Procurement Process' launched in 2018. A rejection of our reverse osmosis (RO) tariff at the pre-qualification stage, and new uncertainties related to the renewal value of the power side of the contract that is expiring at the end of 2021, have led us to this prudent impairment decision.

The second one was on account of Bowarege, a dedicated water production company that owns and operates the world's largest floating water desalination RO plants. Bowarege's offtake agreement expired in 2017 and the WPA has not been renewed since then. With failed negotiations to bring in new contracts and no certainty with respect to further operations, a decision was made to fully impair Bowarege assets this year, at a charge of SAR 88 million (ACWA Power's share: SAR 57 million).

NET PROFIT FROM CONTINUING OPERATIONS

The impairment losses mentioned above have taken a toll over the net profit from continuing operations in 2019. Partially offset by other income mainly on account of the net gain on business combination achieved in stages pertaining to an additional 25 percent equity share acquisition in RAWEC, net profit from continuing operations for the year decreased to SAR 326 million from SAR 640 million in 2018.

CASH AND LEVERAGE

At SAR 1,289 million, net cash generated from operating activities continued to be a strong contributor to the Group's liquidity. Supported by a solid opening cash position, this has resulted in a year-end consolidated cash and cash equivalents balance of SAR 2,798 million. This is despite significant corporate cash outlays during the year by virtue of investments in several underlying project companies, in the form of payments for the acquisition of RAWEC and settlement of equity-bridge loan (EBL) commitments in Ibri, Sohar, Bokpoort and Mourjan.

Corporate Cash

At SAR 2,021 million, corporate cash made up more than 72 percent of our consolidated year-end cash and cash equivalents balance. The most important corporate cash source is 'Parent Free Cash Flow (PFCF)', which comprises distributions from the project companies and NOMAC, technical and other management fees and development revenues, in addition to other corporate cash sources, such as capital increases net off corporate general, administrative and financial expenses. Combined with beginning cash, PFCF makes up total discretionary cash available for capital allocations. Our major corporate cash allocations in 2019 were dividends, corporate debt servicing and investment in projects.

Corporate Debt

As our consolidated financial statements include results of ring-fenced project companies, mostly laden with non-recourse project financing debts, consolidated leverage is not a true reflection of the corporate indebtedness level of the parent company, ACWA Power. In fact, out of SAR 19,752 million total financing and funding facilities on the consolidated balance sheet at the end of 2019, only nine percent was with recourse to ACWA Power. Accordingly, including off-balance sheet commitments relating to equity investments but net off corporate cash on hand, ACWA Power's corporate parent company net indebtedness

at the end of 2019 stood at SAR 3,954 million, or 0.44x of tangible net equity, indicating quite significant room for additional leverage to support our future growth pipeline.

ACWA 39: ACWA Power's Maiden Corporate Bond

ACWA Power's maiden '144A-RegS ACWA 39 SAR 3,053 million (US \$814 million) 5.95 percent Senior Secured Bonds due 2039' was issued in May 2017 by ACWA Power's wholly owned DIFC-incorporated subsidiary, APMI One. It was secured by cashflows from a diversified cross-section of eight ACWA Power projects in Saudi Arabia, and from NOMAC in addition to other security in the form of share pledges and a debt service reserve account. It is a ring-fenced, non-recourse indebtedness with semi-annual debt servicing and a moratorium on principal until June 2021. APMI One's ACWA 39 currently has two investment-grade ratings: Fitch's 'BBB-' and Moody's 'Baa3', both with 'Stable' outlook. In 2019, a total of SAR 181.6 million (US \$48.4 million) debt servicing was made in the form of interest payments to the bondholders.

WELL-POSITIONED TO OVERCOME THE COVID-19 CHALLENGE

For the entire world, 2020 has started with an unprecedented pandemic. We have already taken comprehensive measures to ensure the health and safety of our people, and continuity of reliable and responsible delivery of power and water to our communities.

Providing essential utilities for large communities, our operating projects have long-term take-or-pay contracts with mostly government-related off-takers, resulting in limited financial stress on account of the COVID-19 pandemic so far. Nonetheless, we have reasonable working capital facilities in place in each of the projects that can be accessed in case of temporary receivable delays from the off-takers.

Similarly, all our projects under construction have access to sufficient funding to continue their construction activities and are able to absorb reasonable delays that may be caused in the supply chain due to the COVID-19 pandemic.

There is no business interruption – operational-, maintenance-, or supply-related – in any of the operating assets of the portfolio or the construction projects. Notwithstanding, to protect our contractual interests in the event of a disruption due to COVID-19, we have already served force majeure notices to all our off-takers. On all

our sites, based on the regular operational requirements, we have sufficient stocks of spares/consumables for normal operations for up to six months.

We stress-test our operating and under-construction projects under various scenarios and monitor our financial position and corporate commitments on a regular basis. Our strong liquidity that is reinforced by unrestricted access to unutilised corporate revolver facilities of SAR 1,286 million at ACWA Power provides additional room to manoeuvre in case any project temporarily requires funding.

Notwithstanding, it is prudent to note that the extent and duration of business and economic impact of the COVID-19 pandemic remains uncertain and is dependent on future developments that cannot be accurately predicted at this time.

In 2019, we continued to uphold our commitment to create sustainable stakeholder value, and I believe our strong financial results for and financial position as of the end of 2019 are solid testaments in this respect. We have ambitious business growth aspirations for the coming decade, and we are confident that, as we capture the opportunities in front of us, we will turn them into accelerated financial value for our shareholders, business partners, employees and the communities we serve.

Kashif Rana
Chief Financial Officer

For the year ending 31 December 2019

Consolidated net profit attributable
to equity holders (SAR Million)

1,174

As at 31 December 2019

Corporate cash
(SAR Million)

2,021

As at 31 December 2019

Corporate parent company net indebtedness
(SAR Million)

3,954

(0.44x of tangible net equity)

"WE HAVE AMBITIOUS BUSINESS GROWTH ASPIRATIONS FOR THE COMING DECADE, AND WE ARE CONFIDENT THAT, AS WE CAPTURE THE OPPORTUNITIES IN FRONT OF US, WE WILL TURN THEM INTO ACCELERATED FINANCIAL VALUE FOR OUR SHAREHOLDERS, BUSINESS PARTNERS, EMPLOYEES AND THE COMMUNITIES WE SERVE."

Back in 2017, already riding a strong wave of growth, we realised that business as usual would not be enough to support our ever-increasing ambitions for the growth of the Company. We had to take a hard look in the mirror and initiate changes to keep the wind behind us before it started to beat against us. So, we undertook a comprehensive organisational health assessment, which became a critical inflection point for ACWA Power.



While reinforcing the strengths that we knew were key drivers of our success, including our agility, entrepreneurial spirit and very strong talent at all levels of the organisation, this strategic exercise also laid bare the unmistakable symptoms of a fast-growing, healthy organisation. These challenges ranged from talent retention, development and performance management to process integrity, cultural unification and diversity.

Armed with these insights, we set in motion a detailed plan with a wide range of specific goals and actions built around our organisational strengths as key enablers of a transformation journey. When we carried out a similar survey in 2019 to gauge our progress, we saw a four-percentage point improvement on our overall organisational health index. Progress was being made but we were not satisfied of the pace. We therefore concluded that more fundamental and structural changes were needed to deliver the desired results and make them stick.

That was the birth of Galvanize, a programme led by the CEO and launched in September 2019 to thoroughly examine our organisational structure, management processes and resources, and define improvements, in the face of the tremendous growth pipeline that lies before us.

With Galvanize and a dedicated Galvanize steering committee in place, we began to execute with speed, focus and determination. Before the end of the year, we had already developed and finalised an updated organisation and leadership structure. Supporting gender diversity wholeheartedly, in addition to having more women in critical business development and project leadership roles than in any other year in the history of ACWA Power, we appointed our first female management committee member. Further demonstrating our dedication to the

Galvanize transformation, and to embed the changes into our day-to-day lives as effectively as possible, we also defined a new leadership role reporting to the CEO and appointed a Chief Transformation Officer.

Through the depth and breadth of the Galvanize programme, we aim to instil changes to our organisation that will strengthen the unity of purpose and cohesion among the company's operating and leadership teams. By empowering our people closest to each asset, we are also committed to building a management team that will provide required governance and support to the rapidly growing and geographically expanding portfolio in a more efficient and agile manner. With the increased level of clarity in the roles and responsibilities of the core business units and the supporting enabling functions, Galvanize programme will also help in eliminating process duplications, capturing resource synergies, enhancing a culture of teamwork and strengthening entrepreneurship, ownership and commitment.

We are blessed with a diverse and talented 3,500-person workforce that is truly committed to our core values and dedicated to delivering on our mission. We are therefore convinced that our transformation through the Galvanize initiative will significantly strengthen our capability to extend the great achievements that we have realised over the past 15 years and to fulfil our growth ambition to quadruple our portfolio of assets in both power generation and water desalination by 2030.

Yara Anabtawi
Chief People & Culture Officer

Employees

3,500

Local employment

60+%

Nationalities

30+

"GALVANIZE WAS LAUNCHED IN SEPTEMBER 2019 TO THOROUGHLY EXAMINE OUR ORGANISATIONAL STRUCTURE, MANAGEMENT PROCESSES AND RESOURCES."

Winning new bids is a key contributing factor in the success and sustainability of our business. Reliably and responsibly delivering power and water over the decades-long lifetimes of our assets, which is our implicit social contract with the communities where we are present, is even more important.



Effective technical and engineering management, and ongoing operations and maintenance of our plants, are our key strengths that enable us to keep to our commitment to reliably and responsibly deliver power and water.

TECHNICAL AND CONSTRUCTION MANAGEMENT

Commencing as early as the bidding stage, technical management of a project transgresses phases in the lifecycle of a project. Spanning design review, construction and mobilisation of the asset, it hands over the project to the operations team when the plant begins commercial operations (COD).

It is at the bidding stage that we look out for the most optimised technical and engineering solution that brings the best possible outcome in terms of tariff pricing, as well as timely construction, safety, and availability of the plant, thus ensuring a competitive edge for the ensuing bidding process. We do this by gathering long-term energy source data, running numerous simulations via our in-house developed Plant Simulation and Optimisation tool, and preparing a detailed evaluation of the available technologies and corresponding engineering solutions that optimise our techno-commercial proposal.

Once a bid is won, relevant contracts are executed and the project reaches financial close, our role switches to meticulously supporting the project company through to the project's COD, all the way ensuring performance in accordance with the highest quality and safety standards as well as the project-model assumptions.

During 2019, we successfully launched and executed several projects that were not only technically complex but also some of the largest ones in both the power and water industry.

We became by far the largest seawater desalinator in the world by launching four reverse osmosis desalination projects, three under construction and one in advanced development, namely Rabigh 3 IWP in Saudi Arabia, Taweelah IWP and Umm Al Quwain IWP in the UAE and Al-Dur 2 IWPP in Bahrain. When completed, these plants will supply more than 2.4 million m³ per day desalinated water. In addition to producing more than 900 thousand m³ per day, Taweelah will also stand out as being partially supplied by renewable sources, technologically decoupling water production from the traditional power-water application at a very competitive price level. Additionally, we commercially commissioned Shuaibah 2 IWP in Saudi Arabia, a 250,000 m³ per day facility that supplies water to the Makkah area, ahead of schedule and with higher reliability and lower energy consumption than expected.

On the power side, we completed the construction of Sakaka PV IPP – the first and the largest utility scale PV project in Saudi Arabia, with 300 MW contracted power capacity, and connected it to the national grid in December. In the UAE, on the construction site of the world's largest single-site concentrated solar power plant, Noor Energy 1, we completed the civil works for the world's tallest solar collector tower that reaches up to 222 metres. Noor Energy 1 combines all available solar technologies – central tower, parabolic trough and PV – at a very low tariff level. Tower-type thermal power generation is the core of this project, and once completed, it will be the most advanced in the world, incorporating the latest application technology, as well as having the highest heat collection tower for a project of its kind.

As we do in everything else at ACWA Power, we always push our boundaries with each one of our projects, continuously searching to identify and capture financial and technical improvements to make the project more profitable for all our stakeholders. We will continue to do this over the next decade.

“DURING 2019, WE SUCCESSFULLY LAUNCHED AND EXECUTED SEVERAL PROJECTS THAT WERE NOT ONLY TECHNICALLY COMPLEX BUT ALSO SOME OF THE LARGEST ONES IN BOTH THE POWER AND WATER INDUSTRY.”

OPERATIONAL REVIEW CONTINUED

OPERATIONS AND MAINTENANCE

NOMAC is the operations and maintenance (O&M) business unit of ACWA Power.

By offering technical, engineering and maintenance services across our portfolio at the highest industry standards for health, safety and environment, NOMAC ensures reliable and responsible power and water availability whilst assuring long-term asset performance and maintaining the residual value of our assets.

NMES: NOMAC MAINTENANCE ENERGY SERVICES

NMES, a 100 percent-owned subsidiary of NOMAC, provides field engineering services such as major inspection and overhaul for key equipment across ACWA Power's asset portfolio.

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. In a matter of one year, NMES has not only taken over all major equipment overhaul and maintenance works in our portfolio but also signed two Long-Term Service Agreements (LTSA) with the project companies of Zarga and Al Dur 2 power plants that cover the entire asset-life of these projects. By building relationships with other O&M service providers, NMES has also ensured the holistic coverage of its entire value chain, from sourcing of spares to engineering and quality control.

With these accomplishments, NMES demonstrated its capability and capacity to not only complete these very complex tasks on schedule and in scope but also to add tremendous value to the Group 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 Group strong leverage and a clear competitive advantage in developing new projects.

RELIABILITY OF SUPPLY FRAMEWORK

During the operations of our highly sophisticated and complex plants, issues inevitably arise from time to time. Unfortunately, 2019 was a challenging year in this respect. Forced shutdowns in two of our plants in the Kingdom – Rabigh IPP and Shuqaiq IWPP – resulted in unplanned plant outages, with full loss of power generation capacity in the former for around three months and loss of one-third of capacity in the latter for around five months. While the Shuqaiq incident was triggered by a national grid blackout, the one in Rabigh was the result of equipment failure. Despite the impact of these two outages, total plant availability for power and water remained at 90 and 94 percent, respectively – still well above contractual threshold limits but lower than our internal best-practice targets.

We took many lessons from these challenging events and moved forward with renewed focus and determination. Besides a range of invaluable technical insights, one positive outcome has been the launch of our 'Reliability of Supply Framework' to address and enhance reliability of supply in a systematic and proactive way, both for projects under development and those already in operation. Established in close collaboration with the Electric Power Research Institute (EPRI), the framework consists of two main pillars.

The first pillar is the identification of the critical equipment that determine the reliability of each plant. For each critical equipment, a failure mode analysis is performed, and mitigation plans are then drawn up to avoid the occurrence of the failure modes. Mitigating actions span the entire lifecycle of a project, from inception to retirement, and are supported by all departments, from Business Development and Technical and Construction Management to Portfolio Management and O&M.

In parallel with the failure mode analysis, 'reliability, availability and maintainability modelling' is performed to assure the intended availability of the plants can be achieved and improved. This process models all equipment and their interactions with each other, particularly at the design and construction phases of projects.

As a further enabler for the overall health of the framework, we initiated a review of all our critical equipment maintenance against the best industry standard maintenance databases that EPRI has developed over the last decades. We also established focus groups to ensure that any major issues are properly analysed and the re-occurrence in the rest of the fleet is avoided.

The above scope has already been implemented on two pilot plants and will be rolled out to five more projects by the end of the second quarter of 2020. These first seven projects have been carefully selected to provide a full coverage of all available technology in ACWA Power's current portfolio. Subsequently, we plan to extend this to our entire fleet by the end of 2020.

Big data analytics is another pillar of our Reliability of Supply Framework. Using GE Predix technology, we analyse data that is collected by as many as 45,000 sensors in a complex plant, by means of Artificial Intelligence (AI), Internet of Things (IoT), Advanced Pattern Recognition and Digital Twin techniques. This allows us to identify performance deviations beyond acceptable standards and reasonably predict potential equipment failures before they happen. From our two in-house monitoring and prediction centres in Dubai and Jeddah, we can currently monitor and analyse activity in nine of our plants, and we plan to increase the number of plants to 26 by the end of 2020.

Standardisation is the common element that unites these pillars. It allows us to act quickly and with confidence, saving crucial time and ensuring the highest standards across our fleet. Reinforced by international standards, including ISO 9000, 14000, 45000 and 27000 certifications, we implement standardised processes, and integrate management and ERP (Enterprise Resource Planning) systems, wherever we take our services to.

PRIORITISING OUR PEOPLE & HSSE

With more than two thousand people across our operations, ACWA Power's O&M arm represents around 60 percent of the Company's total workforce. The health and safety of each one of these devoted men and women, the majority of whom work in the field in our operating and under construction plants, is our utmost priority.

It is therefore a great source of pride for all of us that in December 2019, for the first time in our history, NOMAC crossed 15 million safe man-hours in all our operational power and water plants. An accomplishment of this magnitude is an outstanding milestone, exemplifying our unwavering commitment to living our core value of safety every day, both at NOMAC and ACWA Power.

On the other hand, we are aware that we still have room for improvement in safety compliance on the sites of projects under construction, in order to achieve the same high standards as in our operating plants. The LTI rate on our construction sites remained relatively higher and it is with extreme regret that we reported two fatalities during 2019. We are working very hard to enforce our safety standards on our construction sites, including by putting forward strict Engineering, Procurement and Construction (EPC) contractor requirements as early as the business development phase, and by providing stronger HSSE support to our EPC contractors. We vow to continue to prioritise and improve in this critical area.

One of our flagship people development and localisation initiatives that is also a high-impact corporate social responsibility programme is the Higher Institute for Water and Power Technologies (HIWPT), a vocational training institute founded by ACWA Power. Located in Rabigh, Saudi Arabia, the not-for-profit technical institute provides training for young Saudis to prepare them for careers as operators and technicians in the field of water desalination and power technologies. As of the end of 2019, more than 130 trainees had graduated from the institute.

HIWPT has been successful in securing employment for all its trainees, as they are matched with sponsors from the start. Indeed, the 64 percent overall Saudisation level in our O&M workforce is indisputable proof of the success of this initiative.

As the dedicated O&M business unit of ACWA Power, we are proud to be an essential part of both ACWA Power's growth ambitions and contributions to Saudi Vision 2030. We are already the number one O&M company in our home region and, driven by our relentless pursuit of operational excellence and steadfast commitment to our core values, we are confident that we will soon become the number one O&M company in the world.

Julio Torre Gutierrez
Acting Chief Portfolio Management
Officer at ACWA Power
President & CEO, NOMAC

Patxi Saez
Chief Technical Officer

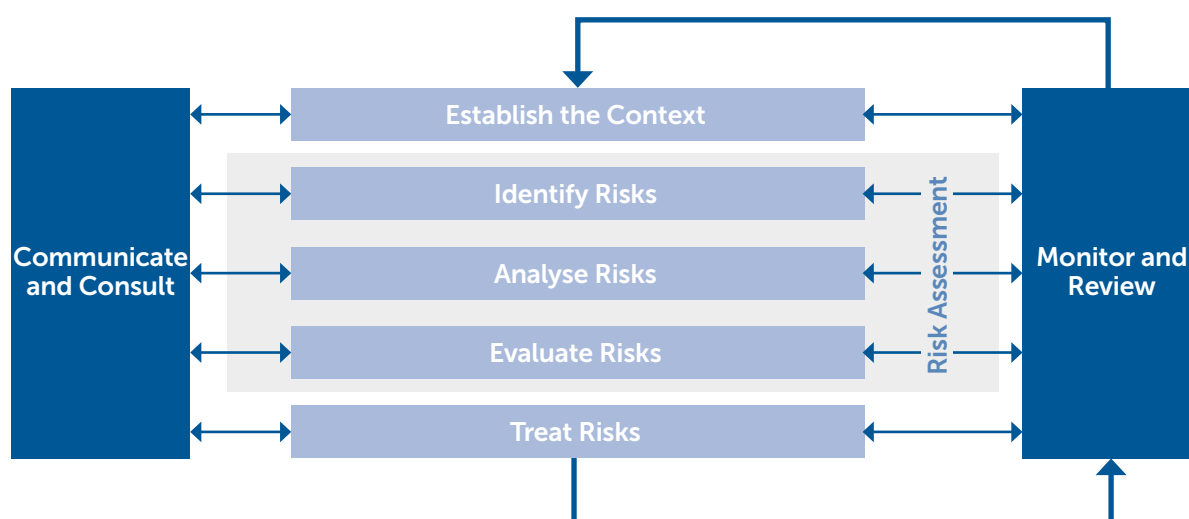
"IT IS A GREAT
SOURCE OF PRIDE
FOR ALL OF US
THAT IN DECEMBER
2019, FOR THE
FIRST TIME IN
OUR HISTORY,
WE CROSSED 15
MILLION SAFE
MAN-HOURS IN ALL
OUR OPERATIONAL
POWER AND
WATER PLANTS."

Sound principles

ACWA Power and its subsidiaries are acutely aware of the importance of Risk Management as a fundamental pillar to the successful execution of our strategy and performance of our Company.

We are therefore committed to adopting sound Enterprise Risk Management (ERM) principles and have based our risk management process on the commonly accepted ISO 31000 Risk Management standard, in accordance with industry best practices. This commitment has been formalised in our ERM Policy, which has been endorsed by our Management and approved by our Board.

Our comprehensive ERM approach follows the principles and methodology of the ISO 31000 standard, depicted in the summary chart below:



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

- Reliable and responsible delivery of power and desalinated water, at low cost;
- 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; and
- Compliance with law and regulations.

OPERATIONAL RISK MANAGEMENT

ACWA Power's top-down ERM approach is complemented by a bottom-up approach that enables the identification and management of risks as close as possible to key aspects of our business, including business development, project execution and asset operations.

Through dedicated training and coaching sessions, all project and asset teams have been familiarised with this approach. This has been documented through standardised Risk Management plans, which are fully integrated into our management procedures for asset development, construction and operations.

RISK MANAGEMENT ORGANISATION AND GOVERNANCE

The Company's dedicated Corporate Risk Management Department is the owner of the ERM process and is responsible for its implementation across the organisation,

including the project companies and other legal entities in which ACWA Power is a shareholder.

The Risk Management Department is headed by an Executive Director, who reports to the Chief Compliance and Risk Officer, who is part of the Management Committee.

The Board Risk and Compliance Committee 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 ACWA Power, while overseeing the overall Risk Management process and risk profile of the Company.

MAIN RISK AREAS AND MITIGATION APPROACH

Through our ERM framework, which is embedded into all our operational and strategic processes, ACWA Power seeks to effectively and successfully address the main risks inherent in our business and activities.

The risks are identified, owned and managed at each level of the organisation, with the relevant level of granularity, from assets level up to corporate. They are reported on a regular basis to the appropriate Management level and ultimately, for the most significant ones, to the Board Risk and Compliance Committee (BRCC), the subcommittee of the Board mandated to provide the oversight.

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

These risks can be summarised into the following main risk areas:

Main risk areas	Control and mitigation strategy
PROJECT DEVELOPMENT	- Identify and limit material risks during the project selection and bid development process - Presentation of risks and mitigation plan to the Board Investment Committee - In-house capacity and expertise in contract structuring and project financing
PRICING	Capacity and production payment as part of power and water purchase agreements signed with the off-taker
TECHNOLOGY	- In-house technology department with strong expertise - Agnostic approach in selecting technical solutions and technology providers best suited to each project and country of operation
PROJECT EXECUTION	- Well-established repeat contract relationships with experienced, creditworthy and trustworthy EPC contractors - Strict back-to-back contracts with designated EPC contractors - In-house Project Execution Supervision team, with a risk-focused mind-set
OPERATIONS AND MAINTENANCE (O&M)	- A wholly owned subsidiary to provide O&M services for all assets in operation, fully involved from the Project Development phase - Reliability of Supply Framework in place to ensure high reliability of assets
FUEL SUPPLY	- Most of our fossil fuel plants contracted on tolling arrangements whereby fuel supply and cost risks are borne by off-takers - Whenever such an agreement is not possible, systematic hedging put in place, if and when available
FUNDING AND FINANCING	- Limited recourse or non-recourse debt to ACWA Power, minimising exposure to amount of equity - Well-established long-term relationships via repeat partnerships with strategic co-investors and lenders
FINANCIAL	- Long-term off-take agreements with mostly investment grade off-takers - Ongoing revenue and termination payments guaranteed with sovereign credit support - Selection of strategic financial partners, co-investing with equity injection
LEGAL AND REGULATORY	Systematic contractual protection against changes in laws and regulations
PEOPLE	- Talent and leadership development schemes to limit turnover - Performance-based evaluation process to enhance internal talent growth - Succession planning and key people management processes in place
GOVERNANCE AND MANAGEMENT	- Governance framework supported by ad-hoc control by Board Committees with significant independent member participation in each Committee - Independent internal audit function reporting to Board Audit Committee
HEALTH, SAFETY AND ENVIRONMENT (HSE)	- Stringent HSE standards on assets under operations and projects under execution, enforced by dedicated in-house HSE department - Strong social and environmental impact mitigation and management, as part of sustainability framework and strategy
CYBERSECURITY	- Defence-in-depth strategy around IT systems (servers, network, end-user machines, etc.) to prevent cyberattacks - IT security assessments and periodic IT audits conducted by skilled IT auditors to ensure effectiveness of controls on IT systems
COUNTRY AND GEOPOLITICAL	- Careful selection of new markets supported by a systematic risk assessment of new countries - Regular security assessments for countries where we operate
ECONOMIC VOLATILITY	- Limitation to variation of interest rate exposure through SAIBOR- or LIBOR-linked debt, with systematic hedging - Limitation of forex fluctuation exposure through contracts under US Dollar-pegged currencies, and hedging wherever not applicable

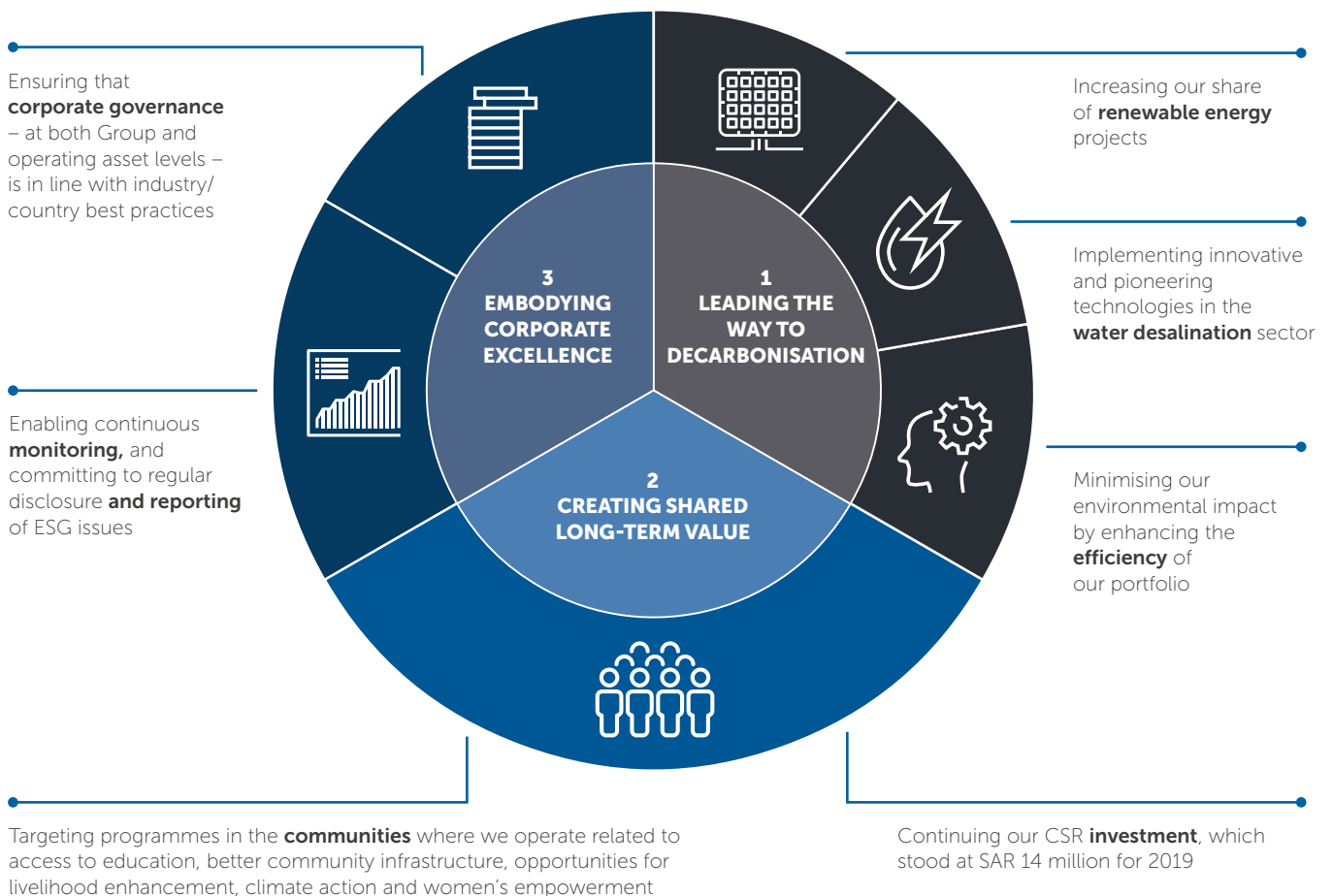
Our sustainable future

ABOUT THIS SUSTAINABILITY STATEMENT

ACWA Power Sustainability Statement outlines our strategies, commitments and performance as a responsible corporate citizen and catalyst for a more sustainable world. It summarises our sustainability activities and achievements over the course of 2019, providing a prelude to our full Sustainability Report 2019, developed in alignment with Global Reporting Initiative (GRI) Standards and scheduled for publication in 2020.

In ACWA Power, we believe it is crucial to act as a sustainability enabler for our region: we are committed to creating a sustainable future by generating power and producing desalinated water efficiently, reliably and safely, at low cost. Through our activities, we are deploying the latest technologies and providing the communities where we operate with a more sustainable future.

Our Sustainability Statement focuses on three key areas:



2019 OVERVIEW

Since the launch of our inaugural Sustainability Report in 2014, we have been reflecting upon our sustainability performance each year, highlighting the major milestones in our sustainability journey and the opportunities and challenges we may face in the years ahead. This process ensures the continuous improvement and communication of our environmental, social and governance (ESG) performance.

In 2019, ACWA Power showcased a resilient performance and continued to strengthen the foundation for sustainable, long-term growth. Key highlights for the year include:

- Continuing to develop our solar energy portfolio in Saudi Arabia, the UAE, Vietnam, Egypt and Jordan, with further plans to expand in Africa and Asia in 2020 and beyond.
- Remaining at the forefront of the Gulf region's transition to clean renewable energy, enabling the decarbonisation of the power generation and water desalination sectors, while advancing governmental climate goals through our cutting-edge low-carbon energy projects.
- Developing the world's largest independent water desalination plant in Taweelah, Abu Dhabi, which will come online in Q4 of 2022 with a capacity of 909,216m³ of water per day. The AED 3.28 billion Taweelah plant will be one and a half times larger than the world's then second largest reverse osmosis (RO) plant, Rabigh 3 IWP, which is another one of our projects.
- Expanding Shuaibah 2 Independent Water Project (IWP) in Saudi Arabia, with a capacity of 250,000 m³ per day, helping to meet the growing water needs of the Kingdom by utilising seawater reverse osmosis (SWRO) technology.
- Completing the first large-scale solar power project in Saudi Arabia, the 300 MW Sakaka Independent Power Project (IPP), which harnesses solar energy by utilising cutting-edge photovoltaic (PV) technology to generate power at a world record-breaking tariff of US \$2.3417 per kWh (8.781 halalas/kWh).

- Leading the way to decarbonisation and catalysing the Saudi national renewable energy agenda, which aims to produce 9.5 GW of renewable energy by 2023.

At ACWA Power, we view the communities where we operate as our own, investing and supporting local initiatives that address global issues and promote local development. We continue to invest in local talent and suppliers in communities where we operate, thereby stimulating the human, economic and social development of these countries.

We follow industry best practices related to ESG issues. Our projects comply with the International Finance Corporation (IFC) performance standards, meeting its comprehensive and stringent guidelines.

We are proud of our achievements to date and are confident that we will continue to build on this strong foundation to create additional value in the years ahead. While pursuing our path to sustainability, we will continuously communicate our ESG performance, not only disclosing our environmental performance, but also our social, economic and governance achievements. At ACWA Power, we consider our partnerships with our stakeholders as central to our journey to excellence, and we value the feedback of our stakeholders as a critical resource for continual improvement and a central component of our strategic planning.

2019 AWARDS AND ACHIEVEMENTS

Through accolades and third-party acknowledgements of our achievements, we continue to build trust amongst our stakeholders by consistently delivering sophisticated, innovative and sustainable power and water assets at a competitive cost. As one of the most notable testimonials to that effect, in 2019, ACWA Power was awarded the 'Largest Sustainability Project of the Year' by the Dubai Investment Development Agency (Dubai FDI).

During the year, we also enabled the **GCC region's first Climate Bond Initiative's (CBI) Certification for Renewable Energy Project Financing**. The fourth phase of Mohammed bin Rashid Al Maktoum (MBR) Solar Park – Noor Energy 1 – became the first project in the GCC region to receive this certification, supporting the efforts to meet the Dubai Clean Energy Strategy 2050. The flagship project is a collaboration between ACWA Power, the Dubai Electricity and Water Authority (DEWA) and China's Silk Road Fund aimed at closing the clean energy investment gap. This pioneering green funding achievement will promote and facilitate future investments in regional projects and assets that drive the rapid transition to a low-carbon and climate-resilient economy. This will also improve our credibility across the international financing market, increasing ACWA Power's attractiveness for future investors, as the market becomes increasingly sensitive to the decarbonisation of the electricity generation sector.

In 2020, we will assess further opportunities related to sustainable finance, and intend to expand and diversify the Company's sources of sustainable financing, including instruments linked to the achievement of our decarbonisation targets and in line with the United Nations Sustainable Development Goals (SDGs).

OUR APPROACH TO SUSTAINABILITY

EMBEDDING ESG IN

OUR BUSINESS MODEL

At ACWA Power, we understand that our business context is rapidly changing, and that the markets are increasingly valuing low-carbon and high-ESG performance. Facing unprecedented global issues will bring emerging business opportunities and risks. As such, we embed the consideration of ESG issues deep within our business model, strategy and vision of the future in order to adapt with insight and confidence to our evolving business landscape. As we drive economies towards sustainability, we design our business strategies to create shared value and protect the best interests of all our stakeholders.

In 2019, ACWA Power and our operating assets made significant progress towards formalising our sustainability commitments, informed by material issues while remaining agile and responsive to best address the needs of our communities, serve our environment and encourage economic growth. Our sustainability commitments are not standalone initiatives; rather, the Company's sustainability and ESG agenda are deeply integrated into how we think, plan and act each day.

Indeed, our ESG focus and efforts are woven into the fabric of our operations, guiding how we do business on a daily basis. This includes **driving the transition to cleaner energy** by increasing the share of renewable energy installed capacity, transforming the **green financing** landscape by driving down the cost of capital for climate projects in developed and emerging markets, promoting **shared prosperity** in the countries where we operate, and embedding best practices in terms of **corporate governance**.

OUR SUSTAINABILITY STRATEGY

During 2019, we conducted a comprehensive review of our sustainability framework, and re-constructed our strategy, which will be adopted and implemented in 2020. It will be centred around four key areas:

- Leveraging operational efficiency;
- Bolstering our brand;
- Mitigating risk and identifying opportunities from an ESG performance perspective; and
- Creating shared value that benefits all our stakeholders.

OUR SUSTAINABILITY MANAGEMENT PROCESSES

Our sustainability priorities and actions are structured to best serve the needs and opportunities of our stakeholders, local communities and future generations. This structure allows us to prioritise sustainability as a Group-wide imperative with a global impact, while maintaining the flexibility to invest in targeted local programmes and share learnings from community initiatives across our portfolio.

Successful Performance Measures

We use non-financial ESG metrics to guide our financial decisions in a holistic manner. Our ESG performance is continually measured, monitored and assessed against our overarching sustainability ambitions and material Key Performance Indicators (KPIs). These KPIs are assigned to relevant departments, each with their own sustainability performance measurement, monitoring and management responsibilities. An embedded monitoring system enables continuous reporting of our performance to the CEO and the Board to help refine and develop new strategies.

Policies Driven by the Pursuit of Excellence

In 2019, we reaffirmed our commitment to robust corporate governance through our policies and protocols. We continued to implement industry best practices and leading standards, policies and programmes across our operations, and to roll them out to our EPC contractors.

One of our key governance mechanisms is our HSSE policy and programme, which is designed to protect human health and safety, as well as the natural environment, while contributing to global water and energy solutions.

In 2018, we introduced a refined HSSE policy with newly developed metrics, KPIs and targets – such as zero instances of environmental non-compliance – to better track our progress and performance. HSSE is a priority across all stages of the project lifecycle and compliance is ensured via comprehensive bi-annual audits. Our HSSE policy has proven to be a success in enhancing our safety performance, as in 2019 we achieved our lowest-ever Lost Time Injury (LTI) rate on record on our operating plants.

Sustainability Impacting our Value Chain

Beyond our direct operations, we ensure that sustainability principles are also upheld by our suppliers and contractors. We outline our HSSE requirements prior to project development, implement contractual obligations, conduct due diligence assessments, complete regular audits, and proactively engage with project managers. Building on these practices, we have recently implemented our new Contractor Management Standard, designed to guide our contractors, and support and improve their own HSSE performance.



Rehabilitation of the palm, Morocco



Beach cleanup and planting, Mangroves, UAE

CHAMPIONING THE SDGs

ACWA Power recognises that our sector plays a vital role in achieving the United Nations Sustainable Development Goals (SDGs). With our work, we champion progress towards the 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 our performance.

We believe by aligning ourselves to the SDGs as a strategic lens at the core of our operations, we will ultimately be better placed to unlock market opportunities, manage emerging risks and consolidate an enduring license to operate on the road to 2030. Therefore, in a targeted effort, we have identified the following SDGs, aligned them with our business priorities and objectives, and incorporated them into our business model, supported by performance goals and reporting.

Moving forward, ACWA Power will be incorporating SDG-relevant KPIs to provide the all-important bridge between prioritising the SDGs, embedding them into our business strategy and action planning, and, in turn, producing better reporting. By setting targets and KPIs, and creating a clear link to the value created, we are working to demonstrate and report on our impact towards the SDGs in a concrete way.

Prioritising climate action is essential to ACWA Power and we align to this goal by mobilising financial resources, increasing education and promoting mechanisms to help effective climate change-related planning and management in countries where we operate. Furthermore, we are continuously working to minimise the carbon footprint of our plants, at a time when demand is increasing in our region, by leveraging technological improvements.

Increasing market access to renewable energy is at the core of our commitments. We are also focused on enabling cost-effective, energy-efficient and renewable energy-fuelled water desalination.



As one of our core focus areas is fostering continuous learning environments for our local operations and workforces, ACWA Power is championing SDG 4 by providing training and education opportunities to our employees, as well as implementing CSR initiatives that have a strong focus on enabling quality education in the communities where we operate.

We support initiatives that promote Women in the STEM sphere. We have also established partnerships with Women Organising for Change in Agriculture and Natural Resource Management (WOCAN) to create and roll-out projects that promote community development and empower women in communities nearby our renewable projects in Morocco and South Africa.

As our operations are mainly in regions where seawater desalination contributes more than 90 percent of all daily water requirements, ACWA Power continuously strengthens the reliability and availability of our water delivery by improving the efficiency of our water desalination processes through technology improvements.

Khalladi Wind IPP, Morocco



Shuaibah IWPP, Saudi Arabia



Noor Energy 1, UAE



Bokpoort CSP IPP, South Africa



COMMITTED TO EXCELLENCE

At ACWA Power, our commitment to sustainability governance and continual improvement go hand-in-hand with our fundamental approach to growth and leadership. Strong sustainability governance supports effective management of environmental and social risks, while supporting the ability to have long-term impact and create shared value for our stakeholders and our communities.

With our Board-level commitment to sustainability and CSR, we will continue to evaluate and improve our governance structure, actions and initiatives to derive even greater value for our Company and all our stakeholders.

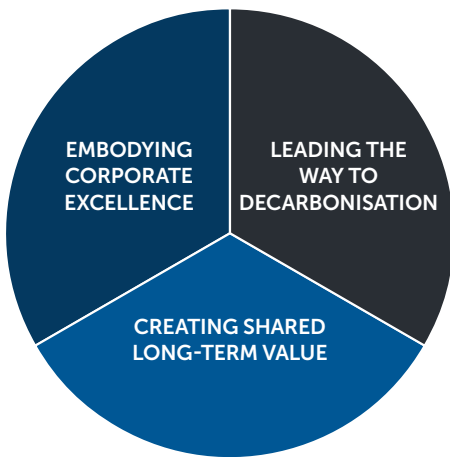
Our commitment to continual progress in sustainability and corporate governance involves:

1. **Publishing ESG/sustainability KPIs on a regular basis.**
2. **Setting and achieving short and long-term, quantitative and qualitative ESG targets.**
3. **Increasing the share of our portfolio dedicated to renewable energy.**
4. **Improving our energy efficiency on water desalination.**
5. **Implementing cutting-edge technologies.**
6. **Attaining a leading ESG rating in 2020.**
7. **Furthering the investigation of transformative CSR programmes that perpetuate shared value.**
8. **Enabling the green/sustainable certification of our loans.**
9. **Starting to evaluate energy efficiency improvements of power generation from natural gas and fuel oil.**
10. **Supporting the Saudi government in its plan to develop an emission trading scheme.**

BUILDING A SUSTAINABLE FUTURE TOGETHER

At ACWA Power, we are committed to being agents of positive change and fulfilling our share in building a sustainable future for all. We achieve this by generating power and producing desalinated water efficiently, reliably, responsibly and safely at a low cost, while deploying the latest technologies and supporting the communities where we operate.

Our Sustainability Statement focuses on three key areas:



LEADING THE WAY TO DECARBONISATION

ACWA Power is a major driving force in the transition to a low-carbon future and the economic diversification of the region. We understand that climate change is one of the greatest threats to humanity and we are committed to being part of the solution to that problem by minimising our environmental impact, while also capitalising on new opportunities in renewable energy and water desalination.

Growing the Market and Our Share of Renewable Energy

ACWA Power aims to power our sustainable future through the implementation of large-scale renewable energy generation projects, increasing the presence of renewable energy in our portfolio, and implementing innovative and pioneering energy technology. This also helps relieve the economic dependence on finite fossil fuels and foster a prosperous sustainable economy for future generations. Moreover, in pursuit of our ambition to remain a developer of low-cost renewable energy, we have significantly contributed to the affordability of renewable energy and catalysed the global transition to clean energy.



Vinh Hao 6 solar power plant, Vietnam

In 2019, ACWA Power continuously sought new solutions to generate renewable energy by commissioning the following renewable energy projects in four countries:

- Three solar PV power plants in Ben Ban, Egypt, with an aggregate capacity of 120 MW;
- The Risha PV IPP in the Risha area of Jordan with a capacity of 50 MW;
- The Vinh Hao 6 solar power plant in the Vietnamese province of Binh Thuan with a capacity of 41 MW; and
- The Sakaka Solar PV power plant in the Kingdom of Saudi Arabia with a capacity of 300 MW.



Sakaka Solar PV Plant, Saudi Arabia



Sakaka Solar PV Plant, Saudi Arabia

"ACWA POWER
SUPPORTS
THE WORLD'S
SUSTAINABILITY
GOALS BY ENABLING
COUNTRIES
TO INCREASE
THEIR SHARE OF
RENEWABLE ENERGY."

THE WORLD'S SUSTAINABLE ENERGY PARTNER

ACWA Power supports the world's sustainability goals by enabling countries to increase their share of renewable energy, as showcased below, and by contributing to their economic diversification, development of human capital and elevation of national competencies.

SAUDI VISION 2030

ACWA Power is proud to contribute to the sustainable development efforts of the Kingdom of Saudi Arabia and to accelerate the pace of renewable energy utilisation to fulfil the growing energy needs of the region. In 2019, ACWA Power successfully connected the Sakaka Solar PV plant – the first large utility scale renewable energy project in the Kingdom – to the national grid.

As we develop the renewable power industry in the Kingdom, we are committed to prioritising local workers and partners. For example, Sakaka established a 100 percent local employment rate within its first year of operation, with 90 percent of the workforce comprised by the youth of Al Jouf region. Additionally, Sakaka registered over 30 percent of contractual local content during its construction and development phases. The project also recorded more than three million safe working hours without any LTIs during construction and development.

UAE VISION 2021

Noor Energy 1, a 950 MW hybrid project (700 MW CSP & 250 MW PV), is the largest single-site concentrated solar power (CSP) plant in the world, aligning to the UAE Vision 2021's goal of increasing the contribution of clean energy. The project also supports the Dubai Clean Energy strategy 2050 to increase the share of clean energy in Dubai to 25 percent by 2030 and will offset the emirate's CO₂ emissions by one million metric tons when it starts commercial operations in 2022.

Also supporting the UAE Vision 2021, the Shuaa Energy 1 Project is a 200 MW Solar PV plant that provided the lowest tariff of US \$5.84 per kWh over a 25-year period at the time when it was awarded. This project demonstrates the declining costs of Solar PV technology, making it more cost-competitive when compared to conventional energy, such as natural gas.

The Taweelah IWP, developed by ACWA Power in 2019, is the world's first water desalination plant to feature integrated solar PV generation capacity. The project aims to utilise SWRO technology to produce up to 200 Million Imperial Gallons per Day (MIGD) of potable water, equivalent to 909,216 m³ per day, with production capacity of 37,884 m³ per hour. The tariff offered by ACWA Power for the Taweelah IWP is the lowest achieved in the world to date for desalinated water.

OMAN VISION 2040

In March 2019, ACWA Power was awarded by the Oman Power & Water Procurement Company (OPWP) the contract to develop a 500 MW Solar PV power plant in the Ad Dhahirah region of Ibri. As part of Oman's Vision 2040, the government of the Sultanate of Oman has engaged in a successful programme over the past two decades to restructure and develop the private sector involvement in the electricity and water sectors of Oman in order to expand and improve delivery of electricity and water services in the Sultanate. In line with this agenda, the ACWA Power's Ibri II Solar project will utilise bifacial type Solar PV panels located in an undeveloped area of approximately 1,327 hectares in the Ad Dhahirah region of Ibri, Oman.

ETHIOPIA'S GROWTH AND TRANSFORMATION PLAN (GTP)

Further progressing our agenda to pioneer renewable energy production and technology, ACWA Power recently signed two long-term power purchase agreements (PPA) with Ethiopia's state-owned electricity producer Ethiopian Electric Power (EEP) for two 125 MW solar PV projects. These projects will be the first of their kind in the Ethiopian utilities landscape and will support the diversification of the energy mix within the country. They are also in line with Ethiopia's GTP, which outlines a 15-year plan with three five-year phases to transform Ethiopia from a developing country to a middle-income country by 2025. With a combined capacity of 250 MW, these PV projects are estimated to generate enough electricity to power 750,000 homes in Ethiopia, fostering community and livelihood enhancements such as increasing access to energy in remote areas and creating economic opportunities.

SHARE OF RENEWABLE ASSETS



Total number of assets

5640 OPERATIONAL
6 UNDER CONSTRUCTION
10 ADVANCED DEVELOPMENT

Renewable assets

2416 OPERATIONAL
1 UNDER CONSTRUCTION
7 ADVANCED DEVELOPMENT

Contracted gross renewable capacity (GW)

4.6(of which
1.6 GW is installed
renewable capacity)

Gross project cost of renewable projects

SAR 42.2BN (25% of total portfolio)Emission reduction of the renewable projects (t CO₂ per year)**2,800,489**

ACWA Power Renewable Projects Portfolio (excluding Bulgaria)

	Pre-2019	2019	End-2019
Number of renewable assets	17	7	24
Contracted renewable capacity (GW)	2.6	2.0	4.6
Gross project cost of renewable assets (SAR)	36.6 BN	5.6 BN	42.2 BN
Emission reduction of the renewable projects (t CO ₂ per year)	1,930,489	870,000	2,800,489

MINIMISING THE ENVIRONMENTAL IMPACTS OF OUR ASSETS

We are committed to the responsible management of all our environmental impacts and risks. Relevant environmental and social issues are identified and managed by undertaking due diligence assessments by commissioning Environmental & Social Impact Assessments (ESIA), which are conducted by independent consultants during the feasibility assessment, development, and/or acquisition phases for new assets.

Further aligned with our dedication to continuously minimising our environmental impact, the total specific CO₂ emission of our 2019 installed capacities was less than 0.400 kg per kWh.

ESIA compliance is monitored by our Group HSSE team and operating assets, who are

supported by independent environmental consultants that conduct comprehensive audits on the lenders' behalf. These critical assessments identify and assess potential environmental impacts that may occur as a result of the project's construction and operational activities, and specify applicable mitigation and management measures to avoid or minimise such impacts wherever possible.

Each ESIA is comprehensive and includes impact assessments of: 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 and Security; Workers Condition and Occupational Health and Safety.

INCREASING THE ENERGY EFFICIENCY OF WATER DESALINATION

ACWA Power's home market is in the water-scarce Gulf region, where seawater desalination contributes more than 90 percent of all daily water requirements. Utility-scale desalination has become the source of choice for potable water in water-stressed regions around the world, and global issues, such as climate change, are likely to exacerbate water scarcity and accelerate this trend in the future. The high demand for potable water as a result of population growth and industrialisation continues to put pressure on existing supply capacity, prompting government utilities to step up their investments to increase water desalination capacity.



Bokpoort Community, South Africa

To further foster the transition to a low-carbon economy, our water desalination plants implement world-class energy efficient technology; by actively increasing the efficiencies of our desalination plants and employing innovative technologies to mitigate environmental impacts, we reduce costs for our business and our customers, while minimising negative impacts to our stakeholders and the planet.

Water Desalination Assets

In 2019, we commissioned the Shuaibah 2 IWP project with an investment value of SAR 1.2 billion and a designed capacity to produce 250,000 m³ per day of potable water. This plant will utilise SWRO technology, which is currently the most energy-efficient desalination technology in the world.

We are also developing additional energy-efficient desalination plants, with a total capacity of 2.5 million m³ per day and a total investment value of SAR 13.8 billion, including:

- Taweelah IWP in the UAE – the world's first water desalination plant to feature integrated solar PV generation capacity, which aims to utilise SWRO technology to produce more than 900 thousand m³ of potable water per day; and
- Al Dur Phase II Independent Water & Power Project (IWPP) in the Kingdom of Bahrain – a new Combined Cycle Gas Turbine (CCGT) natural gas fired power plant of 1,500 MW power capacity and a SWRO desalination plant of 227 thousand m³ per day capacity.

We continuously strive to innovate solutions that support clean energy transitions, push energy efficiency to new boundaries, and increase supplies of potable water and clean energy. While these investments grow our business, they are also great advances in diversifying our assets and increasing market access to renewable energy markets.

CREATING SHARED VALUE

At ACWA Power, we believe that we have a responsibility to all the people whose lives we impact each day. We work with purpose and passion to create shared value, both across our organisation and in every one of the communities we serve.

FOSTERING EMPLOYEE DEVELOPMENT

Investing in the capacity, well-being and satisfaction of our employees is core to our business values and strategic objectives. Therefore, we continuously implement cohesive approaches and adopt responsible HR practices to ensure that our development strategies are aligned with the evolving needs of our employees, and to build an inclusive society and create shared value.

It is our imperative to attract and retain passionate and talented individuals, foster their success and prepare them to take on the business challenges of the future. We achieve this through regular engagement with our employees, providing them with evaluation sessions, feedback and satisfaction assessments, and personalised training programmes. This plays a significant role in developing a more inclusive workforce, one that feels valued, respected and equipped with the dynamic skills they need to foster success. This commitment is reflected in our Human Capital Strategy, which has an overarching goal of better supporting and developing our employees for long-term success. ACWA Power's Human Capital Strategy is comprised of five pillars:

1. Business Partnering
2. Global Resourcing
3. Learning, Talent and Development
4. Service Delivery
5. Automation/Digitalisation



Students at HIWPT, Saudi Arabia

In alignment with our Human Capital Strategy, we executed two flagship programmes in 2019: the Future is Together (FIT) Leadership Programme and the EMO Development Programme.

The FIT Leadership Programme was established in 2018 to identify and elevate promising candidates within the Company, creating a talent pool of future leaders in local markets to ensure the smooth succession, continuity and resilience of our business in the future. In 2019, we completed Wave 2 of the FIT programme, entitled 'Pushing for Impact.' Wave 2 was designed for deep institutionalisation – to embed our Human Capital Strategy into our organisation and unify our company culture, aiming to build greater capacity across the organisation by improving knowledge management, clarifying employee roles, improving the delegation of authority, mapping career paths for senior leadership, and ultimately enabling greater learning and mentorship by improving collaboration and providing learning tools.

Similarly, our EMO Programme, dedicated to the CEOs of our operating assets, teaches commercial concepts and skills including delivering cost savings and capitalising on business opportunities, in order to improve the long-term commercial sustainability of our projects.

At ACWA Power, we believe that diversity brings broad perspectives, which lead to better decision-making, greater innovation, and improved job satisfaction and team performance. Therefore, we foster a diverse, inclusive and productive working environment, embedded in our Equal Employment Opportunities practices. Aligned to this, we continuously support and encourage women to develop their careers and skills, and in 2019 reached a new record for our female employment rate.

Encouraging Local Content

One of our strategic priorities is to encourage and develop local content in the markets where we operate. Through our Sakaka Solar PV project in Saudi Arabia, we are seeing the benefits of supporting local content for the wider industry. Aligned with this, in November 2019, ACWA Power has established ACWA Industrial Investment Company (AIICO), a business unit dedicated to enabling local content development and industrialisation in the Kingdom. AIICO will focus on complying with mandatory local content targets for new projects, enhancing our capacity to competitively export Saudi products abroad, promoting innovation, localising knowledge and creating job opportunities.

ACWA Power has also enabled young Saudi talent to develop their technical skills in the power and water sector, through the Higher Institute for Water and Power Technologies (HIWPT), a vocational training institute founded by ACWA Power and located in Rabigh, Saudi Arabia. Our flagship CSR project since 2010, the Institute was established in partnership with the Technical Vocational Training Corporation (TVTC), as a not-for-profit technical institute aimed at training and upskilling young Saudis to work as operators and technicians in the field of water desalination and power technologies. The continued success of HIWPT is assured by the strong strategic partnerships that have been established between the Institute and government authorities, water and power sector partners, industry leaders, equipment manufacturers, international training providers and plant operators.

In 2019, the Institute successfully trained 130 graduates in its long-term diploma programmes, and 140 in technical short courses. In support of HIWPT's ongoing efforts to foster, train and develop young talent through its vital partnership with Estidamah, a key innovation hub in Saudi Arabia, ACWA Power supported the World Solar Challenge Race in Australia,

where the Estidamah team of young Saudi engineers competed against around 100 teams from all over the world, becoming the first Saudi team to do so. Their solar car was fully designed and manufactured in Saudi Arabia by the participants, showcasing impressive design thinking, technical ingenuity and development ability.

Additionally, ACWA Power focused on local content through our sponsorship of the Middle East Solar Industry Association (MESIA) conference in November 2019. The conference was dedicated to power generation, with a strong focus on local content requirements, industrialisation and new investment laws and incentives. MESIA also had a strong knowledge-sharing focus and provided technical workshops specially tailored for talented Saudi youth, in collaboration with selected HIWPT trainers and students, who were primarily engaged in solar power projects and training development.

To develop a skilled, capable and dynamic local workforce, we also provide technical training to our employees and local community members. In 2019, ACWA Power's workforce is comprised of 3,500 employees across the 11 countries where we operate. Our commitment to support the local workforce is also reflected through our employment of more than 2,200 local employees, representing a 64.5 percent of our total workforce.

Employee Safety and Wellbeing

Our top priority and another core value to ACWA Power is employee safety and wellbeing. Accordingly, we proactively launch and enhance HSSE standards and compliance policies to drive continuous improvements in safety and health performance. In 2019, we continued to regularly examine and enhance our employee health and safety policies, standards, and training programmes.

SUSTAINABILITY CONTINUED

DRIVING COMMUNITY IMPACT

At ACWA Power, we consider ourselves members of the many communities where we operate. At local and project levels, we have implemented a framework of socio-economic development standards and guidelines to be adopted at the commencement of operations in any new country. Each framework is based on local context and needs and encourages self-reliance at the local level. This approach supports our effective synergy with local communities and maintains our license to operate for generations to come.

In 2019, we consistently communicated our corporate sustainability performance in alignment with our commitment to prioritise community engagement. We continued to effectively respond to the most crucial issues facing our communities with relevant, impactful and transformative CSR programmes that offer lasting shared value.

The CSR programmes implemented in 2019, representing a total investment of about SAR 14 million, focused on facilitating community development by:



**PROVIDING ACCESS TO
EDUCATION FOR YOUTH**



**EMPOWERING
WOMEN**



**SUPPORTING
OPPORTUNITIES
FOR LIVELIHOOD
ENHANCEMENT**



**DEVELOPING
COMMUNITY
INFRASTRUCTURE**



**DRIVING
CLIMATE ACTION**



Craft Training, Morocco



PROVIDING ACCESS TO EDUCATION FOR YOUTH

Our commitment to invest in youth and education was demonstrated through the introduction of several education, training and development programmes designed to build the capacity of local youth and support local economic growth. Through these efforts, we aim to improve local quality of life now and for generations to come.

Mafraq (Jordan)	Partnership with King's Academy, to expose young students to clean energy, elevate their environmental consciousness and transfer knowledge, thereby enabling future generations of responsible leaders who are adept and aware of the impact of their decisions on climate
In DGC (Dhofar Governate in Oman)	Implementation of digital learning in a school, including installation of projectors and TVs in each class, as well as a laboratory smartboard for a primary and secondary school
TK Solar, Alcom and Ben Ban One (Egypt)	Capacity building by providing a PV training programme, covering concepts, design and installation, to the local population of the Aswan Governorate
SQWEC (Saudi Arabia)	Summer training for five students from Jazan University



EMPOWERING WOMEN

Gender equality is one of our major focus areas and, in 2019, we reaffirmed our commitment through strategic partnerships that sought to empower women. Through our partnership with Women Organising for Change in Agriculture and Natural Resource Management (WOCAN), we continued to leverage W+, a tool developed by WOCAN that quantifies and compensates women in developing economies for previously unpaid contributions to climate change mitigation. This in turn supports women's wellbeing and provides additional value to their communities. Originally launched in 2017, our partnership with WOCAN has generated enough revenue to invest 100 percent in the development of local women's initiatives in the communities in Ouarzazate, Morocco.

NOOR Ouarzazate CSP IPP highlights:

- Income and Assets:
 - 400 women beneficiaries in livestock component.
 - Increase of 67 percent per woman over the 24-month period.
- Education and Knowledge:
 - 400 women beneficiaries in livestock component and 15 women in handicraft component.
 - Increase of 183 percent per woman for livestock component and 278 percent per woman for handicraft component over the 24-month period.



SUSTAINABILITY CONTINUED

Spotlight on Morocco

Our impact on Morocco extends from the Khalladi wind farm, in the Rif Mountains, to the NOORo CSP and solar PV plants in Ouarzazate. Although there are vast differences between these areas, both communities have historically suffered from fewer socioeconomic opportunities and increasingly limited access to water, education and healthcare.

ACWA Power's CSR approach is designed to meet the needs of local communities through participatory and decentralised activities, and is based on partnerships with official platforms. To address the most pressing issues, we work with local communities in Ouarzazate to build long-term agricultural infrastructure and capacity. These efforts include the rehabilitation of almond and palm trees, the installation of crushing and packaging equipment, and the training of local cooperative members in leading agricultural practices.

In addition, we have partnered with the local associations in the village of Ghassate since 2015, to offer programmes to children designed to build their capacity to pursue future opportunities through events, activities and exposure to new places. Moreover, in 2019, we continued to invest in our landmark healthcare project in Morocco, the mobile medical centre in Ghassate. Another major focus area in Morocco is developing women's empowerment initiatives, which include:

NOORo Ouarzazate CSP IPP

- Handicraft training programmes in collaboration with the Ministry of Craft:
 - Two technical training sessions provided at the Traditional Art Institute of Ouarzazate;
 - Each training lasted five months; and
 - 30 young women participants.
- Support the creation of 'Nour Chams', a handicraft cooperative, and provide the necessary equipment:
 - Two training sessions provided in cooperatives management;
 - Creation of the first female handicraft cooperative in Ghassate; and
 - Provide the equipment and arrange the workshop.
- Support the first orders of 'Nour Chams':
 - 1,500 school aprons;
 - 1,500 wool/knitted articles;
 - 250 beach towels; and
 - Participation in national and international craft fairs.
- Support provincial handicraft fairs:
 - Support the 'Festival National des Tapis Traditionnels de Taznakht'; and
 - Support the 'Rencontre Internationale de l'Artisanat de Ouarzazate'.

Craft Training, Morocco





DEVELOPING COMMUNITY INFRASTRUCTURE

Besides supporting education, we continued to invest in community infrastructure wherever we operate, to improve access to needed resources and services, including roads and community cooperatives. Moreover, we continued to work towards improving health facilities, as we consider the health and wellbeing of communities a vital component of our local CSR strategy.

CEGCO (Jordan)	• Providing an ultrasound machine for Rehab Medical Centre • Facilitating a free medical day
Mafraq (Jordan)	• Supporting school children by providing them with bags and coats
Noor 1 (UAE)	• Organising mobile medical caravans • Funding medical equipment for the haemodialysis centre in Ouarzazate
DGC (Oman)	• In collaboration with the Ministry of Health's Sultan Qaboos Hospital, procuring an ergometer used in stress echocardiography, which was installed in Sultan Qaboos Hospital's cardiac centre in Salalah • In collaboration with the Ministry of Social Development, providing special equipment for the centre for rehabilitation of disabled students, which accommodates 200 students with special needs in Salalah
Khalladi (Morocco)	• Management of a mobile dental care unit

Mobile Hospital, Morocco





SUPPORTING OPPORTUNITIES FOR LIVELIHOOD ENHANCEMENT

In 2019, our community development initiatives continued to address issues that are specific to the local communities across several countries where we operate.

CEGCO (Jordan)	- Distributing food packages during Ramadan in cooperation with 'Tkiyet Um Ali's' - Providing a basket crane truck for Rehab municipality for the safe installation of streetlamps, reducing risk, saving time and facilitating the work - Implementing a school rehabilitation programme
Zarqa (Jordan)	- Establishing a football field to be used by local youth - Testing and providing hearing aids for 50 children - Supporting local athletic and cultural events in local agencies by building one room to teach the women of the region to use sewing machines for the Association of Orphans Care - Providing Ramadan charity food packages for the poor
Barka (Oman)	- Printing of safety awareness booklets and brochures - Community volunteer work for cleaning the fisheries port
Noor 1 (Morocco)	- Supporting the creation of a welding cooperative - Supporting Association of Horizon for the disabled - Holding spring & summer holiday camps for the children of Ghassate - Rehabilitation of the Taferghouste mosque - Supporting the milk cooperative of Ghassate by purchasing a collection vehicle
Khalladi (Morocco)	- Providing school transportation - Creation of cooperatives to develop income-generating activities



School Minibus, Morocco

Traffic Awareness Training, Zarqa, Jordan



SUSTAINABILITY CONTINUED



DRIVING CLIMATE ACTION

ACWA Power's leadership in the area of driving positive impact related to climate change has created new and expanded opportunities for impactful partnerships. We are currently engaging with a range of organisations to drive climate action, including the International Emissions Trading Association (IETA) and the Green

Climate Fund. In 2019, we also reinforced our partnership with Women Organising for Change in Agriculture and Natural Resource Management (WOCAN). These collaborations focused on the roll-out of high-impact projects that promote community development and empower women in the communities to participate in our renewable projects in Morocco and South Africa.

Food and Breeding Operation, Morocco



EMBODYING CORPORATE EXCELLENCE

ACWA Power promotes corporate excellence throughout the Company and operating assets by diligently ensuring adherence to robust corporate governance and risk management, proactive engagement with our stakeholders to address their needs, and the highest standards of integrity and transparency at every level of our organisation and across our geographic footprint.

ENSURING ROBUST CORPORATE GOVERNANCE

ACWA Power's corporate governance structure consists of our Board and five functional Board Committees, which are responsible for reviewing the Company's operations within their respective areas of expertise and presenting their findings and suggestions to the Board. The Board, its advisors, its functional Committees, Company management and employees, shareholders and direct stakeholders are guided by our Corporate Governance Guidelines and Procedures, as well as our Code of Ethics.

Our robust governance framework is 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 across the Group, including our Board of Directors and its five functional Committees, our executive managers and our employees.

ENGAGING OUR STAKEHOLDERS

ACWA Power is committed to understanding and addressing the needs of our key stakeholders through our stakeholder engagement initiatives, ESG frameworks and business processes. We value stakeholder feedback and participation, as it drives the continual improvement of our business and operations.

ACWA Power has a broad and diverse set of key stakeholders, ranging from our employees, Governments and government agencies, shareholders and investors to suppliers, financial institutions, labour groups, contractors, off-takers, regulators, international organisations and competitors. We engage on an ongoing basis with our key stakeholders and conduct an annual comprehensive review of our non-financial material issues most relevant to our stakeholders and our business. We are committed to understanding our stakeholders' expectations and requirements related to our business, which we then take into consideration in our strategic decision-making and goal-setting.

ACTING WITH INTEGRITY AND TRANSPARENCY

At ACWA Power, we embrace integrity and transparency. We do so by adhering to the highest professional and ethical standards towards our stakeholders and one another. Our sustainability priorities and actions are guided by our management team and are informed by the needs and opportunities of our local communities.

OUR WAY FORWARD

ACWA Power is proud to reaffirm our pledge to contribute to a more sustainable future for all, cementing our position as a leading sustainability enabler in the region. We achieve this by generating power and producing desalinated water efficiently, reliably, responsibly and safely at low cost, while deploying the latest technologies and supporting the communities where we operate.

This Sustainability Statement provides a snapshot of our sustainability and ESG performance for 2019, as well as our commitments for the years to come. We are scheduled to publish our next full Sustainability Report 2020 aligned with GRI Standards in 2021.

Governance & leadership

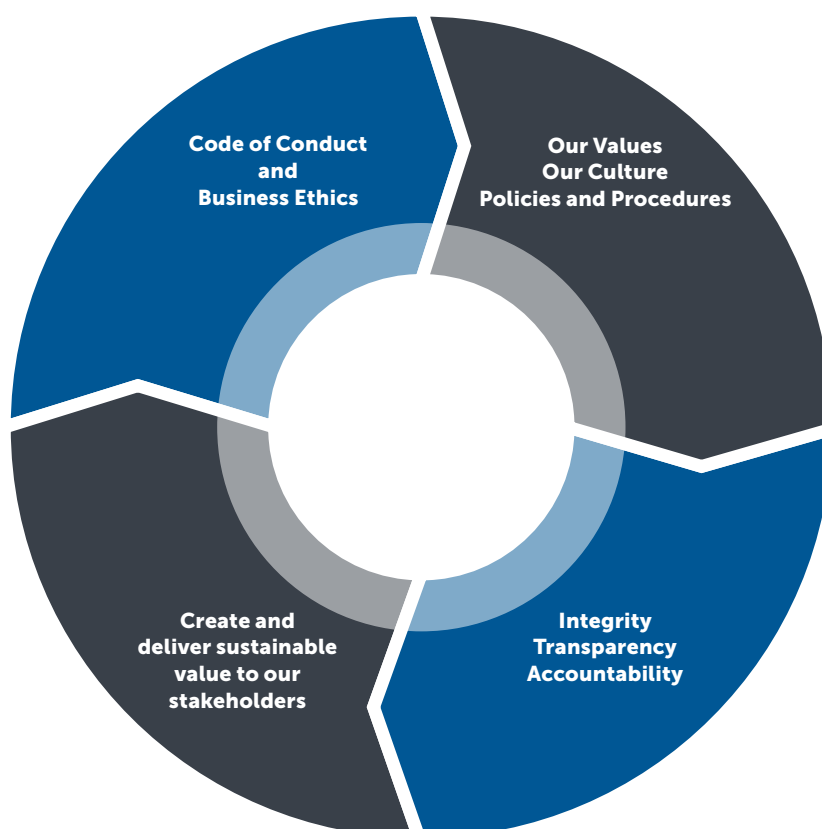
At ACWA Power, we seek to set the bar for others to follow in terms of governance. Going beyond adhering to the statutory and regulatory requirements, our approach is focused on adopting voluntary practices that reinforce our governance philosophy to deliver the highest levels of sustainable value to our shareholders.

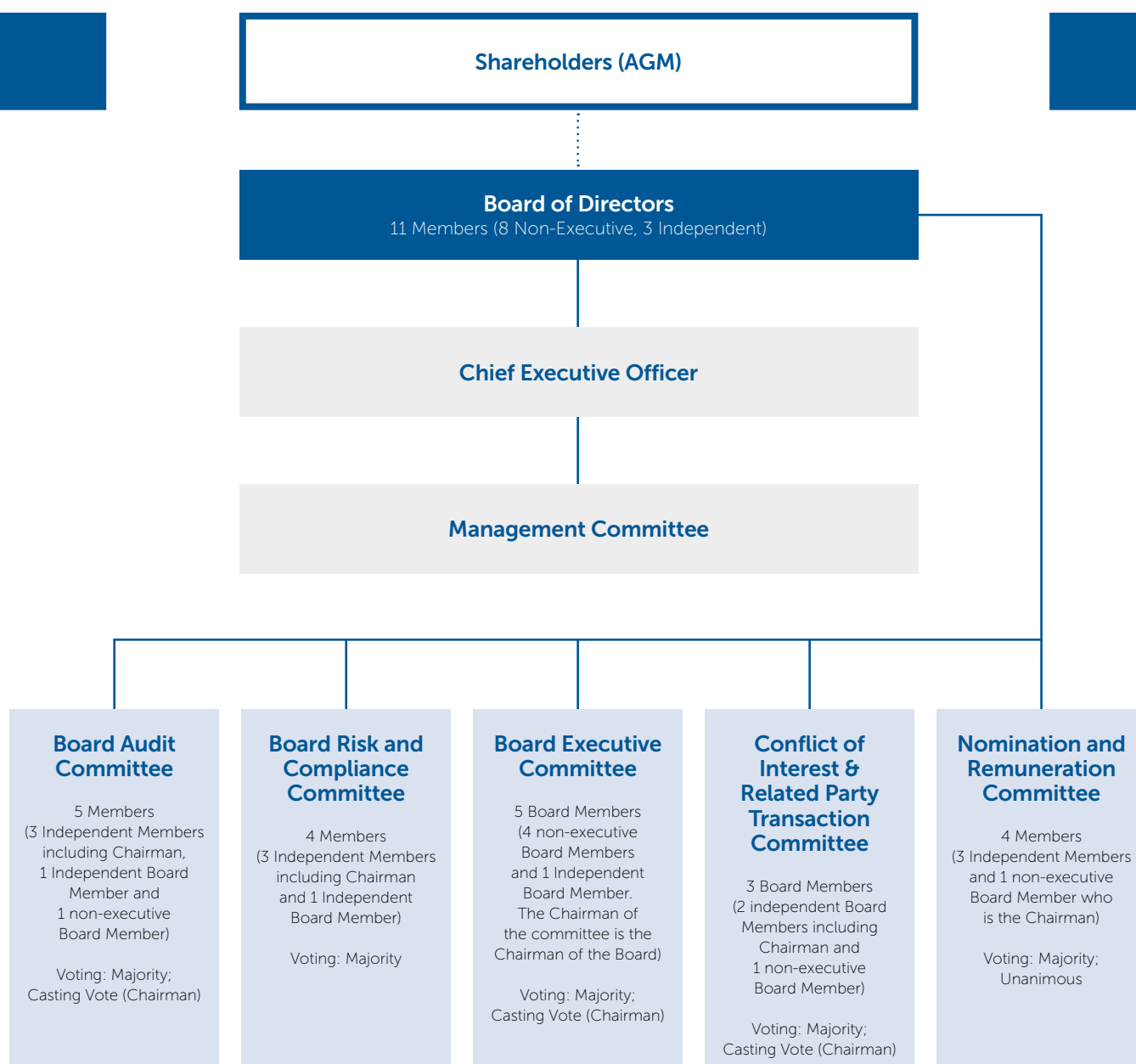
CORPORATE GOVERNANCE PHILOSOPHY AND STRUCTURE

ACWA Power's corporate governance philosophy reflects our values-driven culture, and our people – including our Board of Directors, the management team and staff – embrace each of their rights and responsibilities diligently. This has successfully maintained the value we have been creating for our shareholders, while protecting the interests of other stakeholders and the communities in which we operate, ensuring we build a sustainable future for all.

The Code of Conduct and Business Ethics sets out ACWA Power's values, ethics and business principles, and serves as the ethical road map for the Group, its Directors and its employees. The code includes the Company's anti-bribery and anti-corruption policies, and explains how any concern related to non-adherence to the code shall be reported.

Guided by this code, our values and culture instil the highest levels of integrity, transparency and accountability in delivering sustainable value, while ensuring we gain and retain the trust of our shareholders and other stakeholders, including the communities in which we operate. Internal audit, risk management and internal control processes reinforce the framework to ensure compliance with progressive governance standards.





GOVERNANCE STRUCTURE

Our corporate governance structure is built around a Board of Directors, elected by the General Meeting of the Shareholders, 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 before returning to the Board.

The Management Committee (MC), consisting of the President & Chief Executive Officer (CEO) appointed by the Board of Directors, Chief Investment Officer (CIO), Chief Financial Officer (CFO), Chief Portfolio Management Officer, Chief Technology Officer and the Chief People & Culture Officer, leads, supervises and controls the Company with oversight and guidance from the Board of Directors and the board committees.

CORPORATE GOVERNANCE REPORT CONTINUED

ANNUAL BOARD OF DIRECTORS REPORT FOR THE FINANCIAL YEAR 2019

Dear Esteemed Stakeholders of ACWA Power,

The Board of Directors is pleased to present the Annual Report and audited financial data of the International Company for Water & Power Projects (ACWA Power and/or The Company) for the year ended 31 December 2019 referred to as the 'current year'.

GENERAL

ACWA Power is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and is registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010253392, dated 10 Rajab 1429H (corresponding to 13 July 2008). The Company and its project companies, collectively 'the Group', are engaged in (i) the development, acquisition, leasing, operation, and maintenance of power generation, steam production and desalinated water production plants; (ii) the sale of electricity and desalinated water; and (iii) other related or auxiliary businesses activities.

FINANCIAL RESULTS

In 2019, ACWA POWER posted **SAR 1,881 million** operating income before impairment loss and other expenses. Although this still represents a modest **3%** increase over 2018, the growth becomes more remarkable **31%** when a certain one-time gain is excluded from 2018. Net profit attributable to equity holders in 2019 was **SAR 1,174 million**. ACWA Power demonstrated a satisfactory liquidity position through 2019 with 31 December 2019 consolidated cash and cash equivalents balance standing at **SAR 2,798 million** along with additional unutilised revolving facility of **SAR 1,286 million**. This strong financial performance is a testament to the Company's resilience and ability to create sustainable value for all stakeholders by delivering power and water reliably and responsibly at low cost, while contributing to the communities in which we operate.

KEY ACCOMPLISHMENTS IN YEAR 2019

The number of assets in our portfolio increased by eight (8) hence bringing the total assets to fifty six (56), including advanced development projects, as of 2019 year-end. The total gross power generation and water desalination capacity reached 30.9GW and 5.3 million m³/day, respectively, inclusive of assets under construction and in advanced development. At 4.6GW, renewable assets represented fifteen percent (15%) of ACWA Power's power generation capacity – taken at gross project cost, share of renewables has been twenty five percent (25%). As of 31 December 2019, forty (40) assets were operational, reliably and responsibly delivering 20.5GW power and 2.7 million m³/day desalinated water.

Notable key highlights from the year 2019 include:

Expansion and Rationalisation:

- The Company continued to expand geographically, stepping into Ethiopia, Azerbaijan and Uzbekistan. In Ethiopia, the Company signed two long-term PPAs to develop 250 MW of solar projects. Following successful completion of discussions in 2019, the Company signed implementation agreements at the beginning of 2020 in Azerbaijan and Uzbekistan for construction, development and operation of a 240MW wind farm and a 1,500 MW combined-cycle gas turbine (CCGT) power plant, respectively;
- We signed a joint venture agreement with Air Products and Saudi Aramco to invest in and operate the Jazan Integrated Gasification and Combined Cycle Power Plant in Saudi Arabia with a total investment value of approximately SAR 43.1 billion;
- In October 2019, the Company increased its effective shareholding in RAWEC from 74 to 99 percent by acquiring a controlling 25 percent stake;
- We divested 49 percent of some of our non-Saudi renewable assets by bringing China's Silk Road Fund as a strategic, jointly controlling equity partner in the new joint venture company ACWA Power Renew Co.;
- We signed a binding agreement to sell our entire stake in ACWA Power CF Karad PV Park EAD (including NOMAC Bulgaria) in Bulgaria to an Austrian investor and project developer in the renewable energy sector. Legal formalities with respect to disposal were not completed as of 31 December 2019.

Project Development and Operational Performance:

- In our home market Saudi Arabia, we completed two projects, namely Sakaka PV IPP and Shuaibah 2 IWP. At 300MW contracted capacity, Sakaka is the first and largest utility-scale renewable energy plant in the Kingdom;
- In the UAE, we achieved financial close of the Taweelah IWP, the world's single-largest IWP, following the financial close of Noor Energy 1, the world's largest single-site concentrated solar power plant;
- Leaping forward in application of digitalisation through machine learning, internet of things and artificial intelligence, we significantly upgraded operational and maintenance capabilities of NOMAC;
- Overall plant availability for power and water has been 90 and 94 percent, respectively – well above contractual threshold limits but slightly lower than our internal targets on account of unplanned shutdowns;
- In December 2019 for the first time in our history, NOMAC crossed 15 million safe man-hours in all operational power and water plants;
- We took impairment charges on two of our assets, Barka SAOG PWPA in Oman and Bowarege WPA. Whilst the former was on the grounds of re-assessment of post-PWPA revenues, the latter was due to expiry of WPA with failed attempts for renewal since 2017;
- Debt servicing of ACWA Power's maiden '144A-RegS ACWA 39 SAR 3,053 million (US \$814 million) 5.95% Senior Secured Bonds due 2039' continued with a total of SAR 181.6 million (US \$48.4 million) interest payment to the bondholders in 2019. ACWA 39 currently has two investment-grade ratings – Fitch's 'BBB-' and Moody's 'Baa3', both with 'Stable' outlook;

- An organisational transformation program, Project Galvanize, was initiated to ensure a fit for purpose operating model and associated organisation structure to sustain the Company's ambitious growth, overall competitive advantage through integration and the capitalisation of unrealised synergies.

COVID-19:

- As the outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve, the Company continues to adhere to government guidelines commensurate with several precautionary measures across our landscape of operations, construction sites and offices. Although there has been no business interruption in any of our plants due to the outbreak as of the date of this report, and we have additional contingency measures in place to maintain operations and construction even in further-escalated conditions, the extent and duration of business and economic impact remains uncertain and is dependent on future developments that cannot be accurately predicted at this time. On the other hand, in response to the preventive measures taken by Saudi leadership and official local authorities to contain the impact of the ongoing COVID-19 pandemic and to secure the health and safety of the citizens and residents of the Kingdom of Saudi Arabia, ACWA Power has pledged a contribution of SAR 50 million to support national health endeavours and efforts.

Subsequent Event:

- International Finance Corporation (IFC), who held 4.302 percent of ACWA Power' shares as of the 31 December 2019, transferred their shares in full to the Public Investment Fund of the KSA (PIF) as of the 13 May, 2020. As such, IFC has authorised ACWA Power to transfer their shares to the PIF and to update the share register accordingly.

SHAREHOLDERS' GENERAL ASSEMBLY

An ordinary general assembly meeting was held on 14 July 2019 and an extraordinary general assembly meeting (EGM) on 30 September 2019. The agendas of the respective meetings are provided below:

Ordinary General Assembly:

1. Voting to approve auditor's report for the financial year ended 31/12/2018.
2. Voting to approve Board report for the financial year ended 31/12/2018.
3. Voting to approve Board's Audit report for the financial year ended 31/12/2018.
4. Voting to approve the financial statements for the financial year ended 31/12/2018.
5. Voting to approve the appointment of Ernst & Young (E&Y) as the Company's external auditor for the year ending 31 Dec 2019, to audit the Company accounts against a fee of SAR 595,375 (for statutory and special purpose zakat financial statements) and the reappointment of E&Y and Deloitte as the Zakat and Tax Advisors for the year 2019 and to authorise the Board to pay the proposed fees of SAR 1,384,793.
6. Voting to approve the remuneration of the members of the Board of Directors for the financial year 2018 as reflected in the Board report amounting to SAR 4,340,000.
7. Voting to approve the distributed dividends paid from open retained earnings being SAR 235,107,130 for the financial year ending 31/12/2018.
8. Voting to approve the remuneration of the Board Audit Committee for the financial year 2018, for a total amount of SAR 510,000.
9. Voting to approve the appointment of the members of the Board of Directors for the new term starts on 05 July 2019, for a three year period and ratify the Board of Directors resolutions 'if any' issued during the period from the 5 July 2019 up to the 14 July 2019, (Nominees list is attached).
10. Voting to approve the delegation of authority to the Board of Directors to distribute interim dividends for the year 2019.
11. Voting to approve the discharge of the members of the Board of Directors from liability for the financial year ended 31/12/2018.
12. Voting to approve the Board Audit Committee Charter.
13. Voting to approve the appointment of Mr. Abdullah Al Rowais as BAC member replacing Dr. Ammr Kurdi, effective 08 May 2019.
14. Voting to recommend the appointment of the Members of the Board Audit Committee for the new board term, commenced on 05 July 2019 for a three year term.
15. Voting to approve the related party transactions in accordance with Article(71) of the Companies Law on the following transaction:

The transaction: Jazan Integrated Gasification and Power project (IGCC) owned partially by ACWA Power.

Related party: Vision International Investment Company (Vision Invest) as a shareholder of ACWA Power.

Conflict of Interest: Vision Invests indirect ownership in Air Product Qudra that owns 9 percent of IGCC.

The following Board Directors of ACWA Power have direct or indirect conflict of interest as result of the related party transaction and did not participate in the voting:

- Mr. Mohammad A. Abunayyan
- Mr. Sulaiman A. Al Muhaidib
- Mr. Rasheed A. Al Rasheed
- Mr. Omar Almidani

CORPORATE GOVERNANCE REPORT CONTINUED

Extraordinary General Assembly:

- Voting to approve the amendments to the Company's by-laws as follows:
 - Article (7) Capital;
 - Article (8) Subscription and Shares;
 - Article (14) Increasing the Capital;
 - Article (16) Issuance of Deeds;
 - Article (17) Management;
 - Article (20) Powers of the Board of Directors;
 - Article (27) Executive Committee of the Board of Directors;
 - Article (28) Committee of Conflict of Interest & Related Party Transaction;
 - Article (31) Issuance of the Board decisions;
 - Article (42) Issuance of shareholders' decisions;
 - Article (53) Distribution of profits.

BOARD OF DIRECTORS

The Board of Directors held a total of eleven (11) board meetings, including a dedicated strategy session, during the year to guide the Company's strategy, operations and business expansion across approved target markets.

The table below lists the names of the esteemed members of the Board of Directors and their respective attendance¹ for the year 2019. In July 2019, the Board term was renewed for a three-year tenure.

Board of Directors Name	Designation/Position	API Board Meeting (2019) – Attendance								Strategy Meetings		Board	Total
		29-Jan Riyadh	25-Mar Riyadh	7-May Riyadh	1-Jul Riyadh	26-Aug Riyadh	1-Oct Riyadh	29-Oct Riyadh	12-Nov Riyadh	10-Dec London	11-Dec London	12-Dec London	
Mohammed A. Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Sulaiman A. Al Muhaidib	Board director/ Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Ibrahim S. Al Rajhi	Board director/ Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Rasheed Al Rasheed	Board director/ Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Tariq Al Mutlaq	Board director/ Member	✓	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Ibrahim Alromaih	Board director/ Member	✓	✓	✓	X	✓	✓	✓	N/A	N/A	N/A	N/A	6
Mohsen Khalil	Board director/ Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Omar M. Almidani	Board director/ Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Federico Tauber	Board director/ Member	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Mohamed Al Nahas	Board director/ Member	X	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	9
Raid Ismail	Board director/ Member	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	8
Esmail Alsallom	Board director/ Member	N/A	N/A	N/A	N/A	✓	✓	✓	X	✓	✓	✓	6
Abdullah Al Rowais	Board director/ Member	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	7
Vincent De Rivaz	Board director/ Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	3

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

1 Kindly note the following (1) the voluntary relinquishment of Mr. Tariq Almutlaq in March 2020; (2) the resignation of Mr. Ibrahim Alromaih, the nominated representative of Sanabil, in October 2019 following the successful acquisition of the PIF of Sanabil equity stake in the Company; (3) appointment of Mr. Vincent De Rivaz in December 2019.

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) for each attended meeting, during a given year. The Board of Directors received a total remuneration, inclusive of attendance fees of **SAR 4,451,000**, for the year 2019. The incurred expenses related for the given year was **SAR 619,421**.

Board of Director name	Role	Annual allowance (SAR)	Attendance (SAR)	Committees allowance & attendance fees (SAR) ²	Total (SAR)	Expenses (SAR)
Mr. Mohammad Abunayyan	Chairman	200,000	33,000	232,500	465,500	10,127
Mr. Sulaiman Al Muhaidib	Member	200,000	33,000	0	233,000	32,949
Dr. Ibrahim S. Al Rajhi	Member	200,000	33,000	0	233,000	0
Mr. Rasheed Al Rasheed	Member	200,000	33,000	150,000	383,000	43,205
Mr. Tariq Al Mutlaq	Member	50,000	3,000	93,000	146,000	0
Mr. Ibrahim Alromaih	Member	200,000	18,000	217,000	435,000	500
Dr. Mohsen Khalil	Member	200,000	33,000	294,500	527,500	247,957
Mr. Omar Almidani	Member	200,000	33,000	232,500	465,500	7,922
Mr. Federico Tauber	Member	100,000	12,000	139,500	251,500	12,687
Mr. Mohammed Al Nahas	Member	200,000	27,000	68,000	295,000	101,293
Mr. Raid Ismail	Member	200,000	24,000	251,000	475,000	60,318
Mr. Esmail Alsallom	Member	100,000	18,000	93,000	211,000	35,760
Mr. Abdullah Al Rowais	Member	100,000	21,000	150,000	271,000	57,128
Mr. Vincent De Rivaz	Member	50,000	9,000	0	59,000	9,575
TOTAL		2,200,000	330,000	1,921,000	4,451,000	619,421

2 Note: including SAR 3000/- which has been paid for members who attended an IPO workshop.

BOARD COMMITTEES

A. BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC), a committee formed by a resolution of the Company's Ordinary General Assembly, has the required knowledge and experience in finance, accounting, internal audit, and compliance that enable them to perform their fiduciary role and responsibilities in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems.

In line with the mandate of the BAC, the Committee reviews key internal audit findings across financial, operational, and risks and compliance matters. The Internal Audit function examines and reviews the Company's internal and financial controls and risk management system, including the status of Management-agreed audit actions. In addition, the Committee reviews the Company's interim and annual financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS), prior to endorsement, for Board approval. 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 control and risk management.

By year-end, BAC comprised five members – i.e. three (3) independent members and two board members, an independent and a non-executive – and held eight (8) meetings in the year 2019. The Chairman of the Committee is an independent member, who provides high-level briefs to the Board on a quarterly basis. 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 BAC 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.

CORPORATE GOVERNANCE REPORT CONTINUED

The table below lists the Board Audit Committee members³ and their respective attendance for the year 2019:

Name	Designation/Position	BAC Meeting (2019) – Attendance								Total
		13-Mar Dubai	24-Mar Riyadh	26-May Riyadh	30-May Riyadh	20-Aug Riyadh	11-Sep Dubai	29-Oct Riyadh	19-Nov Riyadh	
Mr. Khalid Al Rabiah	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Harold Manasa	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Rasheed Al Rasheed	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Abdulrahman Al Khelaifi	Member	✓	✓	✓	✗	✗	✓	✓	✓	6
Dr. Ammr Kurdi	Member	✓	✗	N/A	N/A	N/A	N/A	N/A	N/A	1
Mr. Abdullah Al Rowais	Member	N/A	N/A	✓	✓	✓	✓	✓	✓	6

Legend: (✓) Present; (✗) Apology; (N/A) Not a Committee member at that time.

³ Mr. Harold Manasa held the position of Chairman of the Board Audit Committee until 05 July 2019 in which Mr. Khalid Rabiah was appointed as Chairman for the new committee term.

B. BOARD RISK & COMPLIANCE COMMITTEE

The Board Risk & Compliance Committee (BRCC), has the required knowledge and experience in risk management, compliance, legal and finance to support the Board in executing its fiduciary responsibility in overseeing and reviewing the Company's strategic, financial, operational, business and compliance risks; including of the Company's risk management framework, policies, procedures and practices employed to manage and monitor risks. In addition, the Company's Compliance program is reviewed and overseen by the Committee.

By year-end, BRCC comprised four members – i.e. three (3) independent members and one independent board member – and held four (4) meetings in the year 2019. The Chairman of the Committee is an independent member, who provides the Board with quarterly updates on a range of issues discussed, monitored and actioned by the BRCC. 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 matter is to be referred to the Board.

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 lists the Board Risk and Compliance Committee members and their respective attendance for the year 2019:

Name	Designation/Position	BRCC Meeting (2019) – Attendance				Total
		14-Mar Dubai	27-May Riyadh	12-Sep Riyadh	21-Nov Dubai	
Dr. Khalid Al Faddagh	Chairman	✓	✓	✓	✓	4
Mr. H.E. Mohammed Al Nahas	Member	✓	✓	✓	✓	4
Dr. Ammr Kurdi	Member	✓	N/A	N/A	N/A	1
Mr. Mohamed El Roubi	Member	✓	✓	✓	✓	4
Mr. Harold Manasa	Member	✓	✓	✓	✓	4

Legend: (✓) Present; (✗) Apology; (N/A) Not a Committee member at that time.

C. BOARD EXECUTIVE COMMITTEE

The Board Executive Committee (BEC) is comprised exclusively of members of the Board of Directors with an objective, amongst other responsibilities, to review and approve investment opportunities, oversee assets under development and construction and review and endorse the Company's strategic business plans, annual budgets and any other plans with significant impact on the operations of the Company, for Board approval.

By year-end, BEC comprised five (5) board members – four (4) non-executive and one (1) independent – and held fifteen (15) meetings in the year 2019. 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 fulfils its duties and responsibilities.

The table below lists the Board Executive Committee members and their respective attendance for the year 2019:

Name	Designation/Position	BEC Meeting (2019) – Attendance															Total
		9-Jan Riyadh	24-Jan Riyadh	4-Mar Riyadh	21-Apr Riyadh	25-Apr Riyadh	22-May Riyadh	23-Jun Riyadh	30-Jun Riyadh	9-Jul Riyadh	5-Sep Riyadh	18-Sep Riyadh	6-Oct Riyadh	17-Nov Riyadh	10-Dec Riyadh	22-Dec Riyadh	
Mr. Mohammad Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15
Mr. Tariq Al Mutlaq	Member	✓	✓	✓	X	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3
Mr. Ibrahim Alromaih	Member	✓	✓	✓	✓	✓	✓	✓	X	X	✓	✓	✓	N/A	N/A	N/A	10
Dr. Mohsen Khalil	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15
Mr. Federico Tauber	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	9
Mr. Omar Almidani	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15
Mr. Raid Ismail	Member	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	X	X	11
Mr. Esmail Alsallom	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6

Legend: (✓) Present; (X) Apology; (N/A) Not a Committee member at that time or has resigned.

D. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION COMMITTEE

The Conflict of Interest & Related Party Transaction Committee is comprised exclusively of members of the Board of Directors with an objective to review and approve all conflict of interests and related party transactions that involve the Company's shareholders, board of directors and management, as stipulated in the board approved Committee charter and Related Party Transactions and Conflicts of Interest Policy (RPTCI Policy), in compliance with the Company's Code of Governance 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.

By year-end, RPTC comprised three board members – two (2) independent and one non-executive – and held six (6) meetings in the year 2019. The Chairman of the Committee is an independent board member, who 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 lists the Conflict of Interest & Related Party Transaction Committee members and their respective attendance for the year 2019:

Name	Designation/Position	RPTC Meeting (2019) – Attendance						Total
		24-Jan Riyadh	11-Mar Riyadh	21-Apr Riyadh	24-Jun Riyadh	9-Sep Riyadh	1-Oct Riyadh	
Mr. Mohsen Khalil	Chairman	✓	✓	✓	✓	✓	✓	6
Mr. Tariq Al Mutlaq	Member	✓	N/A	N/A	N/A	N/A	N/A	1
Mr. Ibrahim Alromaih	Member	✓	✓	✓	✓	✓	✓	6
Mr. Raid Ismail	Member	N/A	N/A	N/A	N/A	✓	✓	2
Mr. Abdullah Al Rowais	Member	N/A	N/A	N/A	N/A	✓	✓	2

Legend: (✓) Present; (X) Apology; (N/A) Not a Committee member at that time.

CORPORATE GOVERNANCE REPORT CONTINUED

E. THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) has the required knowledge and experience in fulfilling its entrusted responsibilities and duties in supporting the Board. The Committee reviews and endorses, amongst other things, policies and standards of appointments of board directorships and committee memberships, skills and qualifications required with periodic evaluations – including the structures, remunerations/allowances policies and any other task requested by the Board. Quarterly, the Chairman of the NRC provides high-level briefs to the Board on key matters including but not limited to human capital related matters.

By year-end, the NRC comprised four members – i.e. three (3) independent members and one non-executive board member – and held five (5) meetings in the year 2019. 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. 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 NRC 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 lists all the Nomination and Remuneration Committee members and their attendance at 2019 meetings:

Board of Directors name	Designation/Position	NRC Meeting (2019) – Attendance					Total
		6-Mar Riyadh	25-Jun Riyadh	9-Sep Riyadh	22-Oct Riyadh	14-Nov Riyadh	
Mr. Raid Ismail	Chairman	✓	✗	✓	✓	✓	4
Mr. Tariq Al Mutlaq	Ex-Chairman	✓	✓	N/A	N/A	N/A	2
Dr. Fahad Al Zahrani	Member	✓	✓	✓	✓	✓	5
Dr. John Leggate	Member	✓	N/A	N/A	N/A	N/A	1
Mr. Guy Richelle	Member	✓	✓	✓	✓	✓	5
Mr. Bleihid Al Bleihid	Member	✓	✓	N/A	N/A	N/A	2
Mr. Johan Brand	Member	N/A	N/A	N/A	✓	✓	2

Legend: (✓) Present; (✗) Apology; (N/A) not a Committee member at that time or has resigned.

BOARD DECLARATION FOR 2019:

As per the Corporate Governance regulations' requirement for the Company to make a declaration regarding non-applicable or non-existing matters, the Board undertakes the following:

No.	Declaration/Confirmation
1.	The Board, through self-assessment, annually evaluates its performance, reviews the status on compliance of its obligations under the Charter and confirms that it fulfilled its duties and responsibilities.
2.	There were no penalties or precautionary attachments imposed on the Company by any supervisory, regulatory or judicial body.
3.	There were no critical or major observations communicated by the External Auditor during the 2019 audits that can impair the effectiveness of the Company's internal control systems.
4.	The Company's books and records comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as endorsed by the Saudi Organization for Certified Public Accountants (SOCPA).
5.	There is no interest in any class of voting shares for anyone who has notified the Company with these interests and any change in these rights during the last fiscal year.
6.	There is no interest, contractual documents and subscription rights of senior executives and their relatives in the shares or debt instruments of the Company or its affiliates, and any change in this interest or right during the last fiscal year.
7.	There are no treasury shares held by the Company for any purpose and accordingly no disclosure is required of details of treasury shares used by the Company.
8.	There are no debt instruments issued to ACWA Power and its subsidiaries except as already disclosed in audited financial statements of the Group.
9.	There is no class and number of any convertible debt instruments, contractual securities, pre-emptive right or similar rights issued or granted by the Company during the fiscal year except as already disclosed in audited financial statements of the Group.
10.	There are no conversion or subscription rights under any convertible debt instruments, contractual-based securities, warrants or similar rights issued or granted by the Company except as already disclosed in audited financial statements of the Group.
11.	There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the Company and those purchased by its affiliates.

No.	Declaration/Confirmation
12.	The Board confirms that: A) The Company's accounting records were properly prepared. B) There are no doubts about the Company's ability to continue its business activities.
13.	There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.
14.	The Company confirms that till 2019 it has not applied any programs for granting stock options or part of the dividends to the employees, or any pension programs, and there are no special funds for these programs.
15.	There were no recommendations by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject recommendations regarding the appointment of the Company's external auditor, the dismissal, the determination of its fees, the performance evaluation or the appointment of the internal auditor during the year.

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; H.E. Mohammed Al-Jadaan, Minister of Finance and H.E. Abdulrahman Al-Fadley, the Minister of Environment, Water & Agriculture, for their continued support of the privatised 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 recognise 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,



Mohammed A. Abunayyan
Chairman of ACWA Power

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