



Trusted, healthy and vibrant

ACWA Power
Business Report 2015

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



**Prince Mohammed bin Naif
bin Abdulaziz Al-Saud**
Crown Prince, Deputy
Prime Minister
and Minister of Interior



**Prince Mohammed bin Salman
bin Abdulaziz Al-Saud**
Deputy Crown Prince, Second
Deputy Prime Minister
and Minister of Defense

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A big year for our business

2015 was another successful year for ACWA Power as we grew and delivered on our important strategic and operational objectives, underscoring our proposition of cost leadership. We successfully leveraged our strong platform to further consolidate our position as a leader in our chosen markets. The year saw us maintain our impressive bid win ratio as we added significant capacity to our diverse portfolio. We also progressed the portfolio with a number of key projects becoming operational during the period. ACWA Power enters 2016 as the fastest growing industry player in the region with an international reputation as a leading developer, investor, co-owner and operator of power generation and desalinated water production plants.



Safety

Everything we do relies upon the safety and well-being of our workforce and the communities around us. We care about minimizing environmental impact and are committed to safely and reliably delivering power and desalinated water to the world.

People

We accomplish more as a team rather than as individuals. Our success in partnerships comes from cultivating the diversity, innovation and courage of our people.

Performance

We are a performance driven company building an enduring legacy by continually improving through operational excellence. We put systems, processes, policies and governance mechanisms in place to advance our core business and community objectives.

Financial Highlights of 2015

A year of continued growth

Financial

The financial information presented in the consolidated financial statements has been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia (SOCPA). For instances where SOCPA standards do not address accounting issues, we refer to International Financial Reporting Standards (IFRS).

For the year 2015, the Group achieved Income from Main Operations* of **SAR 956 Mn** (2014: SAR 687 Mn) and a net income of **SAR 706 Mn** (2014: SAR 532 Mn). The primary drivers of net income are attributable to three sources: services rendered (including development fee income), the Group's share of net income from joint ventures and associates and results of operations from group subsidiaries.

Particulars	2015	2014	%
FINANCIAL			
Income from Main Operations (SAR Mn)	956	687	+39%
Net Income (SAR Mn)	706	532	+33%
Earnings per Share – Main Operations (SAR)	1.75	1.30	+35%
Earnings per Share – Net Income (SAR)	1.29	1.01	+28%
Return on Capital Employed (in percentage)	6.1%	6.2%	-1%
Equity Commitment (SAR Mn)	2,351	1,564	+50%
OPERATIONAL			
Power availability (in percentage)	95%	93%	+2%
Water availability (in percentage)	93%	92%	+1%
Forced outage – power (in percentage)	2%	4%	-2%
Forced outage – water (in percentage)	3%	6%	-3%
SAFETY			
Lost time incident rate – construction phase	0.03	0.15	
Lost time incident rate – operational phase	0.10	0.38	
Reportable incident rate – construction phase	0.13	0.26	
Reportable incident rate – operational phase	0.40	0.65	

* The conventional EBITDA metric doesn't reflect the results from the operations of the Company's joint ventures and associates, which are a significant and integral part of the Company's business model. A non-SOCPA/non-IFRS financial measure, the Company defines Income from Main Operations as a financial metric that reflects the consolidated EBITDA after adjusting it for share in net income of associates and joint ventures.

Financial Highlights of 2015 continued

Finance

INCOME FROM MAIN OPERATIONS

Increase in Income from Main Operations is mainly due to higher revenues from services rendered through development activities and at NOMAC, supplemented by the commencement of commercial operations at Barka Expansion Phase 1, and the resumption of full operations in Bowarege. The increase relative to last year is also reflective of SAR 107 Mn impairment recognized in 2014 on one of the Group's foreign subsidiaries.

NET INCOME

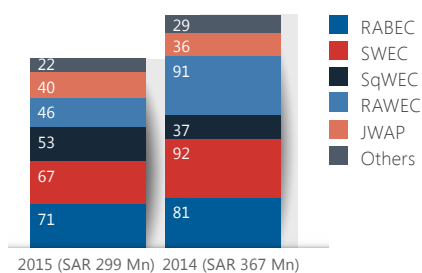
Financial charges have reduced mainly due to capitalization in relation to assets under construction in the Group's subsidiaries. The other income of comparative year was higher on account of insurance claims and liquidated damages (which were of non-recurring nature).

EARNINGS PER SHARE

Increase in Earnings per Share is mainly due to higher gross profit and lower financial charges. Additionally, in 2014, due to share capital increase, the weighted average number of shares was lower than that in the current year.

Share in Net Income of Associates and Joint Ventures (SAR Mn)

SAR 299 Mn



Other Key Financial and Performance Indicators

SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES (JVs)

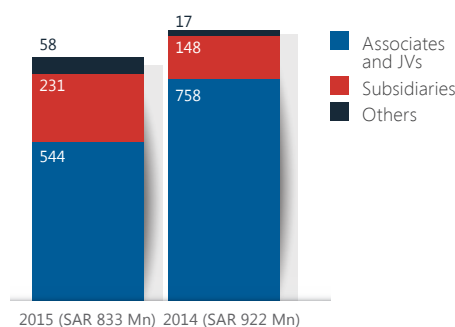
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities where the Group shares effective control with other shareholders of the investee company.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting from the date that the significant influence or joint-control commence until the date that such influence or joint-control ceases.

CASH INFLOWS FROM PROJECTS

Cash Inflows and Dividends (SAR Mn)

SAR 833 Mn

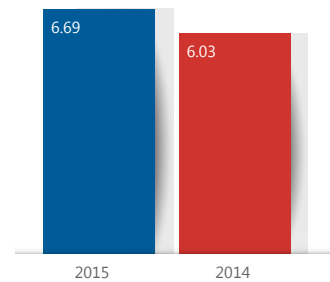


- ACWA Power receives cash distributions from its businesses in various forms including dividend, management and technical services, development fee and various other services.
- Cash inflows from associates and joint ventures are lower compared to 2014 mainly due to non-recurring fees from services rendered. In 2014 certain JV's settled substantial outstanding balances.
- The increase in cash inflows from subsidiaries is largely attributable to higher dividends, shareholder loan repayments and higher cost reimbursement, development fee and technical service fee received during the year.

TANGIBLE NET WORTH

Tangible Net Worth (SAR Bn)

SAR 6.69 Bn



Tangible net worth, as defined by the management of the Group, is total equity of the Group exclusive of the effect of cash flow hedge, currency translation and other reserves, deducted by the carrying value of Goodwill in the consolidated balance sheet as of the reporting date.

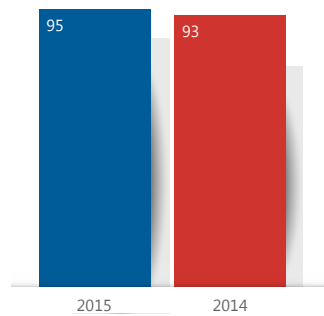
Operational

RELIABILITY OF OPERATIONAL FLEET

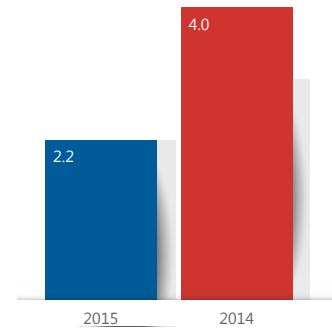
Power availability at the plants was consistent throughout the year and improved in both 2015 and 2014, to reach 95%. Forced outages again continued to drop compared to 2014 as the projects ran well across the course of the year. The water availability was also strong, mainly on account of expansion projects in Barka and a full year operation of the barges in Bowerage.

	2016	2015
Assets commencing construction	7	5
New assets in commercial operation	5	1

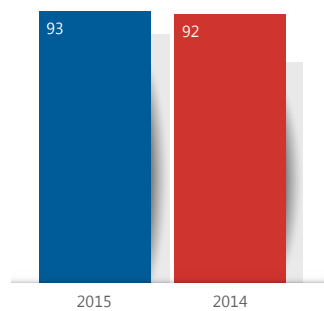
Power – Commercial availability (%)



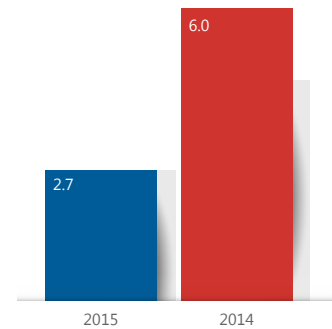
Power – Forced outage (%)



Water – Commercial availability (%)



Water – Forced outage (%)

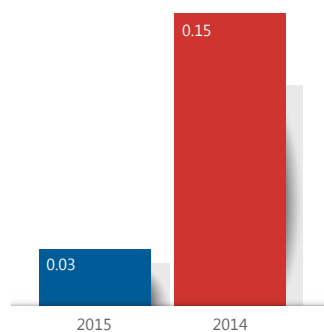


Health, Safety and Environment

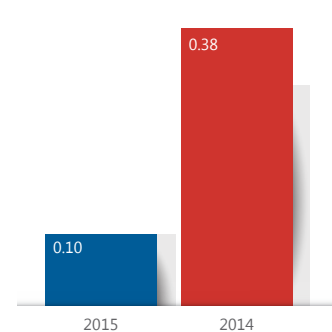
ALL RATES PER 200,000 MAN HOURS

The HSE lost time incident rate performance in 2015 compared favorably to 2014 and the European benchmark of 0.25. A rate of 0.03 for projects under construction is a five-fold improvement on 2014 and a rate of 0.10 at operational site is half the rate of 2014.

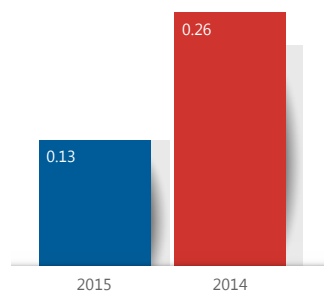
Lost Time Incident Rate – Construction



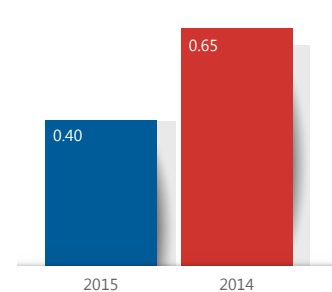
Lost Time Incident Rate – Operations



Reportable Incident Rate – Construction



Reportable Incident Rate – Operations



At a Glance

Providing the **foundations** for **social development** and **economic growth**

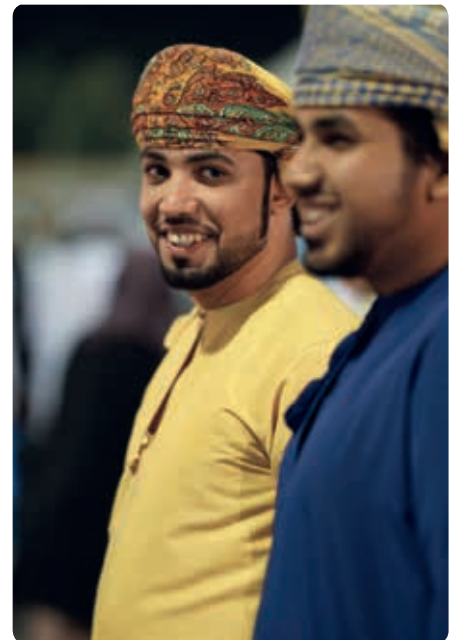
ACWA Power focuses on providing power and desalinated water efficiently, reliably and safely at the lowest possible cost. Water and power are essential commodities, providing the foundations for social development and economic growth.

Founded more than ten years ago in Saudi Arabia in response to government liberalisation of the energy market, we have defined and refined the Public Private Partnership (PPP) model.

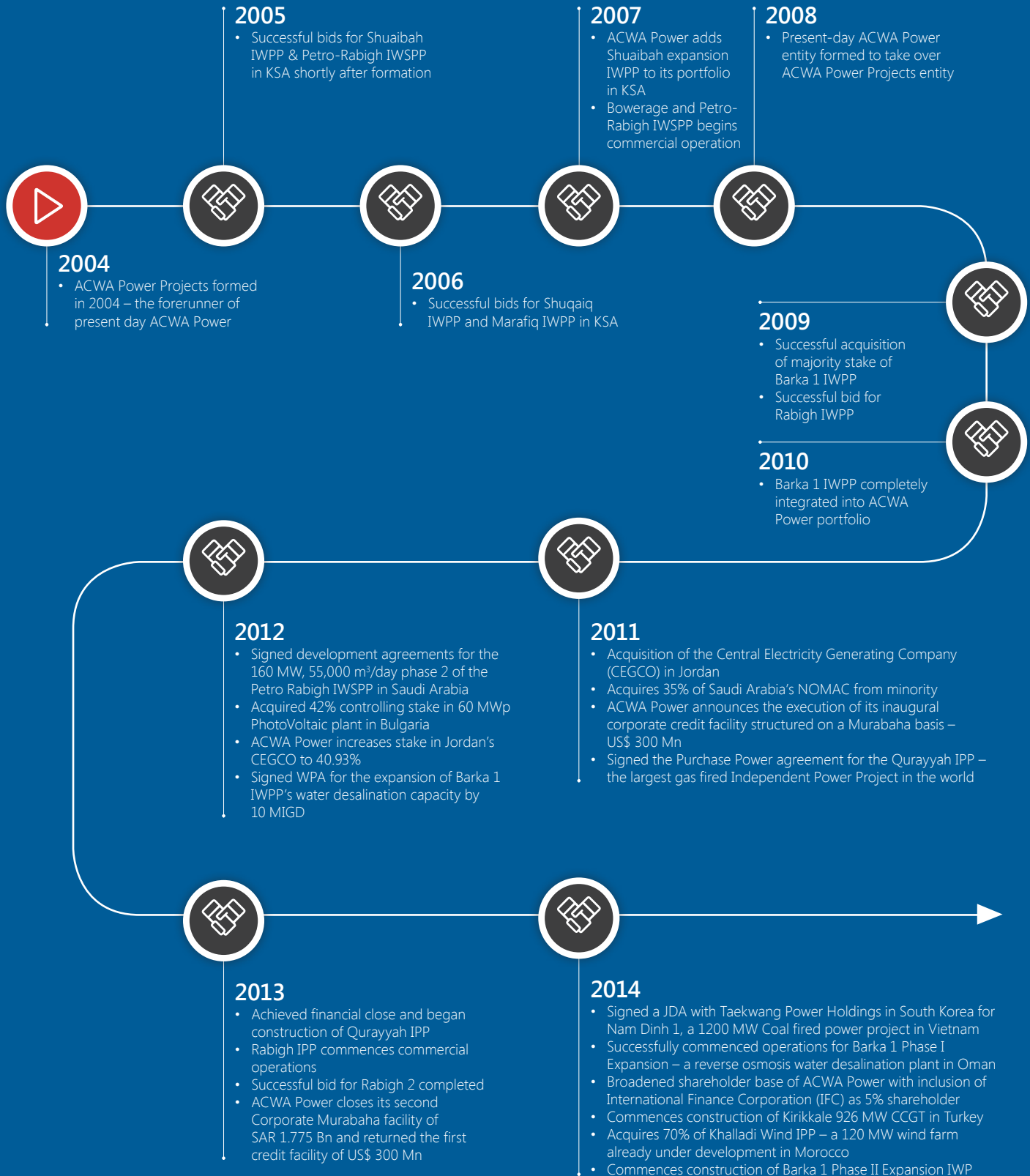
ACWA Power is the fastest growing industry player in the region and has evolved into an international developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants with a combined gross investment value in excess of US\$ 30.5 Bn.

Our portfolio of investments reflects interests in 36 projects comprising approximately 22 GW of generation capacity and 2.5 million m³/day in 12 countries and 3 continents.

“ACWA Power provides power and water that light up communities and provides clean drinking water. Our products are the ingredients that drive socioeconomic development in the communities and countries in which we operate.”



Company Timeline



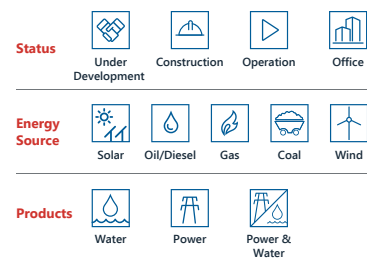
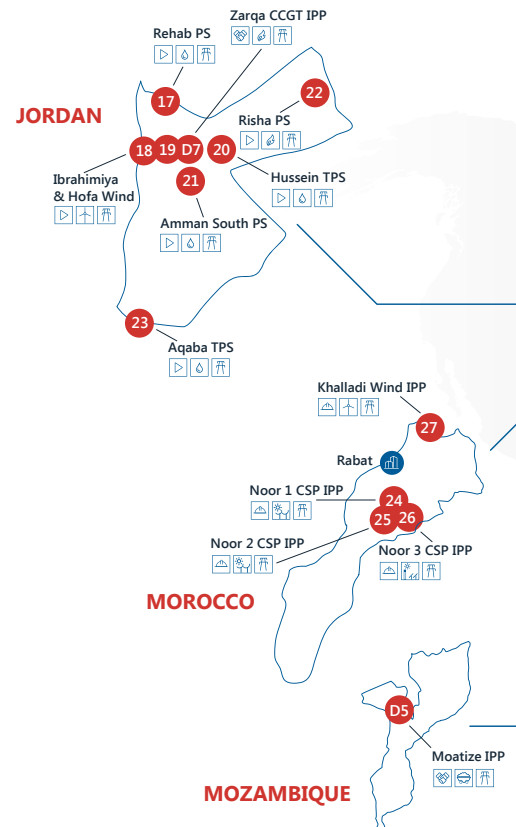
Where We Operate

An International Business

Since ACWA Power was established in Saudi Arabia in 2004, the company has evolved from an indigenous player into a leading international developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants with a combined gross investment value in excess of US\$ 30.5 Bn.

The company's strategic geographic expansion has focused on targeting high-growth economies with sound regulatory environment that encourage private sector participation in addressing their demand-supply gaps, and thereby enabling ACWA Power to establish a meaningful presence in these countries of operation.

Our international footprint now comprises 36 assets spanning 12 countries on three continents. Given the level of opportunity for growth within these markets, our near-term focus is to expand in these countries.





12

number of countries

30+

nationalities

ACWA Power's corporate offices are split between Dubai and Riyadh.

Chairman's Statement

Mohammad A. Abunayyan

Delivering sustainable growth

During a relatively short time, we have evolved from an emerging Saudi focused player into what we are today: an established international organisation and the fastest growing power and water developer in the region.

I am delighted to be writing this message on the back of what has been another successful year for ACWA Power. This ascent can be attributed to a number of key factors: our leading reputation and proven track record for delivering world class projects; our unique business model which focuses on cost leadership; and the vision of our management team, staff and partners to win and execute large scale energy and desalination projects across our diverse and growing portfolio.

During 2015, ACWA Power successfully leveraged its strong platform to further consolidate its position as market leader in our chosen markets. The year represented a step change for the Company by winning seven bids and increasing the gross power generating capacity of our portfolio by 50%. Our strong operational performance enables us to report a similarly strong set of financial results, underscoring the strength of our business model, positioning us well for the future as projects now in development achieve financial completion and commence operation.

Our win ratio throughout the year highlights the competitive advantage and focus our business has on cost leadership. We deliver the lowest cost solutions by selecting fit for purpose solutions, timely project feasibility, economic assessments and honest partnerships with the supply chain that ultimately enables us to fulfil our principle strategic goal: to reliably provide electricity and desalinated water at the lowest possible cost to the industry. This strategic goal

has multiple benefits for all parties along the value chain, from the customer to our stakeholders, and most importantly to our customers of our power and water products.

We are passionate about the role we play in the socioeconomic development in the communities and countries where we operate. Crucially, we are a direct investor in the projects that we build and operate. This means we are committed to realising safe and successful commissioning at the earliest opportunity and continued efficient production throughout the lifecycle.

We understand that sustainable leadership will help drive the long term economic growth of the countries in which we operate, which in turn will deliver sustainable long-term growth for our business. We are conscious of the footprints we leave as we expand our business and are committed to creating a legacy that reflects our objectives to benefit all our stakeholders.

We are investors in our greatest asset, our people. We take great pride in our commitment to local content development, with 95 percent of our 3,000 employees from the local communities and countries where we operate. Our focus on people and training has enabled ACWA Power to assemble a diverse and world class team of talented individuals who collectively represent the engine of our business. We recognise and appreciate the pivotal role they play in driving our business forward and it is through their dedication, commitment and creativity that we are able to maintain positive momentum.

We live in a world where many people do not have access to power and water. This situation creates the long-term macro drivers for our business and provides a pipeline of new opportunities for us to consider. Our local knowledge of these markets, along with the relationships we have with governments and partners, provides an effective platform for delivering projects that are beneficial to all our stakeholders.

International expansion has been a core tenet in our growth strategy and ACWA Power is now present in 12 countries across three continents. We have successfully integrated our operating practices into each region and feel confident in our ability to strengthen our positions. It is our intention to grow our market share and deliver improved value to our customers and their communities. In doing so we anticipate generating stronger and more reliable returns from our portfolio.

The outlook for ACWA Power is bright. The solid foundations we laid are delivering appealing opportunities. We demonstrated our ability to materially grow our portfolio and expect to maintain this growth in the year ahead.

“We understand that sustainable leadership will help drive the long term economic growth of the countries in which we operate, which in turn will deliver sustainable long-term growth for our business.”

Realistically, based on the opportunities we see in front of us, we could continue to add a significant amount of new power generation capacity each year, which would further enhance our reputation and profile as a leading business. We also see real opportunities to significantly enhance the capacity of our water desalination portfolio in the coming years.

As we embark on 2016, I would like to convey a message of gratitude to everyone who has contributed to ACWA Power's success. We are privileged to have such a talented team, reliable partners, ambitious customers and receptive governments; all of whom embrace our vision and enable us to deliver our projects in a way that benefits all. We are excited about our future and look forward to playing a leading role in creating a better world with improved access to reliable power and clean water, produced safely and efficiently, and at the lowest possible cost.



Mohammad A. Abunayyan
Chairman



Leadership Statement

Moving up a gear with **accelerated** **growth**

Dear Stakeholders,

2015 was a remarkable year of growth for ACWA Power. In our chosen markets we consolidated our position as a market leader and international player and delivered our most successful year to date in terms of both operational and financial metrics.

During the year we were successful in winning or achieving financial close on 11 projects and added an additional 9,000 MW of capacity to our portfolio. To put this significant achievement into context, it took ACWA Power eleven years to build a portfolio of 18,000 MW. We believe this is a remarkable achievement considering the complexity of development in our industry. The fact that we were able to increase the portfolio capacity by another 50% in only one year emphasises the level of progress made last year and highlights why we are proud of our performance.

We believe this accelerated progress and impressive bid win ratio enhanced our reputation as an industry leader capable of delivering large scale, world class projects at the lowest possible cost. Whatever the size, scale or complexity of a project, ACWA Power never deviates from its determination to deliver cost leadership without compromising on health, safety, quality and environmental stewardship.

BUSINESS MODEL

ACWA Power's principal values have evolved to better reflect the core principles of the business. Our values of Safety, People and Performance are the foundation of everything we do. With this framework we perform an important role in the communities and countries where we operate. With our rigorous focus on cost, selection of fit for purpose technical solutions and robust risk management, we deliver value for money to the offtakers. Our talented and enthusiastic team of professionals utilize ACWA Power's global network of technology providers and contractors, lenders and host governments along the value chain, seeking to ensure we achieve the objectives of generating long-term, stable and sustainable returns for our shareholders whilst also providing reliable sources of energy and desalinated water at the lowest prices in the industry for our host nations.

Working in our industry requires vision and patience. These large scale projects require the investment of significant amounts of risk capital to build and operate the power generation and desalinated water production plants. The returns from this upfront investment come over the 30+ year life span of each asset and thus it is critical that the contracted price for electricity and/or desalinated water remains relevant throughout this period.

Our business model is unique and requires the integrated collaboration of partners through the value chain. This ACWA Power partnership creates a supply chain providing a range of inputs to deliver fit for purpose solutions. This drives down costs associated with the construction, financing and operation of the plants. Our shared focus on transparent collaboration and commitment to economic management enables us to offer the lowest tariffs on time and under budget.

We recognise the ripple effect of our activities and look beyond our immediate customer base when seeking to share value with local communities. We see the benefits of being a responsible operator and work with our host nations to develop local content, provide employment opportunities and retain economic value at a local level.

We developed a strong global network of partners that share our vision and understand our commitments, both as a business with economic obligations and a company playing a pivotal role in reliably delivering power and water at the lowest cost.

OPERATIONAL EXCELLENCE

ACWA Power is committed to operational excellence and delivering safe, compliant and life-enriching projects.

Our business is built on our values of safety, people and performance reflecting how we work with our staff, customers and host communities. These values are ingrained in our DNA and form the basis of every consideration we make in our actions and operations.

We strive to achieve the highest standard possible, whether it be the way our teams conduct themselves, how we plan and execute our projects or how we interact with our various stakeholders. This dedication to operational excellence ensures we perform in line with our customers' expectations, but more importantly achieve the high level of performance that we expect from ourselves as a company. We are constantly seeking ways to improve our business and regularly review and implement systems, processes, policies and governance mechanisms to advance our core business and community objectives.

The Assets net export exceeded 10,000 MW (day average) for the first time, while NOORo and Bokpoort CSP solar power plants moved into operation. Consolidated plant availability was at 95% for our power projects and 93% for our water projects.

In 2015 we continued investing in our operating systems and control mechanisms to further improve our processes of procurement, human resources, training and technology. This investment is necessary to enable these functions to maintain the standards required to keep pace with our expansion as a business. As we continue to grow our international business, we remain vigilant, ensuring greater emphasis that ACWA Power operates in a consistent manner in each country and region. Our investment in these functions will allow for a more coherent and centralised approach, resulting in cost savings through the efficiencies created.

Safety is a key focus for ACWA Power as our operations can create challenging and potentially hazardous environments for our workforce and the surrounding communities. We seek to implement appropriate risk assessment, safety mitigation processes and workforce training to minimize the risk associated with our operations. In 2015, we achieved a lost time incident rate of 0.03 for projects under construction, which compares favourably against the European benchmark of 0.25 and is a fivefold improvement on 2014. A rate of 0.10 for operational sites which is half the rate of 2014, which supports our industry leading reputation as a reliable and safe operator.

While we are pleased with our 2015 performance, we are saddened to share with you news of a recent and serious incident, resulting in the fatality at one of our construction sites. In May 2016, as this report was being prepared, an incident occurred at the Noor III project in Ouarzazate, Morocco.

The emergency response team was activated immediately and a comprehensive investigation is ongoing. We will provide further details of the incident no later than in our 2016 Annual Report.

Our commitment to safety also applies to our commitment to minimize the environmental impact of our operations. We are committed to reliably and safely delivering power and desalinated water to our markets. In order to do this efficiently, we ensure detailed environmental impact assessment studies are conducted on each project before we proceed to ensure we minimize the impact of our operations on the environment and the local communities. Further details on these important issues of corporate governance, safety and environment are included in our Sustainability Report which is included with this Annual Report and available on our website.

ACWA POWER'S PEOPLE

ACWA Power is committed to the development and retention of its employees. As our business continues to grow, so too does the requirement to maintain a team with the requisite capabilities and capacity to meet demand. We look for people who are technically skilled and passionate about ACWA Power's vision. We work on complex projects that require creative thinking, industry leading engineering and project execution expertise. We seek to deliver the high standards expected by our customers. We provide an exciting range of opportunities for personal and professional development through our advanced professional talent development and retention initiatives.

Journey of a young Saudi Engineer with ACWA Power**2011**

Mothana Al Odhaib completed his Bachelor's degree in Chemical Engineering and started pursuing Master's degree in Energy Systems

**2012**

Started a two month internship program at ACWA Power working in several power and water desalination plants in Saudi Arabia

**2013**

Recruited by ACWA Power; started career in Dubai Office

**2014**

Global exposure to the Power & Water Desalination Industry

**2015**

Nominated as Future Energy Leader by World Energy Council

Leadership Statement continued

“Our business model ensures we are able to fulfil our customers’ needs whilst also strengthening shareholder value by ensuring long-term capital growth and stable returns.”

CORPORATE SOCIAL RESPONSIBILITY (CSR)

ACWA Power prides itself on our commitment to build lasting partnerships with the people and communities where we operate. Through our Corporate Social Responsibility (CSR) programmes, as well as through providing training and development opportunities to local people to work at our plants, we make a positive impact on local socioeconomic development. We have a large work force consisting of over 3,000 people and we are proud that over 95 percent of these are employed locally.

Many of our operations are in remote locations and have life cycles of many decades. We endeavour to provide the local communities with the opportunities and necessary training to develop the skills required to work with ACWA Power. This positive socio-economic impact on the local communities provides long term economic growth and stability and enables us to deliver our own sustainable growth objectives. Furthermore, it enables us to develop long term, mutually-beneficial relationships with our local communities.

By employing members of the local community and maximising local content in our operations, we create a sustainable ecosystem, allowing ACWA Power to provide reliable supplies of power and water at the lowest possible cost. Our commitment to socio-economic development of the communities we work in and the countries we invest in is a core foundation of our business.

GROWTH STRATEGY

ACWA Power began life in 2004 as a Saudi company focussing on the Kingdom of Saudi Arabia intent on building a reputation for developing, financing, and operating large-scale power generation and desalinated water production plants. Driven by strong performance in the first five years, ACWA Power made a strategic decision in 2008 to expand beyond Saudi Arabia as the company grew.

ACWA Power has succeeded tremendously, now with operations in 12 countries in four distinct high-growth markets (Gulf Cooperation Council, North Africa, Southern Africa and South-East Asia). We have evolved into an international business of scale and reputation. To support the expansion of our international footprint, we developed and nurtured a global network of leading industry partners to support the key fundamentals of our business model. Our vision, the respect and mutual trust we share with our partners ensures we can keep costs to a minimum and deliver our products at the lowest possible price in the industry.

We have a strong pipeline of opportunities in both power and desalinated water projects and are well placed to capitalise on them by leveraging our existing reputation, business model and supply chain network.

FINANCIALS

We are pleased to report that our operational progress has also resulted in an impressive financial performance for the Company with substantial increases in all the key financial metrics. In 2015 ACWA Power achieved a 39% increase in income from the main operations at SAR 956 Mn compared with SAR 687 Mn the prior year. Net income increased 33% to SAR 706 Mn compared to SAR 532 Mn the previous year resulting in an impressive earnings per share growth of 35%.

Sale of electricity is up by 16% mainly due to higher availabilities relative to 2014. The increase was realised mainly in Oman and Jordan.

Sale of water has seen an increase of 35%, which is mainly due to the expansion of Barka and a full year of operations at Bowarege.

Services rendered increased by 43% due to higher development and technical services fee income.

SUMMARY AND OUTLOOK

We have taken impressive strides in recent years and are showing no signs of slowing.

We have ambitious growth plans and are proud to be developing a reputation as a leading industry player with a strong track record for delivering on our operational milestones.

We have consolidated our position in our core markets and have strengthened our industry network, which further enhances the opportunities available to us. Based on the current pipeline of opportunities we see ahead of us, we believe that we could add a significant amount of power capacity to our portfolio each year and could also substantially increase the size of our desalinated water business in the coming years.

Our past achievements and exciting future are premised on our commitment to four key stakeholder groups:

1. Our shareholders, who bring a new meaning to vision (clarity and focus), and support the leadership to deliver results and returns;
2. Our experienced board, management and employees who are determined, innovative and entrepreneurial;
3. Our partners, including technical partners, EPC contractors, co-developers, lenders and off-takers, which support our ecosystem to develop complex, low-cost projects; and
4. Our host nations who have demonstrated belief in our offerings to deliver power and water in a sustainable manner and support socioeconomic development.

We are a business with an admirable track record of delivering sustainable returns to our shareholders. We are proud to have achieved a balance that successfully meets our key objectives, and we confidently look forward to the future and to continue delivering success to our shareholders and stakeholders.



Paddy Padmanathan
President and CEO



Thamer Al Sharhan
Managing Director



Thamer Al Sharhan
Managing Director

Paddy Padmanathan
President and CEO

Operational Review

Our Portfolio

Our portfolio consists of 36 assets across 12 countries providing 21.5 GW of power and 2.5 Mn m³ per day of desalinated water.

Our desalinated water business continues to grow, driven by a number of strong factors. ACWA Power remains at the forefront of companies in the region researching, developing and implementing new technologies, such as membrane filtration and solar-powered desalination methods, to ensure we help the region reap the benefits of energy efficient water production.

ACWA Power remains fuel agnostic and will deliver projects in line with our customers' specified power source needs and requirements. In recent years, we have increasingly developed our expertise in the renewables space and have been at the forefront of some of the most impressive renewable projects in the world. These include the Noor Solar Complex in Morocco, the largest solar power complex in the world, and Shuaa Energy PV at the Mohammed bin Rashid Al Maktoum Solar Park in Dubai, with the lowest tariff quoted for any solar power project in the world at the time, and the Redstone IPP Project which is the world's largest thermal storage CSP trough plant in South Africa.

Like most developed countries across the world, we are all too aware of the effects of global warming and the impact of power generation on the environment. As such, we are committed to helping host governments meet their green objectives and lower their carbon emissions through our industry leading renewable energy projects. Currently, almost 8% of ACWA Power's Share of Power Capacity is derived from renewable energy.

2015 OPERATIONAL MILESTONES

2015 was a transformational year for ACWA Power as we were the successful bidder on seven projects during the period. The successful bids and key operational and corporate milestones achieved throughout the year were as follows:

JANUARY

- An ACWA Power led consortium selected as preferred bidder for the 25 year PPA of the Independent Power Projects of NOOR II (200 MW) and NOOR III (150 MW) in Morocco.
- An ACWA Power led consortium selected as preferred bidder to develop the Redstone CSP IPP- which at US\$ 1.2 Bn is the biggest investment in the South African renewable energy programme.
- ACWA Power wins 200 MW PV phase II Mohammed bin Rashid Solar Park by Dubai Electricity, setting a worldwide milestone for utility scale solar power generation with a landmark tariff of 5.84 US\$ cents/kWh.

MARCH

- Masdar, ACWA Power and the Egyptian Electricity Holding Company (EEHC) sign MoU to explore the development of up to 4 GW of renewable and natural gas power generation projects in Egypt.
- A consortium comprising Japan's Mitsui, Saudi Arabia's ACWA Power and Dhofar International Development and Investment Holding (DIDIC) won a contract from Oman government to build and operate a US\$ 630 Mn natural gas-fired power plant in Salalah. As part of the transaction, the Consortium also acquired Dhofar Generating Company.

MAY

- ACWA Power signed an agreement with The Oman Power & Water Procurement Company (OPWP) to develop Phase 2 of Salalah IPP Phase II.
- Consortium led by ACWA Power achieved financial close of the Independent Power Projects of NOOR II (200 MW) and NOOR III (150 MW).

JULY

- ACWA Power-led consortium achieves Financial Close for Shuaa Energy 1 Phase II of Dubai Electricity & Water Authority's Mohammed bin Rashid Solar Park.

AUGUST

- ACWA Power raises an additional SAR 1.109 Bn of loan finance from local banks.

OCTOBER

- DEWA announces ACWA Power and Harbin Electric International as preferred bidders for Phase 1 of the Hassyen clean coal power plant.
- A consortium led by ACWA Power begins construction operations of Salalah IPP.
- Overseas Private Investment Corporation (OPIC), U.S. based energy developer SolarReserve and ACWA Power sign an agreement, recognizing OPIC's US\$ 400 Mn commitment of debt financing to support Redstone CSP Project.

DECEMBER

- ACWA Power signs a US\$ 400 Mn contract with Jordanian government for the re-powering of Hussein CCGT plant.

KEY PROJECTS**Salalah Independent Power Plant, Oman**

In October, a consortium led by ACWA Power and Mitsui commenced construction operations for Phase 2 of Salalah Independent Power Plant. This followed the earlier signing in May of an agreement with OPWP to develop Phase 2 of Salalah IPP, at a cost of 2.32 Bn SAR (US\$ 620 Mn).

The new natural gas-fired combined cycle power plant, which is scheduled to be fully operational in early 2018, will have a capacity to generate 445 MW and will be connected to the existing Salalah grid, generating a total capacity of 718 MW.

Salalah 2 IPP represents a key milestone in ACWA Power's portfolio and reflects the company's commitment in developing the Omani power and water sector. The project has generated job opportunities for the local community and training programmes for Omani youth and the local workforce are progressing well.



Operational Review continued

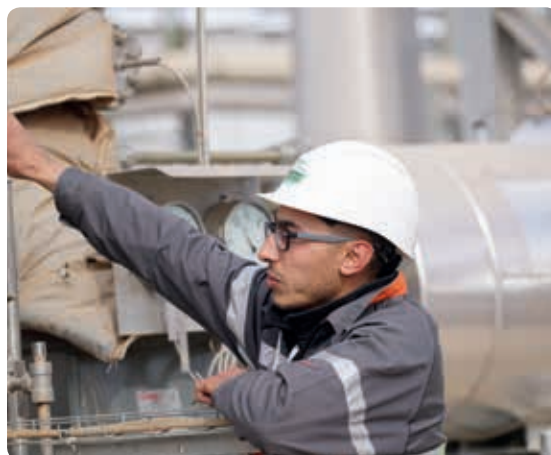
NOORo Solar Complex in Ouarzazate, Morocco

In May, ACWA Power and the Moroccan Agency for Solar Energy (Masen) achieved Financial Close of NOORo II and NOORo III Projects, corresponding to Phase 2 of the NOORo Solar Complex in Ouarzazate, Morocco. These projects build on the success of NOORo I.

Both projects constitute the second phase of the NOORo Solar Complex in Ouarzazate, 500 km south of Rabat in the Kingdom of Morocco, which will be the largest solar power complex in the world once complete.

NOORo II project is a 200 MW solar power plant based on concentrated solar power technology (CSP) using parabolic trough with 7.2 hours molten salt storage; whilst NOORo III project is a 150 MW solar power plant based on concentrated solar power technology (CSP) using central tower with eight hours molten salt storage. Construction operations commenced in July and both projects are expected to be in commercial operation by late 2017.

The overall project will contribute significantly to the socio-economic development of the local economy. It will also have a material environmental impact by saving approximately 930,000 tons of CO₂ per annum by providing an alternative energy source to the imported hydrocarbons that would have otherwise been used as the source of energy.



Nina Agate, Senior Manager – Legal (Projects)



2005

Nina completed her Bachelor's degree in Law with honours



2008

Completed her legal practice course at Guildford College of Law



2009

Started working at ACWA Power as a paralegal



2010

With the support of ACWA Power, completed the New York Bar, qualified as an attorney and was promoted to Legal Counsel



2014

completed five years employment with ACWA Power



Redstone CSP IPP, South Africa

In January, a consortium led by ACWA Power was selected as preferred bidder to develop Redstone CSP IPP, a 100 megawatt (MW) clean energy facility that will be connected to the South African national grid.

The project was developed in response to the DOE's Round 3 (CSP) Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) in South Africa, and at a cost of US\$ 1.2 Bn represents the single biggest investment in the REIPPPP. The Redstone Project will utilise solar power to generate and deliver reliable electricity on-demand day and night to power more than 200,000 homes with stable and predictable supply.

Through ACWA Power's unique approach to project finance, the project's delivered electricity price of 14.68 per kWh is the lowest of any CSP project in the country to date.

The project will have a significant positive socio-economic development impact on the surrounding community and the country as a whole, creating as much as 800 jobs during the construction phase and additional jobs related to equipment supply, manufacturing, engineering, transportation and other services. The project will also off-set approximately 500,000 tons of carbon dioxide which would have been emitted into the atmosphere if this amount of power was generated using fossil fuels.

Redstone will commence commercial operations in early 2018.



In Conversation with the CIO & CFO

Rajit Nanda and Kashif Rana

ACWA Power has rapidly grown into an industry leading player operating some of the most impressive Power and Desalinated Water projects in its chosen markets around the world. In this open interview, ACWA Power's Chief Investment Officer, Rajit Nanda and Chief Financial Officer, Kashif Rana, shed light on the Company's investment strategy, its unique business model and highlight how the company is able to table winning bids compared to its peers.



CAN YOU PROVIDE A BROAD OVERVIEW OF HOW ACWA POWER SOURCES AND CHOOSES PROJECTS WHICH ARE SUITABLE FOR INVESTMENT?

Rajit Nanda

It is always our strategic intention to become a significant player in whichever market we enter, so we firstly assess whether these target markets have the required criteria and opportunities to enable us to fulfill this objective.

There are a number of important things we take under consideration before choosing our projects however the principle elements that must be present are an underlying demand for power and a Government's inclination to pursue private sector procurement.

Kashif Rana

Ultimately, we are developers and are therefore dependent on procurers to bring in the projects. It is at this stage that we assess whether we have the ability and confidence to deliver a very competitive but sustainable proposition to make these projects viable for ACWA Power and all the other stakeholders involved.

WHAT ARE THE KEY CRITERIA THAT ACWA POWER LOOKS FOR IN A PARTICULAR PROJECT?

Rajit Nanda

The three principle criteria that we look for from a business perspective are that the project has to be of a particular commercial scale, it must be economically viable and it must generate returns that are in line with ACWA Power's risk profile.

An important element of our business is that our tariffs are sustainable over the life of the asset. This means we take a long term view on the commercial aspects of a projects to ensure the pricing remains competitive and relevant for the full life-cycle of an asset which can be up to 40 years. As such, the project has to provide a compelling solution that is sustainable and maximizes the value for money to the offtakers.

Kashif Rana

The other important criteria that is prevalent in all the projects we work on is that it results in a positive socio-economic impact on the communities and countries where the project is located. This fulfills our underlying objective to play a meaningful and important role in the development and growth of these communities and countries, which in turn helps us meet our long term sustainable growth objectives as outlined by Rajit.

SO DOES ACWA POWER INVEST DIRECTLY IN ITS PROJECTS AS WELL AS OPERATES THEM?

Rajit Nanda

ACWA Power assumes a number of roles in any one project including that of a developer, an owner and an operator.

For these projects to work over the duration of an asset's lifecycle, it is necessary for all stakeholders to collaborate and share the vision and responsibility. We therefore feel it appropriate to ensure we are fully aligned with the other stakeholders from a financial perspective. Furthermore, we obviously believe in the long term fundamentals of our projects and want to ensure we are suitably exposed to that upside. It is important for us to be the operator of an asset as we have considerable industry experience and expertise in this role which means we are able to ensure that we have greater control in the plants achieving their full potential over their lifecycle.

HOW DO YOU CHOOSE YOUR PARTNERS?

Rajit Nanda

We are fortunate to have access to a global pool of reputable entities, whether they be technology providers, Engineering Procurement and Construction contractors, Lenders or co-investors. We have developed and strengthened this network over the last 11 years and are fortunate to have partnered with the best in the industry during this time.



Every project starts with a clean slate and we aim to create a team that can deliver the best solution for that particular project. The end result needs to be a project that is able to deliver the most optimal solution. For this model to work effectively, it is important that all our partners share the same vision. This requires a balancing game – between keeping the overall costs low without compromising on the quality of service delivery, whilst also ensuring that everyone makes commercial, risk commensurate returns.

Kashif Rana

Transparency and fairness are key elements to any partnership. We enter bids and plan projects as one team and it is therefore in all our interests to table a winning bid. Failure to do so can be an expensive exercise both in actual terms as well as the cost of lost opportunities. Fortunately we have an excellent track record of winning bids and much of this can be put down to the strength of our relationships with our project partners.

WHAT IS A TYPICAL DEBT/EQUITY SPLIT ON A PROJECT?

Rajit Nanda

Typical project finance split between debt and equity ranges about 75/25, although this may vary on a project by project basis. Clearly the key to any financing is to ensure that the project is commercial and will deliver the reasonable returns required over the life cycle of that project. It is up to all the investors and debtholders in a project to assess whether they are comfortable with the risk/reward profile of that individual project.

WHAT IS ACWA POWER'S APPROACH TO GEARING?

Kashif Rana

From a group perspective, managing our cost of capital is critical to ensure that we can continue winning projects and we take a very prudent approach to financing. We have to be perceived as an investment grade company by the lending community so it's imperative that we maintain a level of gearing that both we and they are comfortable with. As such, our capital structure is geared towards these objectives.

HOW HAS THE WEAK OIL PRICE ENVIRONMENT IMPACTED ACCESS TO DEBT CAPITAL IN THE MIDDLE EAST AND WHAT IMPACT DOES THIS HAVE ON ACWA POWER?

Rajit Nanda

The weak oil price environment represents a double-edged sword in terms of its impact on our business. On the one hand, it has positively influenced regional governments to consider procuring more infrastructure projects through the private sector. On the other hand, lending has become more expensive on account of increasing Government borrowing and pressure on sovereign rating, which impacts the liquidity and pricing for corporates like us.

HOW DO YOU KNOW YOUR PRICE WILL REMAIN RELEVANT AND SUSTAINABLE 20-30 YEARS DOWN THE LINE?

Rajit Nanda

Nobody can predict this which is why we do not market price our bids but instead formulate a bid that can remain competitive over the life of the project. Our prime concerns are Governments' willingness to pay, not their ability to pay, so we table bids which provide them with comfort over the long-term.

It is impossible to know what technological advances will be available in the future and what impact these will have on the efficiency and price of future projects. This is why we are constantly trying to stay at the cutting edge of technological developments.

Kashif Rana

The contracts on our projects which are up and running today are watertight over the PPA terms – meaning we will get our money on the agreed terms if the offtaker decides to go back on the contract. A significant portion of our returns come in the later years of a project so we are aligned with the Governments in terms of taking a long term view on the sustainability of a project.

In Conversation with the CIO & CFO continued

Rajit Nanda and Kashif Rana

DOES ACWA POWER HAVE TARGET ROI ON EACH PROJECT?

Rajit Nanda

There is no set target beyond ensuring that the returns are greater than the cost of the capital deployed in each project. Furthermore, the returns that we make out of our investments are commensurate with the risks associated with them.

ROI on each project varies depending on factors such as scale and financing. Our payback is based on the kWh price derived over the course of an asset's lifespan and the majority of these returns come in the later years. Our shareholders are attracted to the long-term, steady and sustainable nature of the returns we generate through our portfolio of projects.

Kashif Rana

First and foremost, we are a business with shareholders and have a duty to generate commercial returns for them. Whilst we also endeavor to play a positive role on the socio-economic development of the regions we are active in, maintaining our growing track record as a well-run business generating reasonable returns for our shareholders is our primary objective.

ACWA POWER'S BUSINESS MODEL SEEMS RELATIVELY SIMPLE AND IS CLEARLY SUCCESSFUL. HOW DO YOU ENSURE YOUR BIDS ARE SO MUCH MORE COMPELLING THAN YOUR PEERS AND WHAT IS TO STOP THEM FROM REPLICATING THIS MODEL?

Rajit Nanda

On paper our business model does not appear that complicated, however it is certainly not easy to replicate in reality. There is a reason we are the fastest growing player in the region and have an unrivalled win ratio when it comes to bidding.

There is nothing to stop our peers from trying to replicate our model however we effectively pioneered it and benefit from a significant first mover advantage.

It's all about leveraging the strength of our relationships with lenders, partners and other stakeholders as well as hard work of the teams to drive down the costs of every element of a project. This requires trust, and to gain trust you must demonstrate a proven track record of an ability to make projects work and deliver reasonable returns for our investors and lenders. We have successfully developed this track record and strengthened our relationships year on year.

The term 'reasonable' is important as we could try to table bids with higher pricing which may deliver higher returns but in our view this would be counterproductive for the long term fundamentals of our business. Furthermore, we are constantly trying to achieve a balance between generating returns and ensuring we are delivering the most optimal solution to our offtakers. We are proud to be able to meet both of these objectives and will continue to roll-out this tried and tested strategy for the good of all our stakeholders, customers and end-users.

WHEN DOES ACWA POWER'S INVESTMENT IN A PROJECT TURN INTO REVENUE, AND AT WHAT STAGE DOES THAT REVENUE BEGIN GENERATING A PROFITABLE RETURN ON THE ORIGINAL INVESTMENT IN THE PROJECT?

Kashif Rana

This is wholly dependent on the project, but in broad terms, our business model can be explained as follows. As a developer, we generate revenue when we win a project. As an Operator, we generate revenue as soon as the site becomes operational and begins producing electricity or water. This revenue is generated steadily over the course of an asset's lifecycle in line with the offtake agreement.

Rajit Nanda

As an investor, our objective is always to make a return that is commensurate to the risks involved in any project. A significant portion of the return on our investment normally occurs late on in an asset's lifecycle which can be 20-25 years depending on the project. We therefore take a patient view on this aspect of the business and take comfort from the strong contractual framework that we operate in and the due diligence and risk assessment that we and our partners undertake on the attractiveness of each individual investment.

WHAT WOULD YOU DESCRIBE AS BEING ACWA POWER'S KEY INVESTMENT HIGHLIGHTS?

Rajit Nanda

I think our story has been a phenomenal growth story over the last 11 years and our latest financial results highlight that our growth is accelerating year on year. There is no shortage of new opportunities for us on the horizon, so there is nothing to suggest that our growth will slow down. If anything, our biggest challenge will be ensuring that we have the necessary resources to be able to realistically go after the near term low-risk opportunities that we see ahead of us.

Kashif Rana

We have a well-defined growth strategy, strong macroeconomic drivers underpinning our long-term business and growth objectives, an unrivalled network of industry leading partners, a well-established international footprint and industry reputation. Furthermore, we have an experienced and highly credible management team who have demonstrated a proven track record of creating value for our shareholders.

CAN YOU PROVIDE SOME DETAILS ON THE TOTAL ASSET VALUE UNDER MANAGEMENT IN ACWA POWER'S PORTFOLIO AND THE KEY FIGURES REGARDING CURRENT AND FUTURE CAPACITY?

Kashif Rana

The total project cost of our power and desalinated water portfolio stands at US\$ 30.5 Bn. This is comprised of 36 projects including those that are operational, under-construction and in advanced development. When all the projects are operational, these will generate a total of 22,701 MW of power and 2,474,000 m³/day of desalinated water. Our net share of this portfolio equates to 8,364 MW of power and 737,000 m³/day of water.

“It's all about leveraging the strength of our relationships with lenders, partners and other stakeholders as well as hard work of the teams to drive down the costs of every element of a project.”

Rajit Nanda

As things stand today, 17 of these assets are operational with a total project cost of US\$ 17.7 Bn and these are generating 12,015 MW of gross contracted power and 2,419,000 m³/day of water. We have good phasing of our portfolio meaning we have eight projects under construction that will contribute a further 4,231 MW of power to the overall portfolio in the next 24 months. This phasing provides us with good visibility and enables us to manage our portfolio and financial model effectively.

WHAT ARE THE KEY METRICS THAT INVESTORS SHOULD LOOK TO IN ORDER TO ASSESS THE PERFORMANCE OF YOUR COMPANY?

Kashif Rana

These are Income from Main Operations, earnings per share and net profit. We have demonstrated a good track record in growing these metrics year on year. In addition the investors should look at the amount of year on year committed investments in new projects, growth in our total MWs and m³ water, as well as operating metrics such as availability, forced outage factors and cash flows from our projects.

ARE THERE ANY CONSTRAINTS ON THE SIZE OF A PROJECT YOU CAN WORK ON?

Rajit Nanda

If the project looks attractive, meets all of our investment criteria detailed above and can obtain the necessary funding to make it work then we will not be constrained. We have worked on a variety of projects with the largest carrying a project cost of US\$ 3.3 Bn. The smaller projects can be equally complex in terms of financial and technical requirements.

HOW DO YOU SEEK TO MAINTAIN A COMPETITIVE EDGE OVER YOUR PEERS?

Rajit Nanda

Our competitive peers vary depending on the regions in which we operate. They also vary in terms of size and scale as different competitors excel in certain areas in terms of specific expertise, network, funding capability and operational reputation. We are fortunate to excel in all of these criteria and have duly been successful in establishing a market leading position in most of our chosen markets.

Our objective is always to become a market leader in our chosen markets. This enables us to maintain our competitive edge which is evidenced by the fact that we are able to tender bids which can be as much as 25% below the next nearest bid.

ARE THERE ANY INDUSTRY PLAYERS YOU PARTICULARLY ADMIRE OR ASPIRE TO BECOME?

Rajit Nanda

There are a lot of international companies in our industry who have a fantastic reputation and do certain things very well. We certainly monitor our peers' progress to assess what they do so well and see if we can use that inspiration to better ourselves. We believe that a company should never stop learning and should always aspire to improve in areas where improvement is possible.

Kashif Rana

We believe that ACWA Power has a unique identity and a focused strategy. We are very proud of who we have become as we have evolved over the years. Our aim is to continue to focus on doing what we know we are good at and what we know works for us, irrespective of what the rest of the industry is doing. As such, we do not necessarily aspire to become like an industry peer, but rather aspire to be the best that ACWA Power can be. This approach is engrained in ACWA Power's culture and we strive for greatness in everything we do.



Rajit Nanda
CIO

Kashif Rana
CFO

Corporate Profile

Vision, Mission & Values

ACWA Power is a developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants currently with operations in 12 countries in the Middle East, North Africa, Southern Africa and South East Asia regions.

“We take great pride in the important role we play in delivering these products and the positive impact we have on the local communities.”



ACWA Power's portfolio, with an investment value in excess of US\$ 30.5 Bn, can generate 21.5 GW of power and produce 2.5 million m³/day of desalinated water to be delivered on a bulk basis to state utilities and industrial majors on long-term off-take contracts under Public-Private-Partnership, Concession and Utility Services Outsourcing models.

VISION, MISSION AND VALUES

Power and water are essential commodities which provide the foundations for social development and economic growth.

At ACWA Power we focus on providing power and desalinated water efficiently, reliably and safely at the lowest possible cost while also supporting the communities in which we operate. We are aware that our people and plants can often make the difference to keeping the lights switched on or taps running.

As such, we take great pride in the important role we play in delivering these products and the positive impact we have on the local communities and countries in which we operate. To help guide us in our role, we adhere to the following vision, mission and values which underpin everything we do:



Vision

To ensure the **ingenuity and entrepreneurship** of the private sector and make available electricity and desalinated water in a reliable manner to **support social development and economic growth** of nations.

Reliably deliver electricity and desalinated water at the **lowest possible cost** in the Company's target countries.

Mission

VALUES

- **Safety:** Everything we do relies upon the safety and well-being of our workforce and the communities around us. We care about minimizing environmental impact and are committed to safely and reliably delivering power and desalinated water to the world.
- **People:** We accomplish more as a team rather than as individuals. Our success in partnerships comes from cultivating the diversity, innovation and courage of our people.
- **Performance:** We are a performance driven company building an enduring legacy by continually improving through operational excellence. We put systems, processes, policies and governance mechanisms in place to advance our core business and community objectives.

WHAT WE DO

We produce desalinated water and generate electricity at the lowest possible cost using the most reliable and technologically advanced methods. We believe that water and energy security are compatible with environmental stewardship. Our unique role as a provider of both energy and desalinated water delivers energy efficient solutions. Our projects result in low cost electricity and water, benefiting communities, and economies while minimizing our impact on the environment.

WHAT WE STAND FOR

Our commitment to operational excellence enables us to make a real difference in contributing to the water and energy needs of the world. Our business is built on integrity, fairness and transparency reflecting how we work with our staff, clients and host communities. We develop and deploy the best technology and build lasting relationships. Our courage and determination drives us to continually improve. We work as one team.

Corporate Profile continued

BUSINESS MODEL

ACWA Power's business model focuses on generating sustainable shareholder value. We do this through delivering our power and desalinated water products at the lowest possible price in the industry. We are able to achieve these industry low prices through our dedicated focus on cost leadership which is based on a relentless pursuit to deliver the best value-for-money solutions.

Water and power are essential commodities which provide the foundations for social development and economic growth. Our projects result in the socio-economic development of the local economies and create a legacy and platform for sustained growth.

ACWA Power's business focuses on three main activities – Business Development, Investment Management and Operation and Maintenance, which complement each other over the life cycle of each of our projects.

ACWA Power also adopts a financing model that is backed by the Company's solid business model and long-term vision. As a product of both this and the solvency of its operations, the Company has continued to finance its investments in its projects primarily via a mix of operating cashflows and corporate debt. The success of this business model is largely driven by our human capital, since the Company's presence in such specialized sectors means only the very best professionals are capable of delivering our products. Our commitment to local content drives economic growth in our regions of operation, that helps underpin long term sustainable demand for our products.

“ACWA Power's business model focuses on generating sustainable shareholder value. We do this through delivering our power and desalinated water products at the lowest possible price in the industry.”

ACWA Power embraces an unwavering commitment to a sustainable business strategy focused on creating long-term value, which makes the Company's business model attractive to potential investors.

Comprehensive technology offering to meet the requirements of its customers

The Company is fuel-agnostic and technology-neutral. This means we have the expertise to tailor the technology offering and the fuel source, whether it be traditional or renewable energy sources, to meet the requirements of our customers.

To the extent that the Purchaser is creditworthy and the Company's targeted return for a specific opportunity is achievable, the Company aims to formulate an optimal technical and financial asset delivery and Operations and Maintenance solution to address the purchaser's requirements at the lowest possible cost. In doing so, the Company focuses on, amongst other things, the efficiency of fuel utilisation to minimise consumption and maximise output. Given the rapid innovation and cost reduction in renewable energy technologies, the Company continues to play an increasing role in this growing sector and has been responsible for some industry leading renewable projects.

Transparent and independent relationships with partners

Throughout the various phases of its projects' lifecycle, the Company aims to deal with its stakeholders, including coinvestors, off-takers, equipment suppliers, EPC contractors, lenders, and insurers in a transparent manner. The Company recognizes that equitable partnerships and balanced stakeholder relationships are essential to delivering sustainable utility

solutions over the long term. To ensure no cross subsidisation and to extract maximum value, the Company also rigorously maintains its independence by always entering into contracts with other parties on an arm's length basis.

Rigorous bottom-up pricing approach to bids

The Company acknowledges the fact that winning bids in competitive procurement is a defining factor of its growth. As such, in formulating a bid, the Company adopts a rigorous bottom-up pricing approach that seeks to maximize the 'value for money' to the Purchasers. This is achieved by allocating risks to those who are most capable of mitigating and/or managing them without compromising on the quality of the plant and reliability of the service delivery (whilst maintaining a reasonable required level of risk adjusted returns that must be secured for every given project).

Cost-effective funding structure

The Company aims to adopt an optimum funding model for each project, tapping into limited recourse debt markets, capital markets or bank loans, with the aim to reduce the funding cost of each project and to optimise its shareholders' risk/return profile. The Company typically utilises cash flow-based project finance that is collateralised by the projects' assets and where there is no recourse on the debt to the shareholders of the project companies (including ACWA Power). Furthermore, the Company uses equity bridge loans in markets where such financing is commercially viable to postpone the capital injections until the later stages of a project's construction phase in order to further optimise the funding cost of the project and further reduce the cost of tariff being provided.





High-quality, culturally-diverse and empowered talent

In the interest of continuous innovation and robust risk management, the Company aims to attract, retain and develop high-quality and culturally diverse employees while seeking to also ensure sustainability of its own operations by recruiting, nurturing and developing employees in each country to remove dependence on expatriate workforce. The Company intends to continue to promote entrepreneurship and leadership by maintaining a culture of empowerment that enables decision-making at all levels, without compromising on the adherence to the Company's policies and procedures which is essential for risk management and efficient operation.

Commitment to sustainability, health, safety, security and corporate social responsibility

Recognising the significance of the long-term nature of its investments and the necessity for the ultimate consumer of the electricity and desalinated water to also benefit, the Company also places significant emphasis on social and economic development, protecting and contributing to environmental sustainability, the security of the assets, and the health and safety of the communities in which it operates. In addition to ensuring compliance with applicable environmental standards, and ensuring the following of world-class

health and safety processes in all it does, the Company is actively committed to supporting social development and economic growth in the countries where it is present, through employment of locals and other targeted corporate social responsibility initiatives including maximisation of value retention in the local economy.

Market strategy

The Company's market strategy aims to sustainably grow its power and desalinated water contracted capacities by focusing on sovereign and industrial offtake markets in the Kingdom of Saudi Arabia and other select growing economies, through the expansion of existing platforms, the development of greenfield projects and the acquisition of existing plants. In addition, the Company aims to build positions in select merchant markets that offer a higher risk/ return profile as compared to markets that offer long term offtake contracts.

Focus on sovereign and industrial offtake markets

The Company aims to generate the bulk of its revenues from offtake markets, where the Company typically enters into 15-30 year agreements with investment grade offtakers to sell a project's production capacity at a pre-agreed tariff. Such offtakers include investment grade sovereign and quasi-sovereign entities, as well as resource/

“In the interest of continuous innovation and robust risk management, the Company aims to attract, retain and develop high-quality and culturally diverse employees.”

Corporate Profile continued

commodity-based industrial companies that require significant quantities of utility services and are usually capable of supplying their own fuel resources (e.g. gas, coal, oil) to the projects (e.g. captive power plants for oil and gas or mining companies).

Focus on the Kingdom of Saudi Arabia with expansion to other high growth offtake markets

In targeting sovereign and industrial offtake markets for electricity generation and water desalination, the Company intends to continue to focus on Saudi Arabia as its home market and grow its position through greenfield developments utilising fossil fuels and renewable energy sources. As private sector participation in utility services in Saudi Arabia expands, the Company remains well positioned to pursue acquisition opportunities as they arise. Outside of the Kingdom of Saudi Arabia, the Company's expansion plans target high-growth economies, based on a comprehensive assessment of several criteria, including the Company's ability to create value and the availability of creditworthy purchasers. Accordingly, the Company, focuses its international market strategy on four key regions:

Rest of the GCC: Following the Company's investments in Oman and the UAE, the Company aims to continue its strategy of pursuing both greenfield and acquisition opportunities in the GCC countries, all of which have embraced private sector participation in the ownership, development and operation of power generation and water desalination plants.

Selected MENAT countries: Outside of the GCC, the Company intends to focus on four MENAT countries, namely Jordan, Morocco, Turkey and Egypt. In these markets, the Company seeks to expand its portfolio through a mix of acquisitions and greenfield developments and diversify its fuel mix to address respective governments' renewable energy plans.

Southern Africa: The Company intends to position itself in this fast growing region by targeting natural resource based economies such as South Africa, Mozambique and Botswana across fossil fuel and renewable energy based plants in both the sovereign and industrial offtake markets.

South-East Asia: The Company plans to establish a presence in South-East Asia by initially focusing on Vietnam and later on Indonesia and Philippines by targeting greenfield developments and acquisition opportunities through planned capacity addition by sovereign and quasi-sovereign purchasers, and pursuing opportunities in the merchant market of the Philippines.

Selectively build positions in merchant markets

In addition to its focus on sovereign and industrial offtake markets, the Company aims to participate in select merchant market transactions, characterised by the sale of electricity in the spot markets and/or shorter duration contracts with wholesale buyers at tariffs that are based on supply and demand dynamics. More specifically, the Company intends to initially seek merchant market opportunities in Turkey and potentially in the Philippines and Oman. While the Company seeks to build positions in merchant markets to develop knowledge and expertise in a growing segment, it also intends to limit its exposure to this market given its higher risk/return profile.



Journey of a young accountant with ACWA Power



2007

Muhammed Moga
Joined PwC as a trainee
accountant to complete
a three year training
contract



2010

Joined the Office of
the Pension Funds
Adjudicator as the
Finance Manager



2012

Qualified as a
Chartered Accountant
(South Africa)



2013

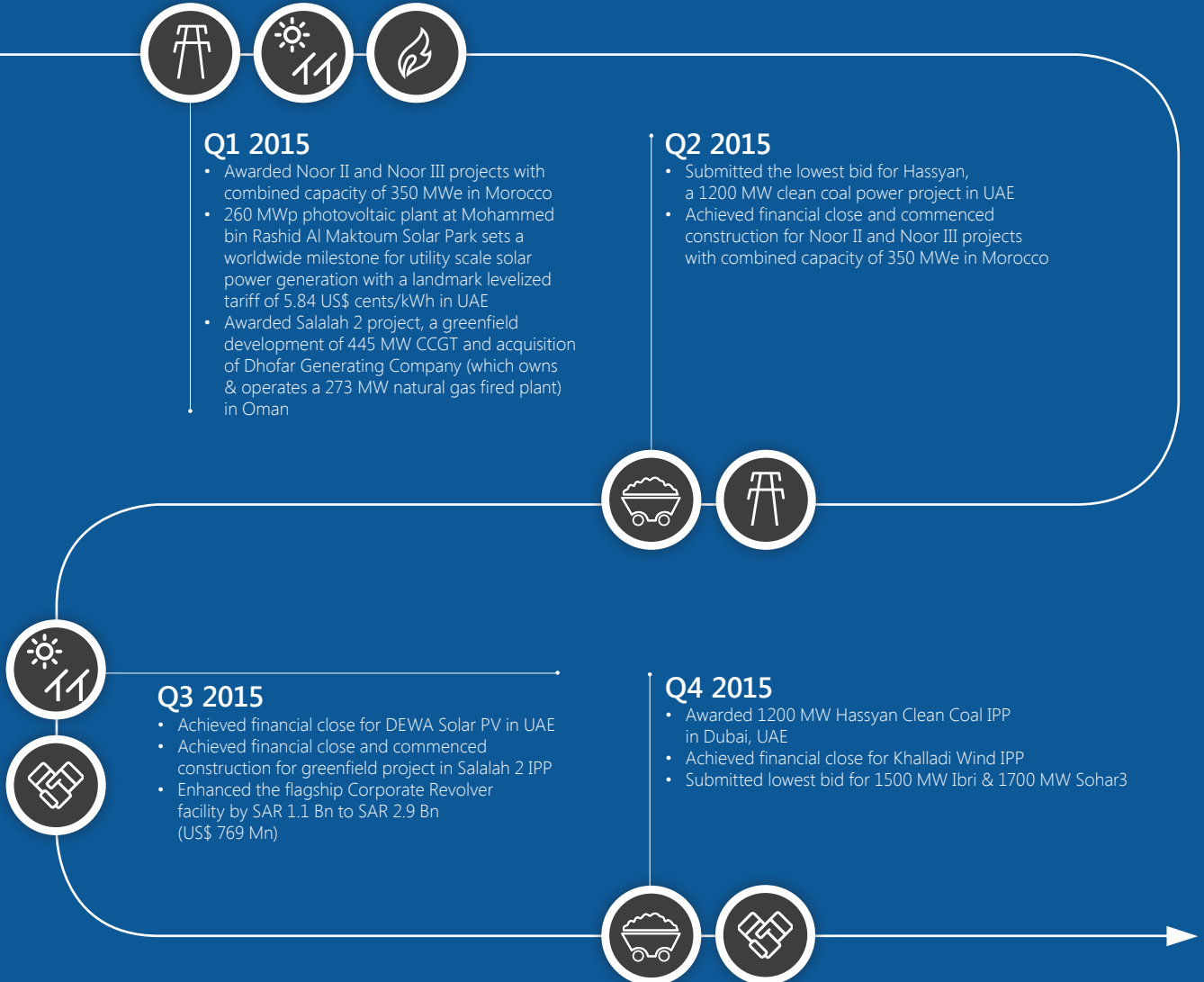
Recruited by ACWA
Power as Finance
Manager – Accounting,
Reporting and Tax



2015

Nominated as the
Chief Financial Officer
of Bokpoort CSP
Power Plant effective
from Commercial
Operation Date

Strategic Progress – 2015 Milestones



Strategy in Action

Creating the **world's largest** energy and water projects

ACWA Power has followed a well-defined growth strategy which has successfully enabled the company to become the fastest growing power and water developer in the region.

Through our unique business model which focuses on cost leadership, we deliver the lowest cost solutions through our innovative approach to technology, finance and pricing. This enables us to fulfil our principle strategic goal: to provide reliable sources of energy and water at the lowest possible cost in the industry.

Since inception, we have strategically expanded our international footprint to enter markets which provide us with compelling growth opportunities. The near-term focus will see us further consolidate our market leading positions in our existing markets as we leverage our network of local and international partners to exploit the opportunities on our horizon.

Through our commitment to local content and our focus on delivering our products at the lowest possible cost, ACWA Power is able to make a meaningful impact on the socioeconomic development of the local communities and countries in which we operate.

This in turn provides a stable platform to support the long-term demand for our products.

With our geographically and technically diverse portfolio of assets, we have been at the forefront of some of the most impressive projects in the world. These include the NOORo Solar Complex in Morocco, which includes our first Greenfield renewable project. The first phase became operational in 2015/2016 generating 160 MW. Once the expansion of this project is complete, this industry leading solar park will generate 500 MW, making it the largest solar power complex in the world, and will play a meaningful role in Morocco's quest for both energy independence and renewable diversification.

The following case study highlights our strategy in action and outlines the impact our projects have on the communities and countries in which we operate.

“Through our unique business model which focuses on cost leadership, we deliver the lowest cost solutions through our innovative approach to technology, finance and pricing.”

The World's Largest Concentrated Solar Power Plant

Noor I CSP IPP, Morocco

The 160 MW Noor 1 Concentrated Solar Power Project is a greenfield IPP developed as the first project for the Moroccan Agency for Solar Energy (MASEN), in a series of several planned developments at the Ouarzazate Solar Complex, approximately 200 km south of Marrakech. This complex, which covers 3,000 hectares in the desert, is set to develop into a 500 MW solar park, making it the largest solar power complex in the world.

In November 2012, MASEN and the consortium, led by ACWA Power, signed the Power Purchase Agreement for the value of US\$ 900 Mn, for the sale of net electricity output from the Noor 1 CSP, for a contracted tariff of US\$ Cents 18.9 per kWh, the lowest ever ascribed at that time for Concentrated Solar Power Technology. By mid-June 2013 the project had achieved financial close and began construction, with the first phase becoming operational in late 2015. The speed at which the project of this scale moved forward emphasises the progress that can be made through the collaborative

approach of the IPP model, and the agility and experience of ACWA Power to lead a consortium.

ACWA Power has since achieved financial close of the Noor II & Noor III Projects and construction is underway to add another 350 MW of solar power, and these are expected to be in commercial operation in late 2017.

Noor, which is translated as light, reflects the Moroccan nation's position as a leading light in its quest for both energy independence and renewable diversification. Morocco has virtually no fossil fuel resources and was importing as much as 97% of its energy needs in 2009 at a cost of US\$ 6.2 Bn per annum. Morocco is seeking to host a minimum of 2 gigawatts of solar power, equivalent to about 14% of Morocco's installed generation capacity, by 2020.

Like many of the countries in which we operate, electricity demand in Morocco is growing at 5-6% annually. Morocco's need for energy independence combined with the potential for job creation convinced the policymakers that this IPP approach was the most viable solution for the country – and that ACWA Power had the technical and financial expertise to move this project forward.

Through job creation, energy generation and reduction in Morocco's carbon footprint, the Noor project will continue to have a positive socioeconomic impact on the local community and Morocco as a whole for many years to come. We are proud to play an important role in the nation's development.



Board of Directors



Mohammad Abdullah Abunayyan

Chairman

Mr. Abunayyan represents ACWA Holding on ACWA Power's Board.

Mr. Abunayyan is the Chairman of Abunayyan Holding Company, and also serves as Chairman and member of the Board of Directors (Board) of many reputed companies, including the National Agriculture Development Company and the Saudi Research and Marketing Group besides holding a number of prestigious leadership positions helping spearhead the kingdom's economic development.



Sulaiman A.K. Al Muhaidib

Member of the Board of Directors

Mr. Al Muhaidib represents ACWA Holding on ACWA Power's Board.

Mr. Al Muhaidib is the Chairman of Al Muhaidib Group and a number of companies that include Savola Group, Al-Oula Development Company, Middle East Paper Company, Amwal Al-Khaleej Commercial Investment Company, RAFAL Real Estate Development Company, Al Shamiyah Urban Development Company and Swicorp Joussour. In addition, Al Muhaidib sits on the Board of Directors of Saudi Arabian British Bank (SABB), Almarai Company, National Industrialization Company (TASNEE), Prince Salman Center for Disability Research, Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care and The Centennial Fund.



Ahmed S. Al Rajhi

Member of the Board of Directors

Mr. Al Rajhi represents MADA Group for Industrial & Commercial Investment on ACWA Power's Board.

Mr. Al Rajhi is the Vice Chairman of Al Rajhi Holding Company. He also serves as the Vice Chairman of Industrial Committee of the Chamber of Commerce & Industry, Central Province – Saudi Arabia. In addition, he sits on the Board of Directors of the Saudi Industrial Property Authority (MODON), the National Industrial Committee, Saudi Arabia and of various companies including Al Rajhi Insurance Company, Injaz Real Estate Company, Farabi Petrochemicals Company, Hail Cement Company, Trio Mada International Plastic Company, and Chairman of Gulf Packaging Industries Ltd.



Ibrahim M. Al Romaih

Member of the Board of Directors

Mr. Al Romaih represents Sanabil Direct Investments Company on ACWA Power's Board.

Mr. Al Romaih has more than twenty-five years of experience in the development of strategies and policies with governments and leading organizations concentrating on, developing and managing capital markets and financial systems, policies that protect investors and enhance access to investments. In addition, he serves on the management team of Gulf Investment Corporation and sits on the Board of Directors of the National Commercial Bank, Saudi Arabia.



Majid Al Shathry

Independent Member of the Board of Directors

Mr. Al Shathry is an Independent member of ACWA Power's Board and represents Saudi Public Pension Agency on ACWA Power's Board.

Mr. Al Shathry serves as the Deputy Project Manager at Al Ra'edah Investment Company, the investment arm of the Saudi Public Pension Agency. He has more than fifteen years of experience in the field of project management construction and infrastructure, and worked on projects such as the King Abdullah Financial District, and the Communication and Information Technology Commission Complex project.

**Tariq M. Al Mutlaq****Independent Member
of the Board of Directors**

Mr. Al Mutlaq is an Independent member of ACWA Power's Board, and represents the Strategic Investors on ACWA Power's Board.

The Strategic Investors are Al Mutlaq Group Company, Badad International Company for Trading and Contracting, Future Industrial Investments Company and Al Toukhi Commercial Group Company.

Mr. Al Mutlaq is the Managing Partner and sits on the Board of Al Mutlaq Group. He also serves as the Chairman Daikin Saudi Arabia, United Feed Manufacturing Company and Al Mutlaq Real Estate Investment Company besides sitting on the Board of Directors of various companies including Al Mutlaq Group Company, Sahara Petrochemical Company, Saudi Oryx Leasing Company and Riyadh Cables Group of Companies.

**Rasheed Abdulrahman
Al Rasheed****Member of the Board
of Directors**

Mr. Al Rasheed represents ACWA Holding on ACWA Power's Board.

Mr. Al Rasheed sits on the Board of Directors of ACWA Holding. In addition, Mr. Al Rasheed is a member of the Saudi Organization for Certified Public Accountants (SOCPA), The Saudi Economy Association and The Family Business Council of the Gulf Cooperation Council.

**Mohsen A. Khalil****Independent Member
of the Board of Directors**

Mr. Khalil was nominated by the International Finance Corporation (IFC) as an Independent Director on ACWA Power's Board.

Mr. Khalil is a veteran with extensive experience in emerging markets and particular expertise in telecoms, information technologies, infrastructure and Cleantech. He served a long executive career with the IFC and the World Bank. His latest appointment till end 2011 was as Global Head of the Climate Business Group of IFC with a mandate to mainstream and scale up its "green" investments and advisory activities across all industries and regions. Mr. Khalil has served as Board director and advisor for many companies and investment funds at different stages of growth.

**Abdulrahman M. Addas****Member of the Board
of Directors**

Mr. Addas represents MADA Group for Industrial & Commercial Investment on ACWA Power's Board.

Mr. Addas is a seasoned and highly experienced professional with distinguished strength in risk management, investments and corporate banking. His work experience covers corporate, middle market and small business activities, in both local and international markets with recent emphasis on "Islamic" banking. A proficient in leading growth business strategies focusing on team build up and spirit motivation, Mr. Addas established an excellent track record in re-organizing and managing rapid changes. Mr. Addas sits on the boards and/ or committees of nine companies that include Bank AlBilad, Al Sorayai Industrial & Trading Group, Red Sea Markets Company Ltd., SEDCO Capital, Diyar Al Khayyal Real Estate Development Co., Quantum Investment Bank Ltd., Abdulaziz Alsaghayir Holding, Stusid Bank, and ARCOMA Group.

**David Crane****Member of the Board
of Directors**

Mr. Crane represents ACWA Holding on ACWA Power's Board.

Mr. Crane joined the Board in December 2015. Prior to joining ACWA Power, Mr. Crane was President and CEO at NRG Energy and NRG Yield, the largest non-utility power company in the United States. Under Mr. Crane's leadership NRG was a key member of the U.S Climate Action Partnership. He was also CEO and Executive Director at International Power and senior vice President, Global Power at Lehman Brothers, where he was responsible of Lehman Brother's Global Power business in emerging markets.

Directors' Report

We are a leading **investor**, **developer** and **operator** of power generation and water

Dear Shareholders,

The members of the Board are pleased to present the Board of Directors Report and Audited Financial Statements of the International Company for Water & Power Projects (ACWA Power, the Company) for the year ended 31 December 2015.

GENERAL

The International Company for Water and Power Projects is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5th July 2008) and 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 the development, acquisition, leasing, operation and maintenance of power generation, steam production and desalinated water production plants and the sale of electricity and desalinated water, and other related or auxiliary businesses activities complimentary to it.

FINANCIAL RESULTS

For its fiscal year 2015, the Company recorded a solid financial performance resulting from the high rate of new project wins and the further handover and operation of projects that were in development. This was primarily reflected in the income from main operations of SAR 956 Mn and a net income of SAR 706 Mn. The primary drivers of net income are the services undertaken by the Group (including development fee income), the Group's share of net income from joint ventures and associates and results of operations from group subsidiaries.

KEY ACCOMPLISHMENTS IN 2015

The performance of ACWA Power's asset portfolio in 2015 continued the progress of previous years and by the end of 2015, ACWA Power's asset portfolio comprised 36 assets in 12 countries with the ability to generate 21.5 GW and 2.5 million m³/day of desalinated water.

Some of the highlights of the portfolio for the year include:

- An ACWA Power led consortium selected as preferred bidder for the 25-year PPA of the Independent Power Projects of NOOR II (200 MW) and NOOR III (150 MW) in Morocco. Achieved financial close and commenced construction.
- An ACWA Power led consortium selected as preferred bidder to develop the Redstone CSP IPP – which at US\$ 1.2 Bn is the biggest investment in the South African renewable energy programme.
- ACWA Power wins 200 MW phase II Mohammed bin Rashid Solar Park by Dubai Electricity & Water Authority, setting a worldwide milestone for utility scale solar power generation with a tariff of 5.84 US\$ cents/kWh. ACWA Power led consortium achieves Financial Close on the project.

- Masdar, ACWA Power and the Egyptian Electricity Holding Company (EEHC) sign MoU to explore developing up to 4 GW of renewable and natural gas power generation projects in Egypt.
- Awarded Salalah 2 project, a greenfield development of 445 MW CCGT and acquisition of Dhofar Generating Company (which owns & operates a 273 MW natural gas fired plant) in Oman. Signed an agreement with OPWP to develop Phase 2 of Salalah IPP Phase II.
- Submitted the lowest bid for Hassyan, a clean coal power project in UAE. DEWA announces ACWA Power and Harbin Electric International as preferred bidder for Phase 1 of the Hassyan clean coal power plant.
- Enhanced the flagship Corporate Revolver facility by SAR 1.1 Bn to SAR 2.9 Bn (US\$ 769 Mn).
- Achieved financial close for Khalladi Wind IPP.
- ACWA Power signs a US\$ 400 Mn contract with Jordanian government for the re-powering of Hussein CCGT plant.
- Submitted lowest bid for Ibri & Sohar – the largest single tendered independent power project in Oman.



BOARD OF DIRECTORS

The Board of Directors held five meetings for the year 2015 to determine the Company's business progress and to review the strategies advanced by the management team for developing new projects that fall within the targeted geographical regions. The Board of Directors is due a total sum of SAR 2,976,000 as allowances for their services and attendance, excluding Board expenses of SAR 101,420, for the period of 01 January 2015 to 31 December 2015.

At the end of 2015, the Board comprised the following ten directors:

- Mr. Mohammad A. Abunayyan (Chairman)
- Mr. Sulaiman A.K. Al Muhaidib
- Mr. Ahmed S. Al Rajhi
- Mr. Tariq M. Al Mutlaq
- Mr. Rasheed A. Al Rasheed
- Mr. Ibrahim M. Al Romaih
- Mr. Majed A. Al Shathry
- Dr. Mohsen Khalil
- Mr. Abdulrahman Addas
- Mr. David Crane

Note: Mr. Dato Mohd. Izzaddin Idris and Mr. Salah Brahimi resigned as Board directors in May, 2015.

ADVISORY BOARD

The Advisory Board provides advice, guidance and makes recommendations to the Board of Directors and the company management with respect to matters within the areas of their expertise and experience, including improving the Company's corporate governance, supplementing the Board's experience in wider areas including finance, technology and standards, infrastructure, administration, and other areas felt to be relevant to the development, growth and profitability of the Company. In addition to providing objective, independent views on the Company's strategic vision and growth plans, The Advisory Board contributes to the sharing of knowledge about the overseas markets in which the members of the team have lived and worked. The Advisory Board held two meetings during 2015.

The Advisory Board comprised the following members:

- Dr. Abdullah Ibrahim El Kuwaiz (Chairman of the Advisory Board)
- Mr. Henri Meyers
- Dr. Khalid Al Sulaiman
- Mr. Darcel Hulse

Directors' Report continued



Board Audit & Risk Committee

The Board Audit & Risk Committee (previously two separate committees: Board Audit Committee and Risk Management Oversight Committee) performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. The Committee also supports the Board to monitor the risk environment for the Company and provides direction for the activities to mitigate the risks that may adversely affect the Company's ability to achieve its goals.

The Committee is chaired by an independent member of the Committee, and is composed of the following five individuals:

- Mr. Khalid M. Al Solai (Chairman of the Committee)
- Mr. Rasheed Al Rasheed
- Mr. Khalid Al Khawater
- Mr. Abdullah Al Arifi
- Mr. Majed Al Shathry (joined the Committee on the 28th of August 2015)

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee (previously known as Board Investment Committee) is a standing committee of the Board deriving its powers under full delegation of responsibility from the Board of Directors. The Board Executive Committee consists of five members as of the end of December 2015 who are appointed by the Board and all of whom are members of the Board of Directors. The Board Executive Committee held twelve meetings during 2015. The primary purpose of the Board Executive Committee is to give its directions, guidelines and approvals relating to investments in projects, strategic business plans and related decisions. The Committee also reviews the company budget, oversees the development of projects, in line with the powers delegated to the Committee.

The Committee comprised the following five members:

- Mr. Mohammad A. Abunayyan (Chairman)
- Mr. Ahmed S. Al Rajhi
- Mr. Tariq M. Al Mutlaq
- Mr. Ibrahim M. Al Romaih
- Dr. Mohsen Khalil

Note: Mr. Dato Mohd. Izzaddin Idris & Mr. Salah Brahimi resigned as Board members and accordingly they are no longer Board Executive Committee members effective May, 2015. Dr. Mohsen Khalil replaced Mr. Dato Mohammed Izzaddin Idris.

RELATED PARTY TRANSACTION COMMITTEE

The Related Party Transaction Committee met twice on 26th January and 1st June 2015. It is constituted by the Board and performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. The Committee supports the Board to review and approve matters and transactions that involve related party transactions with its direct shareholders and potential conflicts of interest within the Company. Any approval or rejection given by the Related Party Transaction Committee is considered as having been given by the Board themselves.

The Committee consists of three members, with the Chairman being an independent member of the Committee:

- Dr. Mohsen Khalil (Chairman)
- Mr. Tariq M. Al Mutlaq
- Mr. Ibrahim M. Al Romaih

Note: Dr. Mohsen Khalil replaced Mr. Dato Mohammed Izzaddin Idris who resigned from the Board in May 2015 and consequently to Related Party Transaction Committee. Mr. Salah Brahimi resigned in May, 2015 from the Board and consequently as Related Party Transaction Committee member.



THE NOMINATION AND REMUNERATION GOVERNANCE COMMITTEE

The Nomination and Remuneration Governance Committee (previously known as The Nomination and Remuneration Committee) performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. The Nomination, Remuneration and Governance Committee formed to assist the Board of Directors in performing their duties and responsibilities related to policies and standards of the appointment of members of the Board, policies and allowances of the Board members and senior executives, oversight of the Corporate Governance Guidelines and Procedures as well as related tasks delegated by the Board.

The Committee consist of four members, one of whom is an independent member:

- Mr. Ahmed S. Al Rajhi (Chairman)
- Mr. Tariq M. Al Mutlaq
- Mr. Abdulrahman Addas – new
- Dr. Fahad Al Zahrani – new

Note: Mr. Chance Wilson resigned from the Nomination and Remuneration Governance Committee. Mr. Abdulrahman Addas was added in June 2015 as NRG member while Dr. Fahad Al Zahrani was added in December, 2015.

ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express their gratitude to The Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al Saud (May Allah protect him), His Royal Highness Crown Prince Deputy Prime Minister, Minister of Interior, as well as His Royal Highness Deputy Crown Prince the Second Prime Minister and H.E. The Minister of Finance. Much is owed to H.E. the Minister of Water and Electricity, for his continued support for the privatization of the electricity and water sectors. The Directors' appreciation extends to all government officials and relevant authorities for their continued cooperation with the Company. We also take this opportunity to thank our management and employees for their dedication and commitment to keeping ACWA Power as a leader in this sector, not only in Saudi Arabia, but also in all of our target geographic regions.



Mohammad A. Abunayyan
Chairman of the Board of Directors

Corporate Governance Report

OUR CORPORATE GOVERNANCE APPROACH

ACWA Power's corporate governance philosophy is based on a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. The corporate governance practices ACWA Power and its subsidiaries follow are compatible with both local and international standards and best practices. Through the governance mechanism in the Company, the Directors carry out their fiduciary responsibilities to all the Company's stakeholders by making sure their decision-making is transparent, fair and independent. These values are also reflected in the leadership, management and day-to-day operations of the Company. The Code of Conduct & Business Ethics sets out ACWA Power's values, ethics and business principles, and serves as the ethical road map for the Company, its directors and its employees. The code includes the Company's anti-bribery and anti-corruption policies, and explains how any concern about non-adherence to the code can be reported. Internal audit, risk management and internal control processes continue to meet the progressive governance standards.

LEADERSHIP OF THE COMPANY

The Board of Directors, the Board Committees provide leadership and the guidance and the Company's management, direct, supervise and control the performance of the Company. The Executive Committee consisted of the President & CEO, Managing Director, CIO and CFO of the Company. The Board of Directors has ten members, including the Chairman. The Directors of the Company bring a rich experience of corporate governance, operations and maintenance, finance, business development and institution building. This experience is complemented by their academic and professional qualifications in the fields of administration, management, finance and engineering. Five Board meetings were held during 2015. These meetings were convened by issuing proper notices along with the agenda and relevant working papers. The Chairman presided at the meetings, and the minutes of the meetings were appropriately recorded, circulated and approved. The Board of Directors approved the audited financial statements of the Company on 2nd March 2016. Separately, the Board of Directors also met the external auditors, to have an independent view and feedback on any issues faced by the external auditor during the audit.



Yara Anabtawi, Executive Director – Operational Planning & Strategy Investments



1994

Initial degree (1994) in Management Information Systems followed by a post graduate degree in Education (2003) and, subsequently, a Master's in Business & Systems Management (2007) and Certificate in International Management from Thunderbird School (2009)



1995

Started as fast track graduate recruit with Electronic Data Systems in United States, followed by six years as Chief Operating Officer of an investment banking group



2012

Recruited by ACWA Power as Director – Business Development, Renewables helping to grow ACWA Power's renewables portfolio from one operation in Bulgaria to winning bids in Morocco, the UAE and South Africa



2015

Executive Director – Operational Strategy and Planning. Managing ACWA Power's assets globally by coordinating and aligning board to perform effectively

The Company held its statutory Annual General Meeting (AGM) of shareholders on 23rd February 2015 and 16th June 2015. The AGM concluded with discussion about normal items of business and passed the annual statutory resolutions as contemplated under the Saudi Companies Law. The Company held two General Assembly Meetings on 23rd February 2015, among other things, to approve the appointment of new Board member (Mr. Mohsen Khalil) and partnership with Beatona Co. while the 16th June 2015 agenda, among other things, was the approval of audited financial statement for the fiscal year 2014, approval of the appointment of external auditor, for the fiscal year 2015. The table below lists all the Directors and their attendance at the Board Meetings and the AGM:

#	Board Director	Position	Board Meeting					General Assembly	
			29 Apr	31 May	1 Jun	2 Sep	10 Dec	23 Feb	16 Jun
1.	Mohammad Abunayyan	Chairman (Non-Executive Director)	✓	✓	✓	✓	✓	#	#
2.	Sulaiman Al Muhaidib	Member (Non-Executive Director)	✓	✓	✓	✓	✓	#	#
3.	Ahmed S. Al Rajhi	Member (Non-Executive Director)	✓	—	—	✓	✓	#	#
4.	Rasheed Al Rasheed	Member (Non-Executive Director)	✓	✓	✓	✓	✓	#	#
5.	Tariq Al Mutlaq	Member (Independent Director)	✓	✓	✓	✓	✓	#	#
6.	Ibrahim Al Romaih	Member (Non-Executive Director)	✓	✓	✓	✓	✓	#	#
7.	Majed Al Shathry	Member (Independent Director)	✓	✓	✓	✓	✓	#	#
8.	Mohsen Khalil	Member (Independent Director)	✓	✓	✓	✓	✓	#	#
9.	Abdulrahman Addas	Member (Non-Executive Director)	N/A	✓	✓	✓	✓	#	#
10.	David Crane	Member (Non-Executive Director)	Appointed in December 2015						
	Dato Idris Izzaddin	Member (Non-Executive Director)	✓						
	Salah Brahimi	Member (Non-Executive Director)	✓						

Legend: (✓) Present; (—) Apology; (#) Proxy; (N/A) not yet a Board member at that time

Note: Mr. Dato Mohammed Izzaddin Idris and Salah Brahimi resigned as Board directors in May, 2015.

ADVISORY BOARD

The objective of the Advisory Board is to advise, guide, and make non-binding recommendations to the Board and the Executive Committee in areas where it has expertise and experience. Among other things, it will:

- Improve the Company's corporate governance framework;
- Supplement the Board's expertise in wider areas including finance, technology and standards, infrastructure, administration and other areas felt to be relevant to the development, growth and profitability of the Company;
- Provide an objective, outside view of the Company's strategic vision and growth plans;
- Share knowledge about the overseas markets in which the members of the team have lived and worked; and
- Act as an ambassador, supporting the Company's business as and when required.

The table below lists the allowances paid to the members of the Advisory Board during 2015:

Name of Member	Allowance (SAR)
Dr. Abdullah Ibrahim El Kuwaiz	562,500
Henri Meyers	375,000
Dr. Khalid Al Sulaiman	N/A
Darcel Hulse	N/A

Corporate Governance Report continued

The table below listed the member of the Advisory Board and their respective attendance during 2015:

Name of Member	Role	25 Mar	26 Aug
Dr. Abdullah Ibrahim El Kuwaiz	Chairman	✓	✓
Henri Meyers	Member	✓	✓
Dr. Khalid Al Sulaiman	Member	✓	✓
Darcel Hulse*	Member	N/A	N/A

Legend: (✓) Present; (N/A) Not Applicable

* Joined Committee from 1st November 2015.

BOARD COMMITTEES

There are four Board Committees with specific terms of reference/scope. These Committees operate as empowered agents of the Board as per their charter/terms of reference. Targets set by them as agreed with the management are reviewed and corrected periodically. The Board and the Board Committees also take decisions by circular resolutions, which are noted at the next meeting. The minutes of all Board Committee meetings are presented to the Board.

Board Audit & Risk Committee

The Board Audit and Risk Committee ("BARC" or "Committee") functions according to its terms of reference/charter that defines its composition, authority, responsibility and reporting functions in accordance with the approved rules by the Board and the CMA (Capital Market Authority) Regulations, and is reviewed from time to time.

During 2015, the BARC consisted of five members, Chairman being an independent member of the Committee. Between the members they have the required knowledge and experience of accounting standards, risk management and commercial laws that enable them to perform their functions.

During the year, the Committee reviewed key internal audit findings covering operational, risks, financial and compliance areas. The Committee ensures that the financial statements are prepared in accordance with the accounting standards in the Kingdom of Saudi Arabia and the Group is ready for early adoption of IFRS (International Financial Reporting Standards) in 2017. Internal Audit function also presented report and findings on internal control system, risk register and risk mitigation plan to the Committee. The Committee, through self-assessment, annually evaluates its performance, reviews the status on compliance of its obligations under the Charter and confirms that it fulfills its duties and responsibilities. The Chairman of the Committee or his nominee briefs the Board on significant discussions at BARC meetings.

The BARC ensures that the Company's internal control regulations are effectively applied and that sound accounting records are kept with appropriate supporting documents. The policies and measures of corporate performance were prepared and documented according to the required standards.

Details of meetings held during the year and attendance by the members is as under:

Name of Member	Category	Audit Committee Meetings held and attended during 2015			
		26 Feb	28 May	28 Aug	29 Nov
Mr. Khalid M. Al-Solai	Chairman, Independent	✓	✓	✓	✓
Mr. Rasheed Al Rasheed	Member (Non-Executive Director)	✓	✓	✓	✓
Mr. Khalid Al Khowaiter	Independent Member	✓	✓	✓	✓
Abdullah Al Arifi	Independent Member	✓	✓	✓	✓
Majed Al Shathry*	Member (Independent Director)	N/A	N/A	✓	–

Legend: (✓) Present; (N/A) Not Applicable

* Joined Committee from 28th August 2015.

The BARC heard the views of the external auditors before forwarding the annual group consolidated financial statements of the year 2015 for approval to the Board of Directors.

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee (formerly known as Board Investment Committee) is a standing Board Committee deriving powers under full delegation of responsibility from the Board. The Committee consists of five members, who are appointed by the Board and all of whom are members of the Board of Directors.

The primary purpose of the Board Executive Committee is to consider the matters designated to it by the Board, which include matters relating to approving the investments in projects, investment guidelines, strategic business plans, and related decisions on behalf of the Board. The Committee also gives its directions, rules, recommendation and approvals on these matters.

The table below lists members of this Committee and their respective attendance during 2015:

#	Board Director	Position	BEC Meetings – 2015										
			12 Jan	2 Mar	14 Apr	29 Apr	7 Jul	26 Aug	29 Sep	26 Oct	29 Oct	15 Nov	10 Dec
1.	Mohammad Abunayyan	Chairman (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Ahmed S. Al Rajhi	Member (Non-Executive Director)	✓	–	✓	✓	✓	✓	✓	✓	–	✓	✓
3.	Tariq Al Mutlaq	Member (Independent Director)	✓	✓	✓	✓	✓	–	✓	✓	✓	–	✓
4.	Ibrahim Al Romaih	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5.	Mohsen Khalil	Member (Independent Director)	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Dato Mohd. Izzaddin Idris		Member (Non-Executive Director)	✓	–	✓	✓							
Salah Brahimi		Member (Non-Executive Director)	–	–	✓	✓							

Legend: (✓) Present; (–) Apology; (N/A) not yet a Board member at that time

Note: 1. Mr. Dato Mohammed Izzaddin Idris and Salah Brahimi resigned as Board members and accordingly they are no longer BEC members effective May, 2015.

2. Dr. Mohsen Khalil replaced Mr. Dato Mohammed Izzaddin Idris.

THE CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS COMMITTEE

The Conflict of Interest and Related Party Transaction Committee, constituted by the Board, performs its functions in accordance with its terms of reference drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board and has approval power. The Related Party Transactions Committee consists of four members, with the Committee Chairman being an independent member of the Committee.

The Related Party Transaction Committee helps the Board review and approve matters and transactions that involve related party transactions and conflicts of interest within the Company.

The table below lists all the Committee Members and their attendance at the Committee Meetings held during 2015:

#	Board Director	Position	RPTC Meeting – 2015	
			26 Jan	1 Jun
1.	Dr. Mohsen Khalil	Chairman (Independent Director)	N/A	✓
2.	Tariq Al Mutlaq	Member (Independent Director)	✓	✓
3.	Ibrahim Al Romaih	Member (Non-Executive Director)	✓	✓
	Dato Mohammed Izzaddin Idris	Member (Non-Executive Director)	✓	
	Salah Brahimi	Member (Non-Executive Director)	✓	

Legend: (✓) Present; N/A (not yet a member at that time)

Note: 1. Dr. Mohsen replaced Mr. Dato Mohammed Izzaddin Idris who resigned the Board in May, 2015 and consequently to RPTC.

2. Mr. Salah Brahimi has resigned in May, 2015 from the Board and consequently as RPTC member.

NOMINATION AND REMUNERATION GOVERNANCE COMMITTEE

The Nomination and Remuneration Governance Committee performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. This is a recommendatory Committee.

The main duties of the Committee are to lead the nomination process and make recommendations to the Board, sub-committees and independent Board of Directors and to ensure independence of the Board, review the structure of the Board, propose policies regarding the indemnities and allowances of the Directors and recommend the total amount of the annual cash bonus. The Committee also reviews and approves employees' long term benefits and employees' share based reward plans, as well as review and make recommendations to the Corporate Governance Guidelines and Procedures, ensure education within the organization for compliance with governance guidelines and review and make recommendations on its own performance and the Charter annually.

Corporate Governance Report continued

The table below lists the members of this Committee and their respective attendance during 2015:

Name of Member	Role	Date – 2015				
		9 Jan	8 Aug	13 Sep	9 Dec	20 Dec
Ahmed S. Al Rajhi	Chairman (Non-Executive Director)	✓	✓	✓	✓	✓
Tariq M. Al Mutlaq	Member (Independent Director)	✓	✓	✓	✓	✓
Abdulrahman Addas	Non-Executive Director	N/A	✓	✓	✓	✓
Dr. Fahad Al Zahrani	Independent Member	Appointed on 10th December 2015				

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

Note: 1. Chance Wilson resigned from NRC (now NRCG) as member.

2. Abdulrahman Addas became a member.

ALLOWANCES OF BOARD DIRECTORS

Each member of the Board is entitled to a fee for each meeting they attend during the year. The Board of Directors received a total sum of SAR 2,976,000 as an allowance for their services and attendance, excluding Board expenses of SAR 101,420, for the period of 1st January 2015 to 31st December 2015.

Particulars	Role	Allowance (SAR)	Attendance Fee (SAR)	Committees Allowance & Attendance Fees (SAR)	Total (SAR)	Expenses (SAR)
Mohammad A. Abunayyan*	Chairman (Non-Executive)	200,000	15,000	170,500	385,500	–
Sulaiman A. K. Al Muhaidib	Member (Non-Executive Director)	200,000	15,000	–	215,000	3,728
Ahmed S. Al Rajhi*	Member (Non-Executive Director)	200,000	9,000	217,000	426,000	5,556
Rasheed A. Al Rasheed*	Member (Non-Executive Director)	200,000	15,000	62,000	277,000	4,025
Tariq M. Al Mutlaq*	Member (Independent Director)	200,000	15,000	248,000	463,000	4,025
Ibrahim M. Al Romaih	Member (Non-Executive Director)	200,000	15,000	201,500	416,500	4,025
Majed Al Shathry	Member (Independent Director)	200,000	15,000	15,000	230,000	16,095
Mohsen Khalil*	Member (Independent Director)	200,000	15,000	124,000	339,000	58,080
Abdulrahman Addas*	Member (Non-Executive Director)	150,000	12,000	62,000	224,000	5,886
David Crane	Appointed in December 2015					
Total		1,750,000	126,000	1,100,000	2,976,000	101,420

* Directors of the Board also representing as members of the Board Committees.

Regulatory Penalties

During 2015 no statutory authority of any country where the Company has an office imposed a penalty on the Company.

Communication with Shareholders

The Company communicated with its shareholders effectively during 2015, using all the available means of communication. Quarterly financial statements reviewed by the Audit Committee and approved by the Board were sent to the shareholders.

Professional Profile of the External Auditor

Ernst & Young is an established 'Big Four' accounting firm and has a permanent office in Saudi Arabia. Ernst & Young, Riyadh, is the principal office that manages the audits for The Company and most of its subsidiaries, joint ventures and associates.

Notes

Notes

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