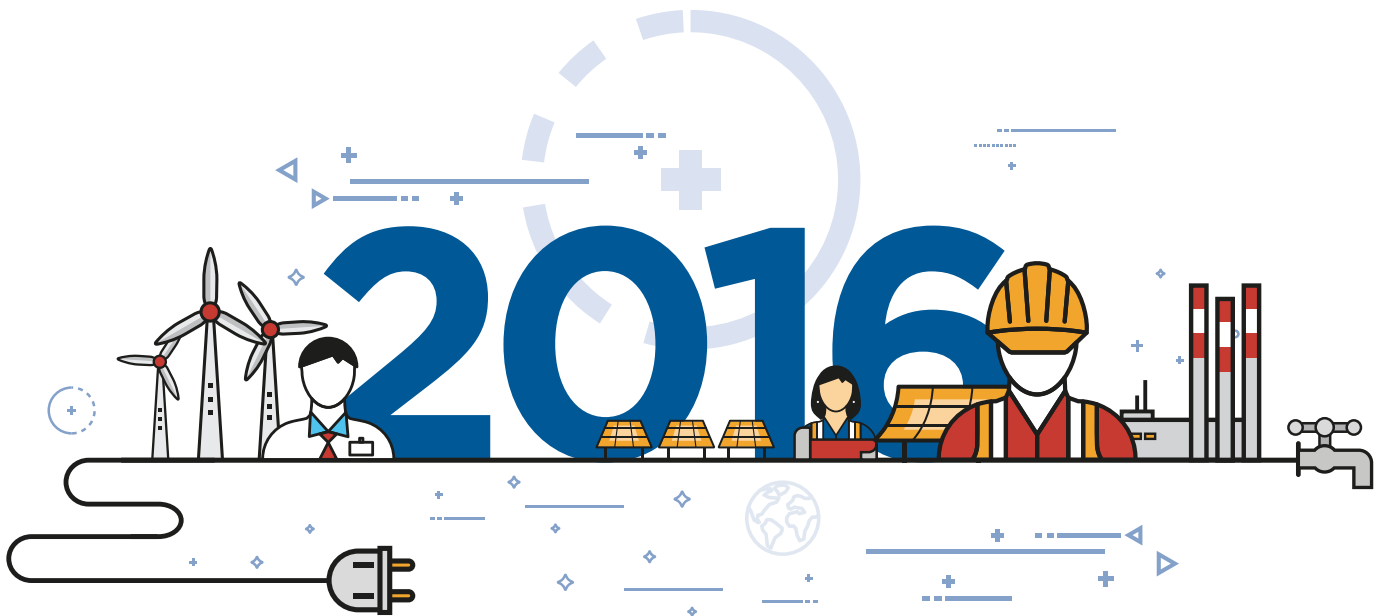




# Sustainable value Reliable supply



**ACWA Power**  
Annual Report 2016

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**King Salman  
bin Abdulaziz Al-Saud**

The Custodian of the Two Holy Mosques



**Prince Mohammed  
bin Salman bin  
Abdulaziz Al-Saud**

Crown Prince, First Deputy  
Prime Minister and Minister  
of Defense

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# This is ACWA Power

A provider of energy and water with a focus on simultaneously delivering value for shareholders and outstanding services for customers. We are a developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants currently with a presence in 11 countries including the Middle East and North Africa, Southern Africa and South East Asia regions.

See ACWA Power at a glance on page 8

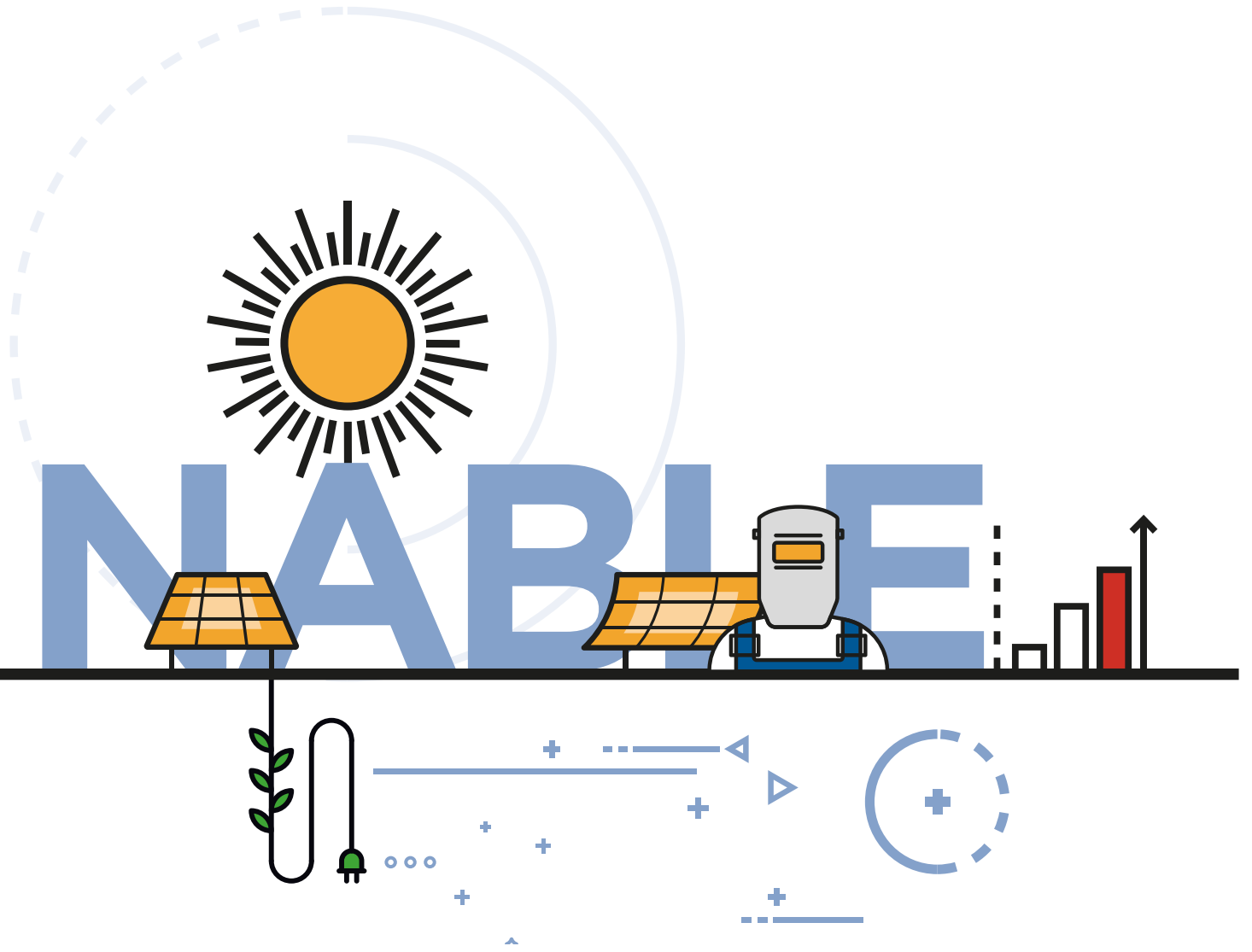


# Creating sustainable value for all



**For the year 2016, the Group achieved Income from Main Operations\* of SAR 1,098 Mn and net income of SAR 804 Mn.**

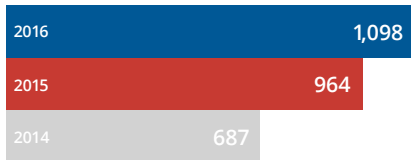
\* The conventional EBITDA metric doesn't reflect the results from the operations of the company's joint ventures and associates, which are a significant and integral part of the company's business model. A non-SOCPA/non-IFRS financial measure, the company defines Income from Main Operations as a financial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



Income from Main Operations (SAR)

**1,098Mn**

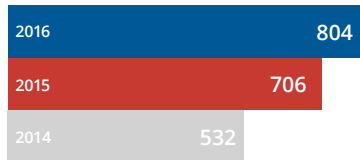
+14%



Net Income (SAR)

**804Mn**

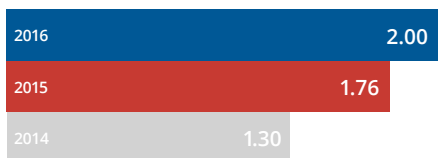
+14%



Earnings per Share  
- Main Operations (SAR)

**2.00**

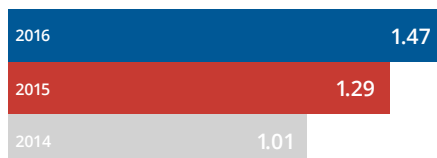
+14%



Earnings per Share  
- Net Income (SAR)

**1.47**

+14%



# Delivering a reliable and safe supply



**ACWA Power is committed to providing its customers with a reliable supply of energy and water.**

For our customers, shareholders and communities in which we operate, an integrated Health, Safety, and Environmental management approach which fosters a safety culture across ACWA Power ensures interruptions and incident rates are minimal.

## Operational

### Power – Availability

**94.0%**

2016	94
2015	95
2014	93

### Power – Forced outage

**2.9%**

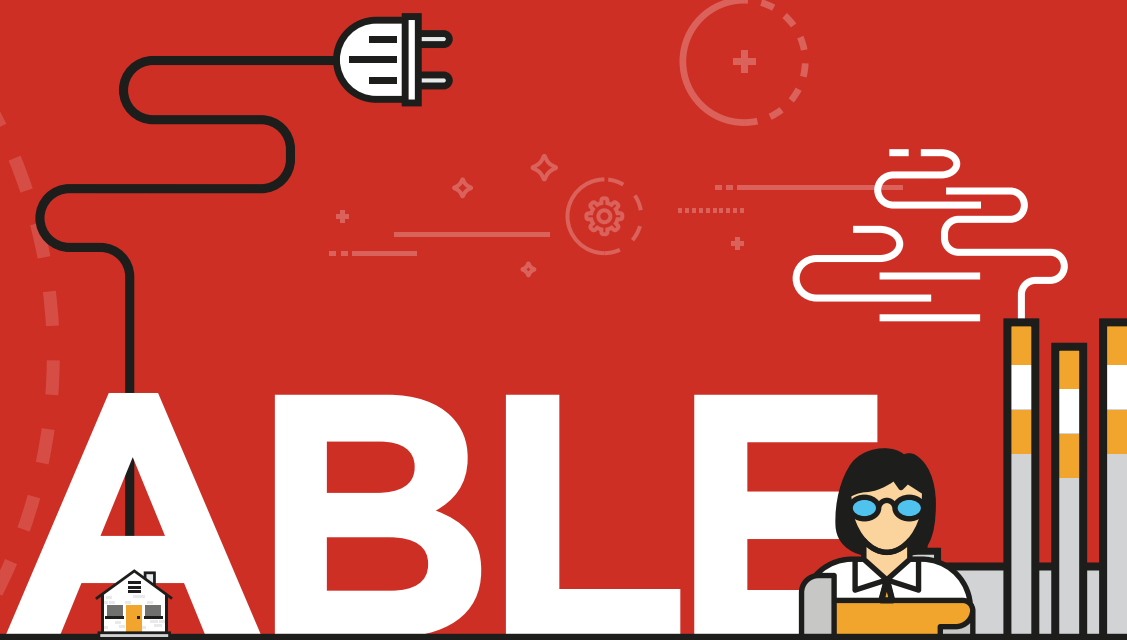
2016	2.9
2015	2.2
2014	3.8

### Water – Availability

**96.0%**

2016	96
2015	93
2014	92





## Health, Safety and Environment

Water - Forced outage

**2.4%**



Carbon Intensity for Electricity (gCO<sub>2</sub>/kWh)

**463**



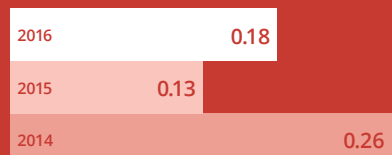
Lost Time Incident Rate - Construction phase (per 200,000 man hours)

**0.02**



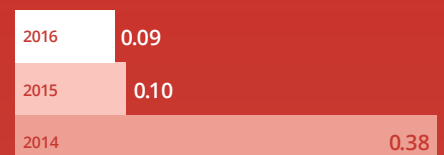
Reportable Incident Rate - Construction phase (per 200,000 man hours)

**0.18**



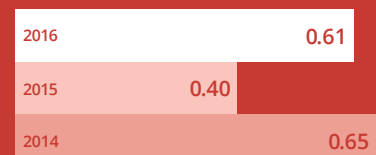
Lost Time Incident Rate - Operational phase (per 200,000 man hours)

**0.09**



Reportable Incident Rate - Operational phase (per 200,000 man hours)

**0.61**



## 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\$ 33 Bn.

Our portfolio of investments reflects interests in 31 projects comprising approximately 23 GW of generation capacity and 2.5 million m<sup>3</sup>/day in 11 countries and 3 continents.

### Company Timeline

#### 2004-06 Formation

##### 2004

ACWA Power Projects formed in 2004 – the forerunner of present day ACWA Power

##### 2005

Successful bids for Shuaibah IWPP & Petro-Rabigh IWSP in KSA shortly after formation

##### 2006

Successful bids for Shuqaiq IWPP and Marafiq IWPP in KSA

#### 2007-09 Expansion

##### 2007

ACWA Power adds Shuaibah expansion IWPP to its portfolio in KSA

Bowerage and Petro-Rabigh IWSP begins commercial operation

##### 2008

Present-day ACWA Power entity formed to take over ACWA Power Projects entity

##### 2009

Successful acquisition of majority stake of Barka 1 IWPP

Successful bid for Rabigh IWPP

Qurayyah IPP – the largest gas fired Independent Power Project in the world

**OUR MISSION:**

Reliably delivering electricity and desalinated water at the lowest possible cost.

**OUR 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.

**WHAT WE VALUE:****SAFETY**

Everything we do relies upon the safety and well-being of our workforce and the communities around us. We care about minimising environmental impact and are committed to 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.



## 2010-11 Integration

**2010**

Barka 1 IWPP completely integrated into ACWA Power portfolio

**2011**

Acquisition of the Central Electricity Generating Company (CEGCO) in Jordan

Acquires 35% of Saudi Arabia's NOMAC from minority

ACWA Power announces the execution of its inaugural corporate credit facility structured on a Murabaha basis – US\$ 300 Mn

## 2012-13 Expansion

**2012**

Signed development agreements for the 160MW, 55,000 m<sup>3</sup>/day phase 2 of the Petro Rabigh IWSP in Saudi Arabia

Acquired 42% controlling stake in 60MWp PhotoVoltaic plant in Bulgaria

ACWA Power increases stake in Jordan's CEGCO to 40.93%

Signed WPA for the expansion of Barka 1 IWPP's water desalination capacity by 10 MIGD

**2013**

Achieved financial close and began construction of Qurayyah IPP

Rabigh IPP commences commercial operations

Successful bid for Rabigh 2 completed

ACWA Power closes its second Corporate Murabaha facility of SAR 1.775 Bn and returned the first credit facility of US\$ 300 Mn

## 2014 onwards Value growth

**2014**

Signed a JDA with Taekwang Power Holdings in South Korea for Nam Dinh 1, a 1,200MW Coal fired power project in Vietnam

Successfully commenced operations for Barka 1 Phase I Expansion – a reverse osmosis water desalination plant in Oman

Broadened shareholder base of ACWA Power with inclusion of International Finance Corporation (IFC) as 5% shareholder

Commences construction of Kirikkale 926MW CCGT in Turkey

Acquires 70% of Khalladi Wind IPP – a 120MW wind farm already under development in Morocco

Commences construction of Barka 1 Phase II Expansion IWP

**2015**

Successful bidder on 7 projects, including NOORo 2, NOORo 3, Redstone CSP, SHUAA, Salalah IPP, Hassyan Clean Coal Power Plant and the re-powering of Hussein CCGT Plant

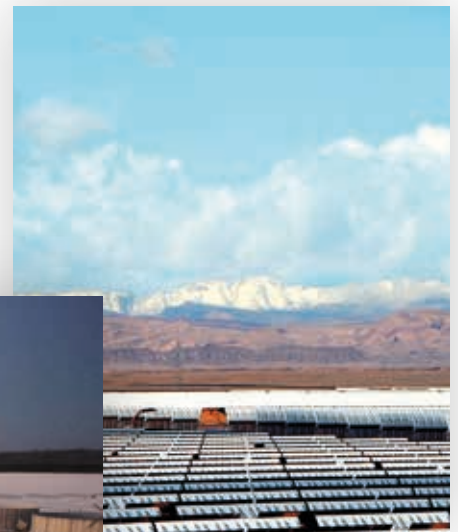
ACWA Power raises an additional SAR 1.109Bn of loan finance from local banks

# Our assets and operations

**Our international footprint now comprises 31 assets spanning 11 countries in three continents.**

ACWA Power is a leading international developer, investor, co-owner, and operator of power generation and desalinated water production plants with a capacity of more than 23 GW and 2.5 million M<sup>3</sup> per day. Our assets are located in high-growth economies, with 57% of the portfolio in our home country of Saudi Arabia. 40% of the portfolio (12 assets) is currently under construction.\*

ACWA Power is technology neutral and fuel agnostic; choosing the technologies most appropriate to meet the needs of the nations and communities with whom we collaborate. Our portfolio includes assets across the spectrum of energy and water desalination technology including natural gas, oil fired, clean coal, wind power, photovoltaic, concentrated solar power, waste-to-energy, reverse osmosis and more.



# 57%

Saudi Arabia accounts for 57% of the Portfolio and includes 10 assets, eight of which are in operation\*

\* % of portfolio by projects cost.

## Assets and Operations as of 31st December 2016

Asset Name	Asset Cost (MUSD)	ACWA Power Effective Share	Contracted Power (MW)	ACWA Power Net share (MW)	Contracted Water (000' m <sup>3</sup> /day)	ACWA Power Net share (000' m <sup>3</sup> /day)	Status	PCOD	Asset Type	
<b>ASSETS</b>										
<b>SAUDI ARABIA</b>										
1	Bowarege IWP	99	64.85%	-	-	50	32	Operational	Q3 2008	Conventional
2	Marafiq IWPP	3,359	20.00%	2,744	549	800	160	Operational	Q4 2010	Conventional
3	Petro Rabigh IWSP	1,191	37.00%	360	133	134	50	Operational	Q2 2008	Conventional
4	Petro Rabigh (Phase 2) IWSP	984	37.00%	160	59	54	20	Under-construction	Q1 2018	Conventional
5	Qurayyah IPP/Hajr	2,717	17.50%	3,927	687	-	-	Operational	Q1 2015	Conventional
6	Rabigh IPP	2,506	40.00%	1,204	482	-	-	Operational	Q2 2013	Conventional
7	Rabigh 2 IPP/Al Mourjan	1,559	37.50%	2,060	772	-	-	Under-construction	Q2 2017	Conventional
8	Shuaibah IWPP	2,450	30.00%	900	270	880	264	Operational	Q1 2010	Conventional
9	Shuaibah Expansion IWP	233	30.00%	-	-	150	45	Operational	Q4 2009	Conventional
10	Shuqaiq IWPP	1,831	40.00%	850	340	212	85	Operational	Q2 2011	Conventional
<b>UNITED ARAB EMIRATES</b>										
11	Hassyan IPP	3,237	26.95%	2,400	647	-	-	Under-construction	Q1 2023	Conventional
12	Shuaa Energy PV IPP	326	49.00%	200	98	-	-	Under-construction	Q2 2017	Renewable
<b>OMAN</b>										
13	Barka 1 IWPP	415	41.91%	427	179	91	38	Operational	Operational when acquired, Acquisition Q3 2010	Conventional
14	Barka 1 Phase 1 Expansion IWP	55	41.91%	-	-	45	19	Operational	Q2 2014	Conventional
15	Barka 1 Phase 2 Expansion IWP	79	41.91%	-	-	57	24	Operational	Q1 2016	Conventional
16	Ibri IPP	967	44.90%	1,509	678	-	-	Under-construction	Q2 2019	Conventional
17	Salalah 2 IPP - Existing	168	45.00%	273	123	-	-	Operational	Operational when acquired, Acquisition Q2 2015	Conventional
	Salalah 2 IPP - Greenfield	450	45.00%	445	200	-	-	Under-construction	Q1 2018	Conventional
18	Sohar 3 IPP	957	44.90%	1,710	768	-	-	Under-construction	Q1 2019	Conventional
<b>SOUTH AFRICA</b>										
19	Bokpoort CSP IPP	517	40.00%	50	20	-	-	Operational	Q1 2016	Renewable
<b>JORDAN</b>										
20 21 22 23 24	CEGCO Assets	1,036	40.93%	1,042	427	-	-	Operational	Operational when acquired, Acquisition Q3 2011	Conventional/ Renewable
25	Zarqa IPP	464	100.00%	485	485	-	-	Under-construction	Q2 2018	Conventional
<b>MOROCCO</b>										
26	Khalladi Wind IPP	175	75.00%	120	90	-	-	Under-construction	Q1 2018	Renewable
27	NOORo 1 CSP IPP*	841	73.13%*	160	117	-	-	Operational	Q1 2016	Renewable
28	NOORo 2 CSP IPP	1,100	75.00%	200	150	-	-	Under-construction	Q2 2017	Renewable
29	NOORo 3 CSP IPP	862	75.00%	150	113	-	-	Under-construction	Q4 2017	Renewable
<b>BULGARIA</b>										
30	Karadzhalovo PV IPP	272	42.00%	50	21	-	-	Operational	Q2 2012	Renewable
<b>TURKEY</b>										
31	Kirikale IPP	1,014	90.00%	950	855	-	-	Under-construction	Q2 2017	Conventional
<b>TOTAL</b>		<b>29,862</b>		<b>22,377</b>	<b>8,262</b>	<b>2,474</b>	<b>737</b>			

\* NOORo 1 stake 73.13%: Of this 11.9% is being considered for a sale to IFC and the transaction is pending closure. Further, after the sale is closed, our stake shall be 61.23% in the Asset.

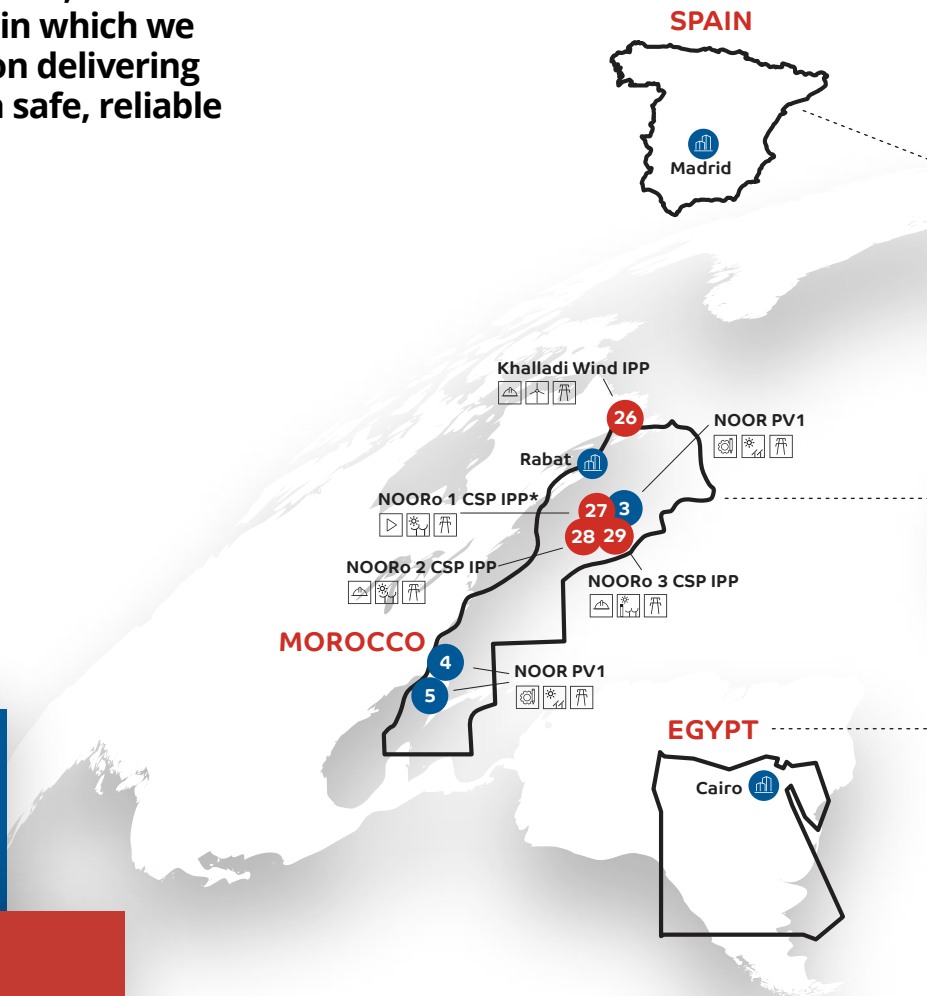
### ASSETS UNDER ADVANCED DEVELOPMENT

1	Redstone CSP IPP, South Africa	789	50.00%	100	50	-	-	Advanced Development	Q2 2019	Renewable
2	Mafraq PV IPP, Jordan	70	100.00%	50	50	-	-	Advanced Development	Q3 2017	Renewable
3 4 5	NOOR PV 1, Morocco	210	75.00%	135	101	-	-	Advanced Development	Q4 2017	Renewable
6	Khanyisa IPP, South Africa	1,031	49.00%	306	150	-	-	Advanced Development	Q3 2020	Conventional
7	Nam Dinh 1 IPP, Vietnam	2,200	50.00%	1,200	600	-	-	Advanced Development	Q4 2020	Conventional
<b>TOTAL</b>		<b>4,232</b>		<b>1,791</b>	<b>951</b>	<b>0</b>	<b>0</b>			

OUR ASSETS

# A global business

We create value for our shareholders, our employees and the communities in which we operate by relentlessly focusing on delivering desalinated water and power in a safe, reliable and efficient manner.



**31** Assets

**11** Countries

**7** Assets under advanced development

Status	Advanced Development	Under Construction	Operation	Office
Energy Source	CSP	CSP with Tower	PV	Oil/Diesel
	Coal	Wind	Gas	
Products	Water	Power	Power & Water	



## WHAT DIFFERENTIATES US

**ACWA Power has a number of differentiating factors that make the company stand out as one of the leading providers of water and electricity production in the region.**



### OUR VALUES

We honour our values and uphold the responsibility to do business ethically, environmentally, socially responsibly and transparently with all our stakeholders. We believe that equitable long-term partnerships and balanced stakeholder relationships are essential to delivering sustainable utility solutions.

ACWA Power takes pride in precise and diligent processes ranging from pricing to execution; ensuring the achievement of long-term returns at the lowest possible risk. ACWA Power has been essential in providing effective solutions to addressing clients' requirements and challenges, while optimising the company's returns. We draw on the cultural and professional diversity of our talent to better understand our partners and the global markets in which we operate, to ensure talent scalability, profitable returns and community commitment.

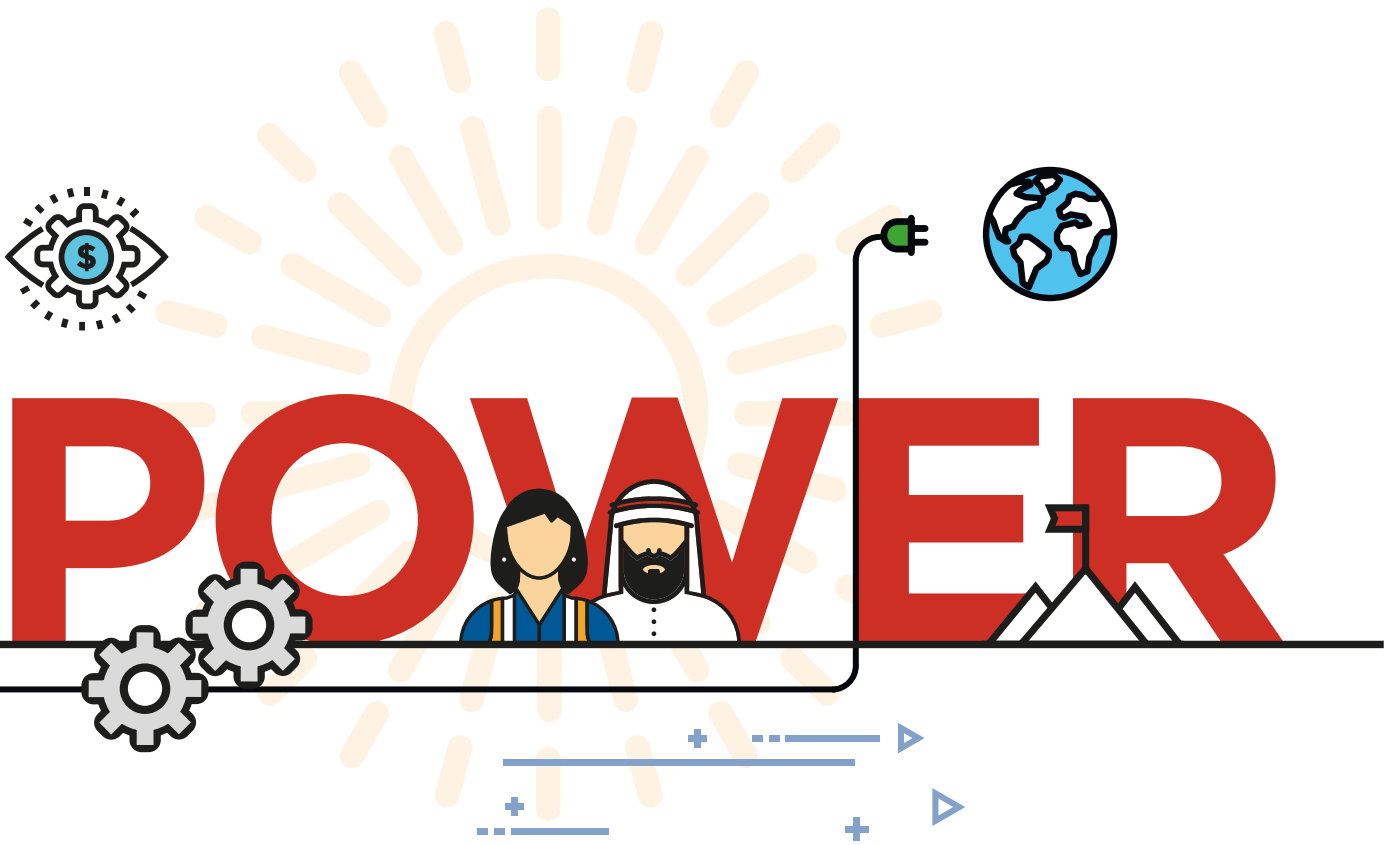


### CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Underpinning all our activities and operations is deep respect for how we can support the social-economics of the communities, regions and nations in which we operate. Social responsibility is part of one of our foundational principles and is demonstrated within this integrated annual report that meets the core requirements of the international Global Reporting Initiative (GRI) G4 Sustainability Report guidelines.

As a regional leader in sustainability, we have consistently reported on our corporate social and environmental performance with our range and depth of reporting continually improving. This year's report contains a contextual summary of our sustainability performance to demonstrate our business performance plus an assurance statement from independent external auditors (see page 51). The details of our revised materiality assessment and all other GRI reporting requirements have been collated into a Sustainability Supplement to enable easy reference. The Sustainability Supplement is an integral part of this annual performance report and is available from the Annual Report section of our website, [www.acwapower.com](http://www.acwapower.com)





### BUSINESS MODEL AND GROWTH

ACWA Power's business model is grounded in a unique and integrated collaboration of partnerships through the value chain. The partnerships we create provide a supply chain of inputs to deliver fit for purpose solutions. This drives down the cost associated with construction, financing and operation of plants. We focus on transparent collaboration and commitment to economic management; this enables us to offer the lowest tariffs and ensure construction is delivered on time and under budget.



### PORTFOLIO OF CLIENTS

We entered 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. Since our inception in 2004, our portfolio of clients has increased, we have accelerated progress with impressive bid-win ratios that enhanced our reputation as an industry leader delivering world class assets at the lowest possible cost.



### GEOGRAPHIC LOCATION

The company's strategic geographic expansion has focused on targeting high growth economies with sound regulatory environment that encourages private sector participation. Today, we have 31 assets across 11 countries on 3 continents. Our activities have a ripple effect across the various countries in which we operate as we can scale up our operation in the respective countries and regions from localised offices. We see the benefits of being a responsible operator working with our host nations to develop local content, provide employment opportunities and retain economic value at a local level.

# Key to our success

**We have three key pillars that underpin our values: Safety, People and Performance. Our people remain a key pillar of our success. The need to attract, retain and nurture our existing team of around 3,000 employees to support our growth has a significant impact on ACWA Power's achievements. We are committed to the development and retention of our employees and it is our duty to build a team with the required skill sets and the capacity to meet ongoing demands.**

This section contains a summary of the key issues and data from our 2016 performance and should be read in conjunction with the GRI supplement found on our website, [www.acwapower.com](http://www.acwapower.com) that accompanies this report and which provides additional details on our approach to HSE management, our People and Performance.

## PEOPLE

Our success comes from our partnerships and our continued team work. We take pride in educating and cultivating the company's diversity, innovation and the courage of our people as ACWA Power's achievements are built on communal efforts. We address our employees as a community of individuals who share the organisation's values and long-term vision. People at ACWA Power are considered part of an extended family, allowing us to build a solid employer-employee relationship that creates value for both the organisation and the individual. ACWA Power promotes a harmonious workplace by creating a vibrant, pleasant and efficient working environment that strengthens our "family approach".

## LOCAL EMPLOYMENT

Localisation is a key success factor of ACWA Power's continued success and ability to grow as a local partner in our host countries. Across the Group 58.9% of employees are local nationals and Saudi nationals make up 41.5% of ACWA Power's KSA operations. ACWA Power has been recognised for our efforts in employing local professionals through the awarding of a "High Green Rating" in the Saudi Arabian Ministry of Labor's Nitaqat Program, while our subsidiary NOMAC has received the "Platinum" award. This demonstrates our strong commitment to employing and training locals in addition to creating valuable long-term employment opportunities wherever we operate.



**GENDER, DIVERSITY AND EQUAL OPPORTUNITY**

Diversity, gender and equal opportunity currently falls within standard business practice and are implemented through our Human Resources and CSR Policies. Diversity and equal opportunity practices include employment of women throughout our organisation as per local customs – please see table alongside that illustrates the role played by women which demonstrates continued progress from 2015. We apply an equal remuneration policy for men and women performing the same job.

Our Riyadh office has one and CEGCO, Jordan, has four employees with physical disabilities. Further, we have not denied employment to persons with disabilities in any of our other entities. We have no recorded incidents of discrimination on the basis of race, religion or nationality from either the whistle blower hotline or our internal reporting processes. During 2016 we had two grievances relating to gender discrimination from our KSA operations that were managed to resolution using our established grievance processes.

**ETHICS AND CODE OF CONDUCT**

ACWA Power’s Code of Conduct articulates our approach to business ethics, anti-corruption and anti-bribery and sets out standards for responsible and appropriate behaviour.

ACWA Power staff receive training during orientation on ethics awareness, and sign their agreement to comply with the Code of Conduct, which outlines that unethical activity is a disciplinary offence that could lead to dismissal.

To ensure effective internal application of our standards, ACWA Power monitors ethical practices and engages with project managers on a regular basis. Additionally, we have implemented an independent whistle blower hotline and grievance procedure in 2012. This includes an independent 24/7 grievance hotline and email available to all internal and external stakeholders, including contractors, subcontractors, suppliers, clients and advisors.

During 2016, we received eight complaints that were reported through the whistleblower process (as below) and these cases were referred to and duly reviewed by our assigned internal professionals. All of the cases were

People at ACWA Power are considered part of an extended family, allowing us to build a solid employer-employee relationship that creates value for both the organisation and the individual.

Organisation	Full Time Employees			Managers & Directors		
	Men	Women	Total	Men	Women	Total
ACWA Power	293	62	355	196	21	217
NOMAC	1,503	18	1,521	175	1	176
Asset Companies	1,055	51	1,113	114	4	118
<b>Total</b>	<b>2,851</b>	<b>131</b>	<b>2,989</b>	<b>485</b>	<b>26</b>	<b>511</b>

Organisation	Local Nationals				Local Nationals: Directors/Managers			
	Men	Women	Total	Localisation %	Men	Women	Total	Localisation %
ACWA Power	90	31	121	34%	56	8	64	30%
NOMAC	650	16	666	44%	58	1	58	33%
Asset Companies	925	50	972	88%	52	3	55	47%
<b>Total</b>	<b>1,665</b>	<b>97</b>	<b>1,759</b>	<b>58.9%</b>	<b>166</b>	<b>12</b>	<b>177</b>	<b>35%</b>



## OUR PEOPLE continued

effectively resolved using internal processes in a timely manner with none related to labour and working conditions issues. During 2016, no other material issues concerning ethics, corruption, bribery or anti-competitive behaviour were addressed at a Senior Management level within ACWA Power.

- Misuse of Company Assets (1);
- Procurement and purchasing practices (2);
- Violation of internal policies and process (2); and
- Other general matters (3).

### EMPLOYEE ENGAGEMENT

During 2016, we established a “People Committee” to provide a Group wide forum for engagement between management and employees and inform decisions taken by the Executive Committee. The Committee has provided input on revisions to key HR policies including a new performance management system that focuses on regular check in meetings and the Organisational Health Check survey. The Committee has become the first advisory body that the Leadership turns to for people related matters. At an office and site level, employee engagement is further supported by HSE Committees and periodic Town Hall meetings.

ACWA Power measures employee productivity and performance through formal appraisal processes. Employees are assessed annually, and their performance is graded on a four-point scale. In 2016,

more than 97% of ACWA Power employees received a performance and career development review. Employee satisfaction is monitored through surveys and the performance appraisal process. During 2016, 440 employees joined the Group while 470 employees left, of which more than 200 were part of a voluntary retrenchment program at CEGCO, our Jordanian investment. ACWA Power’s Group turnover of employees, excluding the voluntary retrenchment program, was 8.8% which is a further reduction on the 10.1% of 2015.

Finally, the Infrastructure & People team organises healthy living activities on a regular basis, including walks, cycling classes and meditation classes. ACWA Power is introducing employee volunteering initiatives, aiming to both increase employee satisfaction as well as strengthen ACWA Power’s engagement with local communities.

### COMPLIANCE WITH GLOBAL WORKPLACE REQUIREMENTS

ACWA Power has committed to respecting global standards and local requirements, and as such, we have made a public declaration in our CSR Policy against discrimination and child labour.

Employees are assessed annually, and their performance is graded on a four-point scale. In 2016, more than 97% of ACWA Power employees received a performance and career development review.

ACWA Power works within all relevant local laws regarding freedom of association and collective bargaining. To date, no violations of such rights have been reported, as employees are free to participate in relevant initiatives where available. ACWA Power enables freedom of association through its industrial management systems in Jordan and South Africa such that 710 employees are members of local unions.

### BENEFITS AND REMUNERATION

ACWA Power rewards employees with compensation packages that comply with all regional legislation and legal requirements. We regularly engage in salary and compensation benchmarking exercises in order to assess our competitiveness in the markets where we operate.



## PERFORMANCE AND OPERATIONAL EXCELLENCE

We operate and behave in accordance with the policies outlined in our Code of Governance guidebook ensuring that our operational facilities demonstrate legal compliance. In addition, we proactively avoid health, safety, social and environmental (HSSE) impacts which remain to be the cornerstones of sustainability and international good practice – please see the GRI supplement on the Annual Report section of the ACWA Power website, [www.acwapower.com](http://www.acwapower.com) for details. ACWA Power's ability to demonstrate performance on HSSE, governance, ethics and sustainability internationally, is seen as a de facto licence to operate and is a key element for all our stakeholders. We are a performance driven company building an enduring legacy by continually improving our business through diligent execution of processes, policies and governance mechanisms in order to advance our core operation and community objectives.

The overall outcome is that we offer above-average market-related remuneration. On top of attractive salaries and bonuses, ACWA Power offers comprehensive employee benefits packages, including private international healthcare, gym/health club allowances, and annual leave packages.

### TRAINING

Among the various training regimes we offer, it remains in our company's procedural process to ensure that we nurture and develop each and every employee in the areas that we operate. An allocation of 3.6% of total wages per person per year is set aside for training and development programmes across the business.

In addition, the Higher Institute for Water and Power Technologies (HIWPT) in Rabigh – Kingdom of Saudi Arabia focuses on developing the skill sets of a new generation of qualified technical staff to support the growth strategy to deliver our vision. Our approach to training is a combination of decentralisation to local levels, with training opportunities tailored to the needs of each employee plus co-ordination and oversight from the Corporate Learning and Development team.

### SAFETY

At ACWA Power, health and safety is at the heart of what we do. As noted in our leaders' statement we are truly saddened by the death of a contractor on at the NOORo 3 construction site. A full and independent investigation was conducted, supported by a comprehensive action plan, which has been implemented. The safety performance has significantly improved and is now aligned with ACWA Power's standards.

Our operations are typical of industrial utility environments with the commensurate hazards and risks to our workforce and the surrounding communities. We proactively manage this by setting minimum standards based on international benchmarks which require all operations to comply with the more onerous of either local legislation and/or the IFC Environmental and Social Performance Standards and EHS Guidelines. We embed high safety standards and procedures into the way we do business and we provide continuous skills training to all our employees to support this commitment. Through regular audits, reviews and training programmes, we continue to provide a safe environment for all our employees; as we are dedicated to delivering power and desalinated water in a safe and reliable way.

Our 2016 Health and Safety Performance built on our previous years and supported continual improvement in our key performance indicators. Across the Group there were 7 Loss Time Incidents (including the fatality) down from 15 in 2015, and the LTI rate reduced to 0.032 from 0.043 in 2015. Several construction projects (Rabigh 2, Kirikkale, Barka IWP, Rabigh 2 IWSPP, Salalah, Sohar, Ibri and Shuaa) recorded zero LTIs during 2016 for a total of approximately 25 million man hours. Eleven operational sites recorded zero LTIs while amassing 5.4 million man hours worked. NOMAC, ACWA Power's O&M subsidiary, recorded approximately 4¼ million man-hours worked (261 days since 14 April 2016) without a LTI as at 31 December 2016. All operating & maintenance service providers retained their ISO 14001 and OHSAS 18001 certifications. ACWA Power extended its HSE awards scheme to include all operational assets with the 2016 recipient for HSE being Bowerage for the desalination barges and a special commendation was given to the Salalah IPP asset which is under construction.

Significantly, we met our internal corporate targets which are comparable to international benchmarks. As a result of our 2016 performance we have, for a third consecutive year, reduced our LTI targets for 2017 to 0.16 for both operational and construction facilities. HSE Tours, Inspections, Audit and HSE Observation reporting will be the main focus areas for 2017, especially on construction sites, plus retaining the emphasis on process and fire safety, housekeeping, and developing professional staff.



CHAIRMAN'S STATEMENT  
Mohammad A. Abunayyan

**I am very pleased to report that ACWA Power delivered yet another year of impressive performance in 2016. Our power generation plants and desalinated water production plants were on average available at a higher level than contracted requirements. The business accomplished strong growth in both income and return on capital employed. We achieved this growth by delivering against our well defined strategy to create high quality energy efficient assets that enhance the health and livelihood of communities in the countries we are privileged to operate in.**

ACWA Power's strategy is built on the core values we embrace; that of safety, people and performance, our great heritage and equally importantly our mission to reliably provide electricity and desalinated water at the lowest possible cost. Our strategic goal is to become one of the largest privately owned IWPP players in the GCC, MENAT, Asia and Africa regions.

While considerable progress was made on many fronts and much success can be proudly recorded, a few of the salient achievements include:

- An increase of 14% year on year income from main operations;
- Availability of 94% and 96% from our power and desalinated water generation portfolio respectively;
- Achieving financial close of six transactions valued at more than US\$6 Bn against a backdrop of weak oil prices, increased regional fiscal deficits and tightening of regional credit; and
- The direct investment into more than 40 social and infrastructure projects to benefit the communities who reside within the vicinity of several of our remotely sited plants in addition to the provision of considerable training and employment opportunities.

Apart from overseeing the delivery of a good operating and financial performance in 2016, the Board has focused on refining the Group's strategy for growth, involving detailed reviews of the company's operations and its projects. This covered a full range of subjects spanning from the markets, projects, communities, emerging technologies, competition, risks, talent development, diversity and succession planning. The Board believes that our clear and focused strategy, together with a highly motivated and talented management team and the culture of strong financial discipline, means that ACWA Power is well positioned to realise enduring, long-term value.

The 2016 results also clearly show that we are delivering on our strategy to transform the way power generation and desalinated water is being made available reliably at ever lower prices. That strategy of attention to cost, fit for purpose solutions and reliability has helped ACWA Power secure projects like the Hassyan IPP project in Dubai, the world's most cost competitive coal fired power plant project equipped with the most stringent environmental impact mitigation standards. The compelling value proposition offered by ACWA Power on the initially requested capacity of 1.2 GW resulted in

the off taker electing to procure double the capacity of 2.4 GW for the contracted period of 25 Years.

ACWA Power's home market of Saudi Arabia experienced one of the most significant moments in its recent history during 2016. Vision 2030 was launched in the Kingdom in April as a bold and ambitious plan to improve the socio-economic welfare of the nation and its citizens and secure it on a sustainable footing for the future generations.

The Vision 2030 master-plan will guide economic diversification of the Kingdom, enabling the nation to reduce its reliance on hydrocarbon-related revenues.

There will be a heavy reliance on the development of supporting infrastructure needed for the economic expansion of Saudi Arabia as envisaged under Vision 2030 – especially for the provision of adequate and reliable supplies of power and water at the least cost. To increase operational efficiency, reduce resources consumption and at the same time increase private sector investment, Vision 2030 mandates the privatisation of various government services; this includes the privatisation of the existing state owned power generation and desalinated water production capacities as well as pursuing public-private partnerships. Vision 2030 also mandates the broadening of the fuel mix with specific targets for deployment of

renewable energy, setting an initial target of 9.5 GW of renewable energy to be installed in the Kingdom by 2023.

These are expected to offer significant growth opportunities for ACWA Power, organic as well as inorganic, immediately and for decades to come.

Notwithstanding the expansion opportunities in our home market, we remain committed to focus on international growth in order to keep our portfolio balanced.

**ACKNOWLEDGEMENT**

As we close yet another successful year and move onto 2017, I would like to express my sincerest gratitude to the Board of Directors and management team for their continued commitment and hard work. To our employees, who have been an integral part of ACWA Power's success, we are blessed to have attracted such a talented and reliable team of professionals who continue to exceed expectations.

We have the best people in any business in our industry – I honestly believe no other company could have achieved so much in such a small amount of time without the commitment and contribution of the employees.

To ensure our continued growth we need to continue to invest in our people – through training and development, by continuing to provide challenging opportunities for them to professionally grow and by fostering the entrepreneurial spirit we have firmly established.

ACWA Power's success is founded on its determination to continue to play a crucial role in supplying power and desalinated water in a safe, reliable and cost effective manner with the minimum possible impact to the environment. Our customers are the backbone of that success, and we thank them for their trust and cherish and nurture our relationships with them.



**Mohammad A. Abunayyan**  
Chairman



## LEADERSHIP STATEMENT

Paddy Padmanathan & Thamer Al Sharhan

**ACWA Power's core purpose is to reliably provide, at the lowest possible cost but also with minimum impact on the environment, the energy and desalinated water where required that people need to lead a healthy and wealthy life. ACWA Power operates within a clearly-defined tactical framework comprising:**

- Safe, efficient and dependable operations focused at meeting the contracted dispatch obligations to our customers;
- Prudent investments that are developed, operated and maintained efficiently and in line with ACWA Power's commitment to prudent financial management for the sustenance of a strong and enduring enterprise;
- The maintenance of a balanced business so that ACWA Power has a diversified portfolio of power generation and desalinated water production plants from which to deliver long-term value for the communities we serve; and
- Placing social and environmental challenges and opportunities at the core of our deliberations to deliver a sustainable legacy to all of our stakeholders.

ACWA Power is a lean and unencumbered enterprise thriving on the challenge of sector leadership by reimagining the power generation and desalinated water production value chain. Its success is driven by the understanding of how to cultivate and maintain win-win relationships with customers, partners and communities to nurture long-term enduring benefits for all its stakeholders.

We are pleased to record a year-on-year increase in net income of 14 per cent in 2016 as compared to the performance of 2015 reflecting an enduring growth pattern. We are also proud to note that our power generation plants and desalinated water production plants were on average available at a higher level than contracted requirement and the forced outage levels were lower than expected. In our quest to increase efficiency and reduce environmental impact, we are pleased to record that we further reduced the carbon intensity of our power and water production by 3.6% and 6.5% respectively, and so avoided emitting 670 tCO<sub>2</sub> less than 2015 while increasing production.

On the health and safety front however, our portfolio reported a total of seven lost time incidents. In addition to this we deeply regret the loss of life which occurred at the NOORo 3 construction site and we have re-looked at the EPC safety guidelines to ensure such an incident does not occur again. While clocking more than 43½ million person hours, the arithmetic yields a LTI rate of 0.032, the one tragic incident and the seven LTIs clearly requires a higher level of attention to the maintenance of a safe working environment, one of our three core corporate values. On our quest to minimise environmental impact, we are pleased to note that there were no off-site environmental pollution incidents nor enforcement actions enacted against our assets.

In 2016, we did achieve some impressive performance on our growth plans, where the key highlights include:

- Financial close of six transactions to a value of more than US\$ 6 bn adding a net power capacity of circa 7.4 GW to our portfolio; and
- These greenfield projects included both renewable energy and fossil fuel fired plants in Saudi Arabia, Jordan, UAE and Oman.

These projects contribute significantly to the socio-economic development of the communities and the nations they serve by providing power generated efficiently and delivered at competitive pricing to increase



energy security and in the case of some, also diversification of the fuel mix.

### ACWA POWER BUSINESS MODEL

ACWA Power is a developer, investor and operator of world-class power generation and desalinated water production plants, in the countries we elect to invest in; concentrated in the regions of GCC, rest of MENA, Southern part of Africa and South East Asia.

ACWA Power continues to leverage its position as a market leader within its industry. In just over a decade the company has become the second largest power and water developer in the GCC and a recognised industry leader on an international scale.

The company pursues a strategy of being fuel agnostic and technology neutral, serving the customer's preference. With a focus on cost leadership and the multiplier effect the significant investments we make can have a significant impact on local employment and support economic development and social prosperity. In addition to providing electricity and desalinated water, ACWA Power develops long term mutually respecting partnership with the nations and communities it invests in and with the supply chain and co-investors who are vital to enable the company deliver its objectives.

The company takes pride in the socio-economic impact it delivers to the communities in which it operates. Given that power generation and desalinated water production plants tend to be located in remote rural areas where also the poorer and the more disadvantaged population of any country live, the opportunity provided by the significant long term investment that is made via each project also provides a pathway for ACWA Power to contribute to the enduring development of these local communities via structured interventions which are not just social responsibility actions but are mutually value creating to the local population and the project itself thus integrating the communities to the asset for the long term.

Specifically in the area of corporate social responsibility, the company invested SAR 11 million on 47 projects. ACWA Power is committed to sustainable economic development and all its projects meet environmental and social impact minimisation standards laid out by the World Bank/IFC and/or local regulatory regimes. The company has also been honing its expertise at challenging the price of renewable energy since 2010 delivering

electricity generated by technologies such as Concentrated Solar Power and Solar Photovoltaic at ever lower prices thus contributing to accelerate the pace of renewable energy deployment across the world.

### OPERATIONAL HIGHLIGHTS

As at year end our portfolio can be summarised as:

- 30bn+ assets under management;
- 14% portfolio in renewable energy by project cost;
- 31 assets in 11 countries;
- Approximately 23 GW power; and
- 2.5Mm<sup>3</sup> per day desalinated water.

While 2016 was definitely a successful year, 2017 promises to be an even more exciting year for ACWA Power. Quite apart from the large portfolio of existing assets, we have a huge portfolio of new plants in construction, some of which will be commissioned during 2017. We also expect to commence construction on at least seven new projects.

This is all before considering the pipeline of new opportunities we are tracking, both at home and abroad in the markets we already serve.

The ambitious and all-embracing Vision 2030 that the Kingdom of Saudi Arabia has set forth and the well-articulated transformation Plan 2020 which in essence sets out the targets to be achieved within the next three years, very much relies on the private sector to deliver not only much needed significant additional new capacity of power and desalinated water and a diversified fuel mix embracing a significant capacity of renewable energy, but also to actively engage on increasing levels of local content utilisation in building and operating this capacity and in developing local human resource capability thus expanding local employment. ACWA Power is well experienced and positioned to deliver on this opportunity.

We continue to challenge ourselves to keep doing better across all areas of the business:

- to improve reliability and increasing availability of our existing fleet to exceed the delivery of our obligations to our customers;
- continue to complete construction of new assets on time;
- keep improving our already impressive new business win rates;
- be even more innovative in the way we finance our business and the assets we develop or acquire;
- build increasingly closer relationships with our partners, customers and supply chain;
- build our organisation to keep improving the level of involvement and engagement of all our people to increase organisational efficiency;
- reliably deliver to our shareholders the expected financial performance; and
- keep enhancing the brand value of the Company.

We also take this opportunity to thank our customers, our partners and our colleagues for the trust you place in ACWA Power and the commitment you make to us, none of which we take for granted and both of which we cherish and protect.



**Paddy Padmanathan**  
President and CEO



**Thamer Al Sharhan**  
Managing Director



# Global demand for safe, stable and clean supply

**In ACWA Power's chosen markets of operation in the Middle East, Africa and Asia, growth, expanding populations and economic diversification are factors driving demand for power and water. Every aspect of a modern and growing economy depends on safe and stable power generation; and the need for clean water as a fundamental human right.**

## Summary

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Lifestyle changes and eating habits are requiring more water consumption per capita

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Global energy demand will grow by 60% by 2040

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To plan for the future, governments are focusing on finding sustainable solutions to energy and water supply

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ACWA Power operates in four key high-growth regions

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A recent study by researchers at Aarhus University and Vermont Law School indicates that if current patterns of usage continue, there is a risk that by 2040 there will not be enough water in the world to meet its drinking needs; and not enough energy to meet power demands. The world's population is growing by roughly 80 million people each year. Changes in lifestyles and eating habits in recent years are requiring more water consumption per capita. According to the OECD, despite tremendous efforts in the last two decades, the number of city dwellers without access to an improved water source has increased since 1990; as urbanisation has outpaced the development of infrastructure.

The situation is even more daunting given that access to an improved water source does not always mean access to safe water. The UN estimates that global energy demand will grow by 60 percent by 2040, while demand for water in the markets where ACWA Power operate is growing at least six percent annually.

Governments are faced with making decisions on how to plan for a future where no development model is complete without providing sustainable solutions in both energy and water. A clear example of this policy-making challenge is in ACWA Power's home market of the Kingdom of Saudi Arabia. Its wide-ranging privatisation and economic 2030 reform programme identifies a need for an initial target of 9.5 GW of renewable energy to be installed in the Kingdom by 2023.

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, ACWA Power focuses its international market strategy on four key regions:

## 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. Over the next decade, as the GCC population soars by 30% to over 50m people, the Gulf region will see an increasing strain on its supplies of electricity, food and water. ACWA Power is distinguished from many of its competitors as, whenever possible, it provides combined power and water solutions that are increasingly integrating renewable technologies.

## MENAT COUNTRIES



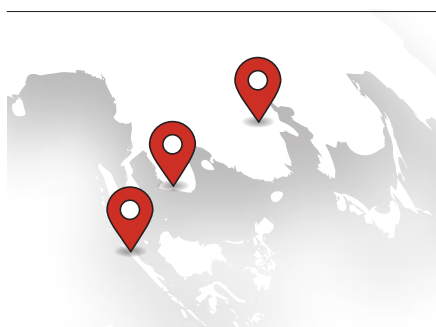
The MENAT countries, namely Jordan, Morocco, Egypt and Turkey, provides opportunities for the company to expand its portfolio through a mix of acquisitions and greenfield developments while diversifying its fuel mix to address respective governments' renewable energy plans.

## SOUTHERN AFRICA



The company intends to consolidate its position in this fast growing region by building on its presence in natural resource based economies such as South Africa, Mozambique, Namibia and Botswana across fossil fuel and renewable energy based plants in both the sovereign and industrial offtake markets.

## SOUTH-EAST ASIA



ACWA Power plans to build on its presence in South-East Asia 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. Meeting its energy demand and climate change considerations will dominate the energy agenda in China. The renewable energy growth, pilot ETS and energy-efficiency targets in China may also have some influence over the future energy policy and economy in this part of the world. Growth in energy demand in Vietnam has been high and will continue to be so.

ACWA Power plans to build on its presence in South-East Asia by targeting greenfield developments and acquisition opportunities.

## MARKET OVERVIEW continued

### CARBON MANAGEMENT AND RENEWABLES

ACWA Power is fully aware of the progressive goals laid out by the regions' governments in their respective Intended Nationally Determined Contributions (INDCs) to the Paris Accord. The development efforts by ACWA Power are in line with objectives of the governments and the new CSR activities clearly aim to support the sustainable development goals of the respective countries.

As part of this programme, ACWA Power is participating in the development, deployment and utilisation of market-based instruments available under Article 6 of the Paris treaty, exploring the options on the use of volunteer carbon commodities and conducting pioneering work by the new instruments available to capturing value based on the green attributes of its renewable assets.

In addition, ACWA Power is actively pursuing the development of a new, and unique certification label "W+" for some of its CSR programmes throughout the region. W+ is an innovative framework to quantify and monetise the social capital created by women; to recognise and reward their contribution to sustainable environments and communities. This new sustainability/gender specific commodity can be a standalone product, or linked to a carbon unit.

### COP22

In November, ACWA Power played a significant role in the COP22 meetings in Marrakesh, Morocco. The 2016 United Nations Climate Change Conference was positioned to drive forward the agreements reached the previous year in Paris. ACWA Power had a large presence alongside MASEN (the Moroccan Agency for Solar Energy), a key stakeholder in the country for ACWA Power and we were also part of many of the leading discussions to take place during the event.

ACWA Power is participating in the development, deployment and utilisation of market-based instruments available under Article 6 of the Paris treaty.



**TECHNOLOGY**

ACWA Power is also looking beyond its renewable portfolio to create sustainability actions, by exploring efficiency improvements on the existing assets thus reducing the carbon footprint of the plants, deploying technologies to create sustainability elements within the coal plants under construction and alleviating some of the pressures on the urban centres in the theatre of operations.

By recognising the important role of the circular economy in the future, the company is actively seeking the use of material in the construction phase to create additional ways to reduce the carbon footprint of the power plants.

In the past decade, the cost of photovoltaic panels has dropped more than 80% which has led to regional initiatives embracing utility scale assets, and some of the largest renewable power plants in the world. Already 165MW of electricity generated from solar energy is powering thousands of homes during the day and for 3 hours into the night in Morocco. In the early part of 2017 almost every GCC and regional state

utility have announced ambitious plans for photovoltaic and concentrated solar power assets.

The coming years will see large-scale rollout of renewable power plants that will be supplying power around the clock using thermal and battery storage enabling them to be considered as a baseload supply. Battery technology, for the storage of electricity produced during the day for delivery at night, is reaching an inflection point with cost dropping and capacity increasing. ACWA Power is including the option for battery storage into current and future utility scale photovoltaic asset proposals. In addition desalinated water will be increasingly supplied using renewable power and hybrid technologies. The combination of both cheaper renewables and cheaper storage combined with the regions' abundant solar potential (the majority of the days per year are cloud free with high solar irradiance plus available land in close proximity to existing transmission networks) is further stimulating the regional renewables market for which ACWA Power is very favourably positioned based on our existing technology and regional experience.

ACWA Power is a development enabling company that looks to use the latest technologies in the world to help governments meet the needs of their growing populations in 25+ years' time. That means a business model focused on making profits over the long term. Long-term challenges require long-term solutions and at ACWA Power we are determined to rise to that challenge.



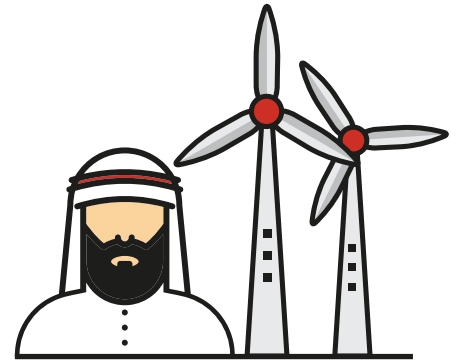
# Defying markets, delivering value

**ACWA Power's strategy to defy market prices focuses on making a profit by truly adding long term value to all our stakeholders. The company's business model is unique and requires a collaboration between partners throughout the value chain. Partnerships optimise the 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, allowing ACWA Power to offer competitive tariffs.**

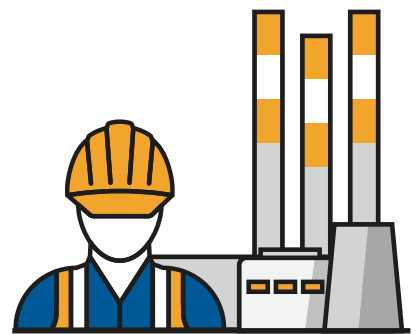
The focus on establishing the lowest possible cost for all inputs and purposefully adding only a reasonable margin commensurate with the level of risk enables us to deliver the lowest tariff possible which in turn supports, directly and indirectly, the social and economic development of our host countries. ACWA Power's approach means that significant investments will only be recovered over decades, yet it also enables the company to deliver tariff differences between five and 31 percent, compared to the second bidder, regardless of technology, capacity or country. In addition, these lower electricity and water prices, guaranteed for 20-25 years, directly reduces the need for subsidies, thus enabling central governments to fund other much needed infrastructure and improvement programmes. In this way ACWA Power, using the IPP model, prides itself on its material contribution to several national economies. This has allowed the business to grow fast and set itself apart as a cost leader and a paradigm breaker and price setter.

ACWA Power ensures a profit by finding a balance between setting tariffs as low as possible to ensure customers pay the contracted tariff throughout the term while also setting the tariff high enough to recover all costs and adequate return in order for the investment to make financial sense. Our business model requires us to focus on the cost of each component and possibly restrict the margins the supply chain might have realised through working with our competitors. However, the win rate that ACWA Power delivers through this strategy of defying market pricing, more than compensates through the provision of consistent work volume.

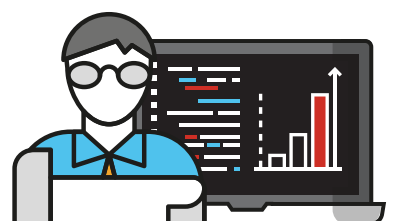
Our pricing strategy and performance



Management of HSE and Social obligations and opportunities.



Stakeholder Engagement and Reporting



The strategy of setting low tariffs is not a recent development at ACWA Power. The company focuses on keeping tight control of costs and seeking a reasonable rate of return on investments to keep the tariff low on each and every contract, rather than aiming to maximise the tariff and striving to win by the smallest possible margin. By doing so, the company is able to ensure that the gap between a contracted tariff and any future bulk purchases made by customers will remain consistently small over time. There are factors at play that fall outside of ACWA Power's control, with cost components resting in the hands of other players. At ACWA Power, we focus on several components that drive the essence of our

management operations – Construction, Fuel, Operating & Maintenance, HSSE (see below) and Financing. At ACWA Power, we deliver best-fit solutions by ensuring technology providers and contractors prepare asset-specific cost estimates while reducing contingencies. As the company has grown, we have developed economies of scale that allows us to optimise the plant from the outset and reduce cost in the operating and maintenance departments. Through financing we ensure appropriate structures in terms of loan and equity pricing to drive all costs down.

Through our business model, the company recorded tangible results spanning across clients, consumers, communities and the overall environment. Through our clients, we seek to tender the lowest possible cost to deliver impressive results and so the consumers benefit through the company's low tariffs. We simultaneously focus on value retention within the economy and the community in which investments are made. ACWA Power does this by maximising local spends, creating industrial activity through investment and generating local employment opportunities.

This Report demonstrates that our sustainability agenda is not a stand-alone initiative. ACWA Power's business model incorporates and links to various aspects of the company's sustainability agenda. Our efforts across our sustainability framework – Asset, People, Environmental, Financial and Social Sustainability – are woven into the fabric of our operations, guiding how we do business and thus contributing to local communities. ACWA Power's Environmental and Social management and performance benchmarks, are as a very minimum of legal and contractual compliance, often exceed regional and local standards as we proactively comply with the latest and most demanding asset requirements at the global level. We continue to adhere to the current

International Finance Corporation (IF) and World Bank (WB) requirements to ensure that our financial partners and lenders can readily comply with their Equator Principles commitments.

During the feasibility assessment and development or acquisition phases for new assets, HSSE issues are identified and managed by undertaking HSSE due diligence assessments and then commissioning environmental & social impact assessments (ESIA) that are completed by independent consultants. ACWA Power takes a clear approach to protecting local populations in places where we operate, and includes the assessment of indigenous and cultural rights in its asset due diligence and

subsequent ESIA phases. At the start of construction, asset-specific HSE and social action plans are established as part of the implementation of the ESIA which is also a contractual obligation. ESIA compliance is monitored by both the asset companies and the corporate HSSE teams, who are supported by independent environmental consultants that conduct audits on the lenders' behalf. Asset performance-related and technical issues with HSE consequences are covered by ACWA Power's minimum technical specifications which are applied to all assets. Please see our 2015 Sustainability report that presents how we actively integrated the WB/IFC Environmental & Social Performance Standards across our asset life cycle.

The expectations and requirements of our stakeholders are taken into consideration in strategic decision-making, goal-setting, and then throughout asset delivery and operation. Our employees and the local communities are our key stakeholders and as such we engage formally and informally on an ongoing basis (as discussed in the relevant sections on pages 16-19). Our clients, the public utilities that purchase our electricity and water, are similarly a core focus and as such have at least one seat on the Boards of the majority of our assets which ensures direct engagement and response to clients' needs. The general public, the ultimate end users of our water and electricity, are important to us even though we do not, as a business that supplies mainly to governments, have frequent direct contact. In addition to these groups, we are totally

dependent on our supply chain of EPC (Engineering Procurement Construction) Contractors, Equipment Manufacturers, Financial, Legal and Professional Service Consultants who are part of our larger business network.

ACWA Power has been committed to meeting international best practices on disclosure and reporting since its inception. This report conforms with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Framework at the Core level and includes material issues from the Electricity Utilities (EU) sector supplement. This report and the GRI supplement have been independently assured as such by Environmental Resources Management (ERM). Please see page 51 for the assurance statement.

We have reviewed and revised our materiality assessment since 2015 and now report on many economic, environmental and social issues from the 54 generic and EU specific. The full list of material issues, their management and performance is presented in the GRI Supplement that accompanies this report and is available from the ACWA Power website, at [www.acwapower.com](http://www.acwapower.com)

This report covers our operations and performance in the calendar year 2016, and includes our assets, joint ventures and operations over which we have majority management control, as per GRI guidance.

# Fulfilling customer needs and strengthening shareholder value

**ACWA Power produces desalinated water and generates electricity safely and reliably at the lowest possible cost. We are technology neutral and fuel agnostic meaning that we can select the most efficient methods to generate power and produce desalinated water.**

## OUR OBJECTIVE

Our business model is focused on our determination to deliver cost leadership which we achieve through developing long term partnerships with suppliers, contractors, lenders and host governments to achieve our dual objectives of generating long-term, stable and sustainable returns for our shareholders whilst also providing reliable sources of energy and water at the lowest prices in the industry.

We are investors in the assets we develop and operate. This means that we are committed not only to managing costs throughout the life-cycle of each asset, but we also invest in the communities in which we operate through skills training and job creation to provide a workforce that manages and maintains our plants which are often located in remote locations and challenging environments.

Through our relentless focus on minimising construction and operating costs we are able to deliver a sustainable pricing structure throughout the entire life cycle of an asset. 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 on the investment.

The industry in which we operate can create challenging and potentially hazardous situations for our workforce and the communities around us which is why HSE Management is a prime concern. We ensure we maintain and implement rigorous HSE measures, risk assessments and training to safeguard our staff and the communities in which we work.

Our strategy is applied across three key pillars as illustrated alongside. Underpinning these is our commitment to be a responsible corporate citizen and ensure that our business and assets comply with all local legislation plus the World Bank/IFC Environmental and Performance Standards.

## DELIVERING RESULTS

This has resulted in ACWA Power delivering a balanced asset portfolio between Saudi Arabia and international operations where insight and intelligence from our construction and operations divisions feed back to our business development to ensure continued competitiveness and profitability.

Ultimately, ACWA Power's pricing model and approach to corporate responsibility has consistently delivered low tariffs that result in sustainable value for the communities, industries and nations that consume the electricity generated and the desalinated water produced through ACWA Power's ventures.

Our mission:

Our strategic goal:

Our three key pillars:

Our foundation principles:

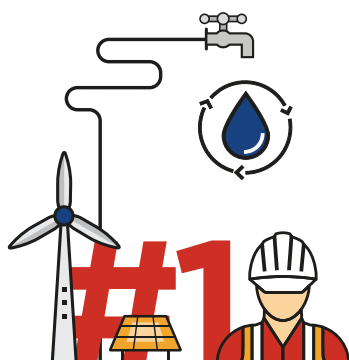


Reliably deliver electricity and desalinated water at the lowest possible cost

Become one of the Largest privately owned IWPP players in the GCC, MENAT, Asia and Africa regions

### #1

To be the leading producer of desalinated water and power generation in our home market of Saudi Arabia.



**45%**

Meeting Saudi Arabia's future energy demands.

See Strategy in action on page 33

### #2

To balance our business operations in the Kingdom of Saudi Arabia with strategically identified and developed stronghold markets outside of the Kingdom of Saudi Arabia with credit-worthy off-takers.



**40%**

Becoming a significant player in Oman's energy market.

See Strategy in action on page 35

### #3

To hold a majority shareholding in the operating companies to maintain maximum cost control.



**2,400MW**

EPC agreement to deliver the first clean coal asset in the Middle East.

See Strategy in action on page 37

An overall balanced asset portfolio

Strict adherence to our unique and socially responsible business model

Ensure financial strength and flexibility to fund high growth



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

ACWA Power has an enviable position in the Kingdom of Saudi Arabia's power generation and water supply sector. Its strategy to produce low cost electricity and desalinated water while minimising the impact on the environment complements Saudi Vision 2030. With its knowledge and expertise in renewable energy combined with its social responsibility and community agenda, ACWA Power – headquartered in Saudi Arabia – is committed to further investment in the Kingdom applying its knowledge and experience and assisting the country to meet its energy consumption needs sustainably, responsibly and economically.

## STRATEGY IN ACTION

### Pillar #1: In our home market KSA

# Saudi Arabia's Vision 2030 – A renewal of Public Private Partnerships

ACWA Power strives to be the leading producer of desalinated water and power generation in its home market of Saudi Arabia.

The United Nations estimates that the population of Saudi Arabia will grow from a base of 28 million in 2010 to 45 million in 2050. This population increase means significant changes are required to provide for the needs of the nation, including the provision of reliable, safe and 'clean' energy and water. According to a report by Frost & Sullivan, the Kingdom's energy demand is expected to grow by 45 percent from 69 GW in 2014 to 100 GW in 2040.

Recognising this rapid growth in energy consumption, the nation has prioritised renewable energy solutions as part of its wide-ranging sustainability agenda. "Saudi Vision 2030" is a comprehensive privatisation and socio-economic reform programme aimed at diversifying the Saudi economy away from its dependence on revenues from hydrocarbons and government spending. The country aims to change the country's public sector-dependent market into one that promotes and fosters private sector involvement through PPP models.

The diversification strategy's focus on renewable energy initiatives is expected to create thousands of jobs and also open up the industry to private sector participation. Vision

2030 plans to localise a significant portion of the renewable energy value chain in the Saudi economy, including research, development and manufacturing, and establishing a competitive renewable energy sector through the gradual liberalisation of the fuels market.

A key target under Vision 2030 is 9.5 GW of renewable energy by 2023, out of which 3.45 GW will be completed by 2020. By 2040, Saudi Arabia plans to install 54 GW of renewable energy. A review of the regulatory and legal framework is the foundation for the diversification of the energy mix in Saudi Arabia. Vision 2030 will review the legal and regulatory framework that allows the private sector to buy and invest in the renewable energy sector and will also encourage public-private partnerships, guaranteeing the competitiveness of renewable energy through the gradual liberalisation of the fuels market.

It was in the Kingdom where ACWA Power first developed its Public Private Partnership model more than 10 years ago in response to the government opening the door to private sector participation in co-generation of water and power. In 2010, the firm's Shuaibah Independent Water and Power

Project became the first privately-owned power plant in Saudi Arabia. The focus and intent of Vision 2030 closely mirrors ACWA Power's objectives of diversification of technology localisation and growth of renewables. In addition to the broad socio-economic reforms will provide ACWA Power with many opportunities for enacting our values and experience. In addition, through policy changes and by restructuring the sector, the Kingdom is setting the stage to achieve the goals set out by the National Transformation programme, which aims to produce 52 percent of desalinated water through private sector partners, and 100 percent of power plant electricity generation through strategic partners, bringing about tremendous investment opportunities over the next three to five years. ACWA Power through its subsidiary, NOMAC is well positioned as an experienced local operator of such utility scale assets.

# 45%

According to a report by Frost & Sullivan, the Kingdom of Saudi Arabia's energy demand is expected to grow by 45 per cent from 69 GW in 2014 to 100 GW in 2040.





## STRATEGY IN ACTION

### Pillar #2: Developing stronghold countries

# Oman – A stronghold for ACWA Power

As the first international market that ACWA Power entered outside of its home base in Saudi Arabia, assets in Oman have always held a special position within the prestigious global portfolio that ACWA Power now operates.

It's been more than seven years since market entry into Oman and the country has emerged as a stronghold for ACWA Power, enabling the company to become a significant local player in the market, capturing nearly 40% of the country's contracted power capacity.

Since entering the market in 2010 through the acquisition of Barka-1, ACWA Power's strategy has focused on technological and financial innovation, strategic partnership, training and development support of the local population to tap into new emerging markets, sustain profitable growth and expand operations and assets. The strategy has become a model for creating a stronghold in countries with multiple assets, strong local presence and dependable long-term relations.

By building on the solid foundation of successful ventures in the Kingdom of Saudi Arabia, ACWA Power leveraged this experience and resources to enter the Oman market with Barka. In 2014, ACWA Power continued to expand in Oman with Barka when it completed the OMR 73.32 million refinancing and again in 2015 when the company signed an agreement to establish the Salalah Independent Power Plant (Phase 2) which had an installed capacity of 445MW.

In 2015, despite challenging market conditions, ACWA Power structured an innovative interest rate, resetting the mitigation mechanism that enabled the participation of Omani riyal lenders for long-term financing. The Ibri and Sohar 3 assets were awarded under a single tender to the company which resulted in:

1. The assets having a combined capacity of 3.2 GW which contributed 35% to the installed capacity in the main power system while being the most efficient plants in Oman
2. Financing of \$1.37B – the largest senior financing raised for Omani IPP
3. The two Ibri and Sohar assets being awarded under two separate contracts and financing structures
4. 100% clean financing and completion without any bank change despite the sharp downgrade of Oman from A- to BBB- rating during the course of the transaction

By focusing on its mission and maintaining an entrepreneurial approach to all asset bids, ACWA Power has grown to become one of the leading players in the Omani market and in doing so, proved the business case for how and why creating stronghold country strategies is a savvy business approach.

In 2016, ACWA Power spent in the region of SAR 100,000 across its three assets on CSR programmes, comprising of a HSSE training space to the Civil Defence, a ladies transportation facility and a smart education project aimed at introducing the latest education technology into the local government school.



# 2x

Two projects were awarded under a single tender to the company.



## STRATEGY IN ACTION

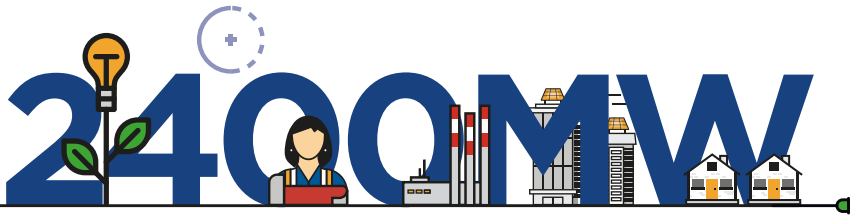
**Pillar #3: Hold a majority shareholding in operating companies to maintain maximum cost control**

# Hassyan coal asset is a first in the Middle East

In July 2014, Dubai Electricity and Water Authority (DEWA) under its IPP procurement initiative launched a tender for a 1,200MW clean coal IPP.

The tender provided tight bid conditions and benchmarked technology, emission norms and environmental standards against best international in class plants. Asset proposals needed to demonstrate the capacity to capture carbon – a methodology that captures CO<sub>2</sub> from fuel combustion or industrial processes.

In mid-2016, Hassyan Energy Company signed an EPC agreement between DEWA and ACWA Power, Harbin Electric International and General Electric for the Hassyan Energy Phase 1. The signing of the EPC agreement pushed forward the development of this asset which DEWA elected to double the capacity of to 2,400MW of net electricity using clean coal technology and work towards achieving the objectives



outlined in Dubai's Clean Energy Strategy 2050. The strategy – officially launched in 2015 – seeks to make Dubai a global centre of clean energy and a green economy.

The Hassyan coal asset exceeds World Bank and European standards for both efficiency, carbon intensity and fuel consumption.

By defying market pricing, ACWA Power strongly differentiates itself from other regional and international providers. In the case of the Hassyan IPP, it needed to support that pricing strategy with a technical and operational proposal that met DEWA's clean coal requirements. Three critical elements of ACWA Power's bid complemented its winning pricing strategy.

#### **ENVIRONMENTAL COMPLIANCE**

Four world-leading designed 600MW units with 40+ per cent efficiency integrating EU emissions and seawater discharge guidelines; applying Equator Principles and with a carbon-capture ready design – resulting in ultra clean coal power.

#### **COAL-SOURCING**

ACWA Power negotiated one of the longest-term fixed-price contracts and developed an innovative 'synthetic price pass-through' structure that ensures coal price risk is mitigated while also addressing suppliers' risk; resulting in coal supply financially engineered at the asset company level.

#### **EPC CONSORTIUM**

A compelling consortium of General Electric's unmatched experience on ultra-supercritical power plants; and Harbin Electric International.

The closing of the 2,400 megawatts (MW) clean coal Hassyan IPP asset set a benchmark in transactions complexity and sourcing of finance. The ACWA Power – Harbin Electrical International (HEI) consortium was awarded the project because it offered the lowest tariff using latest global technologies and stringent environmental standards.



# 40+

Four world-leading designed 600MW units with 40+ per cent efficiency integrating EU emissions and seawater discharge guidelines; applying Equator Principles and with a carbon-capture ready design – resulting in ultra clean coal power.

# CSR is a fundamental part of our business model



**To support the communities in which we operate, ACWA Power has implemented a framework of socio-economic development standards and guidelines to be adopted at the commencement of operations in a new country. Each framework is based on local context and needs around education, health and training programmes, partnerships and foundations.**

In 2016, we implemented 47 projects in nine countries, contributing SAR 11M to skills training and education, healthcare, agriculture, supporting SMEs, cultural and athletic support, and animal care.

CSR activities are led by the group CSR committee, supervised by the Chairman of the board, and the Managing Director. The committee consists of 10 executives, including ACWA Power's Executive Director of CSR, representatives of the business development and legal teams, and representatives from each of our main business regions: Morocco, South Africa, Jordan, Turkey and Oman. The committee includes an independent external advisor who provides a fresh, independent and critical external perspective.

The primary aim of the CSR committee is to ensure that best practices are shared across ACWA Power's asset portfolio and regional CSR personnel so that the social value of each asset far exceeds its direct investment and resource input.

## **UAE**

Three Programmes with SAR 263,000 spend comprising worker safety training and stakeholder support assessment.

## **KSA**

Two Programmes with SAR 5M spend comprising engineering training and education and SME business development.

## **OMAN**

Three Programmes with SAR 100,000 spend comprising training and social support payments and contributed equipment for women and schools.

## **MOROCCO**

Nine Programmes with SAR 2.4M spend comprising business incubation, apprenticeship & skills training, healthcare, agricultural, education and social support.

## **S. AFRICA**

Six Programmes with SAR 1.3M spend comprising business incubation, apprenticeship & skills training, healthcare and social support.

## **JORDAN**

15 Programmes with SAR 1M spend comprising social & community support, education & training.

## **VIETNAM**

One Programme with SAR 423,000 spend comprising farmer accommodation & support payments.

## **TURKEY**

Seven Programmes with SAR 128,000 spend comprising Safety, Healthcare and Social support and agricultural animal care.

## **EGYPT**

One Programme with SAR 190,000 spend comprising PV technical skills training.





**SAR 11M**  
contributed in nine  
countries

**47**  
Assets implemented  
in 2016



# Measuring performance at ACWA Power

**Key Performance Indicators (KPIs) are used by ACWA Power to evaluate the company and assets, and measure how well we are adding value to our stakeholders. A range of financial and operational metrics are used to track and manage performance. The KPIs shown here illustrate ACWA Power's progress against delivery of our strategy and performance metrics.**

## **INCOME FROM MAIN OPERATIONS**

Income from main operations and net income both increased – 14% respectively – year on year. The increase was slightly lower than in 2015 as a one-off impairment expense amounting to 107 Mn SAR had an impact on 2014 results, consequently the income in 2015 compared to 2014 showed a significant rise.

## **NET INCOME**

Higher net income for the year is principally attributable to commencement of commercial operations of Bokpoort CSP (South Africa) and ACWA Power Ouarzazate (Morocco), aggregated by higher development fees derived on financial close of greenfield assets and higher services fees resulting from Group's expanding operations and the growing asset portfolio.

The increase is also reflective of higher income from Group's joint ventures and associates, resulting from higher power and water availabilities from existing operational assets and commencement of operations of phase 2 at RAWEC. The higher income was partly offset by higher general and administration expenses, and financial charges for the year largely due to cessation of capitalisation in assets completing construction during the year (in South Africa and Morocco), and also on account of higher corporate expenses attributable to business growth.

## **EARNINGS PER SHARE**

Increase in earnings per share is mainly contributed by higher net revenues from higher availabilities of operational capacities (at Group's subsidiaries, associate and joint ventures) and increased services income from Group's growing asset base.

An important component of the net income is the share in net income of associates and joint ventures. This component has shown a significant increase in the current year compared to 2015.

## OTHER KEY FINANCIAL AND PERFORMANCE INDICATORS

### Share of profit from associates and Joint Ventures (JVs)

Cash inflows from assets (SAR Mn)	2016	2015	YOY %
Associates / JVs	563	544	4%
Subsidiaries	489	231	112%
Others	7	58	-88%
<b>TOTAL</b>	<b>1,059</b>	<b>833</b>	<b>27%</b>

ACWA Power receives cash distributions from its businesses in various forms including dividend, management and technical services, fees and various other services. Overall, cash inflows increased by 27 per cent compared to 2015. ACWA Power subsidiaries showed significant growth overall with moderate increases from its associates and JVs.

Tangible Net Worth	2016	2015
SAR Bn	7.66	6.69

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	2016	2015	YOY %
Power availability (in percentage)	94%	95%	-1.0%
Water availability (in percentage)	96%	93%	3.0%
Forced outage – power (in percentage)	2.9%	2.2%	0.7%
Forced outage – water (in percentage)	2.4%	2.7%	-0.3%

Power availability at the plants was consistent though there was a slight drop in availability mainly due to boiler repair works at Rabigh Plant. All other plants have performed well in 2016.

The water availability metric was very strong and improved from 93 per cent to 96 per cent, mainly due to improved performance of Shuaibah and consistent good performance at Marafiq plants.

Health, safety and environment (All rates per 200,000 man hours)	2016	2015	YOY %
Lost time incident rate – construction phase	0.02	0.03	4%
Lost time incident rate – operational phase	0.09	0.10	112%
Reportable incident rate – construction phase	0.18	0.13	-88%
Reportable incident rate – operational phase	0.61	0.40	27%

The Lost Time Incident Rate (LTI) for operation and construction phases dropped slightly year on year as a result of better HSE management at site. There was a concerted effort to increase awareness through tool box talks and the use of audits and inspections to identify and fix any HSE gaps.

Reportable incidents for both operations and construction were slightly up year on year as a result of major outage works at Rabigh, extended planned outage works at Shuaibah and the newly commissioned plants at NOORo 1 and Bokpoort.

## OPERATIONS REVIEW

### ACWA Power's power generation and water provision portfolio production capacity reached 23 GW of power and 2.5M m<sup>3</sup> per day of desalinated water. The asset portfolio of 31 assets – plus seven in advanced development – also comprises seven renewables assets as of 31st December 2016.

The company employed around 3,000 employees across those assets of which around 60% was local employment. This approach supports ACWA Power's effective integration with local communities and is aligned with the goals and objectives of local, provincial and national governments.

Its 31 assets directly benefit the health, wealth and happiness of the local communities. Stable power generation and the provision of clean water to local communities' contributes to increased local socio-economic activity through both direct and indirect employment opportunities.

#### Power Performance

		2015	2016
Net export	GWh	78,637	84,855
Availability	%	95%	94%
Forced Outage	%	2.2%	2.9%
Load factor	%	85%	81%

Against a backdrop of weak oil prices, increased regional fiscal deficit and tightening of regional credit in 2016, ACWA Power closed six assets in the MENA region – more than any other developer.

Net energy export from all ACWA Power assets at the end of 2016 saw a 7.9% increase on the previous year.

Overall availability for all assets at the end of 2016 was 1% lower than 2015. Overall forced outages were 0.7% higher than 2015 for all assets.

#### 2016 HIGHLIGHTS

- Ibri: 1,509MW gas fired combined cycle IPP in Oman. 682M\$ of project financed debt raised. Financial close in Sep'16.
- Sohar3: 1,710MW gas fired combined cycle IPP in Oman. 689M\$ of project financed debt raised. Financial close in Sep'16.
- Hassyan Clean Coal: 2,400MW ultra-supercritical coal fired IPP in Dubai, UAE. 2,520M\$ of project financed debt raised. Financial close in Nov'16.
- Mafraq: 60.3MWp Solar PV IPP in Jordan. 54 M\$ of project financed debt raised. Financing and security documents signed in Nov'16.
- Zarqa: 485MW gas fired combined cycle IPP in Jordan. 380M\$ of project financed debt raised. Financial close in Dec'16.

In addition to the financial close on these projects, ACWA Power also completed the refinancing of Rabigh 1, a 1,204MW oil fired IPP in Saudi Arabia. 1,830M\$ of project financed debt raised from refinancing with a financial close in June 2016.

#### ASSET HEAT RATE & EFFICIENCY

Year	Average Heat Rate – Combined kJ/kWh	Efficiency for Electricity Production %
2016	9,600	45%
2015	9,476	46%

#### Water Performance

		2015	2016
Net export	'000 M <sup>3</sup>	749.2	800,444
Availability	%	93%	96%
Forced Outage	%	2.7%	2.4%
Load factor	%	87.0%	90.0%

Overall water export is circa 6.8 higher than 2015 with all plants reporting lower water exports in 2016 except for Barka main and Shuqaiq plants.

Availability for water was 96% in 2016, which was 3% higher than 2015. Forced outages for water in 2016 was lower than 2015 by 0.3%.

## GHG EMISSIONS

Year	CO <sub>2</sub> Emissions				SO <sub>2</sub> Emissions		NOx Emissions	
	CO <sub>2</sub> '000 Tonne	ACWA Power's share of CO <sub>2</sub> '000 Tonne	CO <sub>2</sub> intensity of Electricity gCO <sub>2</sub> /MWh	CO <sub>2</sub> intensity of Desal Water kgCO <sub>2</sub> /m <sup>3</sup>	SO <sub>2</sub> Tonne	ACWA Power's share of SO <sub>2</sub> Tonne	NOx Tonne	ACWA Power's share of NOx Tonne
2016	52,753	15,296	463	9.49	127,739	51,101	36,439	13,650
2015	53,244	15,963	480	10.1	177,310	70,425	39,681	14,643
2014	48,237	15,520	525	14.04	221,615	89,040	39,408	15,000

### GREEN HOUSE GAS EMISSIONS AND ENVIRONMENTAL PERFORMANCE AND COMPLIANCE

Total CO<sub>2</sub> emissions from all assets in 2016 was 52.7 million tonnes with ACWA Power's share of CO<sub>2</sub> emissions contributing 15.3 million tonnes (29%). ACWA Power assets' CO<sub>2</sub> emission performance has improved appreciably year on year with the growth of its portfolio and the addition of more efficient assets and technology including renewable energy assets. Total power net export from renewable energy assets in 2016 was 610 GWh which is equivalent to a saving of 286,000 tonnes of CO<sub>2</sub> emissions, a saving of approx. 0.6% of total CO<sub>2</sub> emissions.

During 2016, no enforcement actions or legal cases were brought against ACWA Power or any of its subsidiaries. There are two reportable environmental non-compliances, namely Shuaibah IWPP, KSA: experienced SOx exceeding compliance limits due to equipment failure on 14 August 2016. The exceedance continued into 2017 and was remedied during April 2017 and the Rabigh IPP's, KSA Flue Gas Desulphurisation (FGD) is in bypass mode. The modification for Rabigh IPP is in progress and the current schedule is for completion and commissioning of the FGD is May 2018. No enforcement action has been taken by the authorities.

Additional details on GHG emissions, compliance with the GHG Reporting Protocol and other HSE management and performance data are contained in the GRI Supplement.

### PEER RECOGNITION

ACWA Power has been fortunate enough to be recognised with awards and accolades from some of its most respected industry peers.

#### IJ Global Awards

Regional Sponsor of the Year Award  
Refinancing Deal of the Year (Rabigh 1 IPP)  
Power Deal of the Year (Hassyan IPP)

#### MESIA

Regional Company of the Year

#### Arabian Business Awards

Energy Industry Company of the Year

#### Asian Power Awards

Independent Power Producer of the Year

#### Linkedin Talent Awards

Nominated for Best Employer Brand

### 2016 HIGHLIGHTS

## COMMENCED OPERATIONS OF NOORo 1 CSP IPP, MOROCCO

His Majesty King Mohammed VI of Morocco officially inaugurated the 'NOORo 1' power plant just outside the southern city of Ouarzazate in February 2016. The asset forms part of the Moroccan Solar Energy Program, which aims to develop five solar complexes with a combined capacity of approximately two gigawatt (GW) by 2020 to meet the growing energy demand of the country. The asset has been developed on a build, own, operate and transfer (BOOT) basis by ACWA Power Ouarzazate, a consortium of ACWA Power, the Moroccan Agency for Solar Energy (MASEN), Aries and TSK. The complex is being developed in four phases and will eventually feed 580MW of electricity into Morocco's power grid – enough for a million homes according to information provided by the Moroccan Agency for Solar Energy (Masen). The solar complex will be operated and maintained by a consortium led by NOMAC, an ACWA Power subsidiary and MASEN.

NOORo 1 achieved PCOD on January 20 2016 and the plant exported 18.5 GWh post PCOD during 2016. NOORo 1 plant's performance was affected by a seven-day shutdown in February to attend all the pending punch list items; a need to shut down the steam turbines and place the solar fields in stow position for two days due to strong winds the same month; and a three-day shutdown in May to attend a HTF bypass leak in the steam generating system.

## OPERATIONS REVIEW continued

### 2016 HIGHLIGHTS

#### JANUARY

- The Vietnam Ministry of Industry and Trade and a consortium by ACWA Power and Korea-based Taekwang Power Holdings signed an investment agreement for the development of Nam Dinh 1 thermal power plant asset.
- ACWA Power signed a 25 year power purchase agreement with Jordan's National Electric Power Company for the 485MW Hussein CCGT IPP. The plant will be located in Zarqa Industrial Area (40KM north-east of Amman) and will replace Jordan's first thermal power station – the Hussein Thermal Power Station, which is part of CEGCO and has been operating since 1975 and has recently been decommissioned.
- ACWA Power signed a MOU with China-based Silk Road Fund Co., Ltd. to explore joint investment and power asset development opportunities in the UAE, Egypt and across the region.
- NOORo 1 starts commercial operations.

#### FEBRUARY

- His Majesty King Mohammed VI of Morocco officially inaugurated the 'NOORo 1' power plant just outside the southern city of Ouarzazate. The complex, being developed in four phases, will eventually feed 580MW of electricity into Morocco's power grid – enough for a million homes.

#### MARCH

- Trade Ministers from South Africa and Saudi Arabia jointly inaugurated the Bokpoort concentrated solar power asset which will provide enough power to supply more than 200,000 homes.

#### APRIL

- Bokpoort concentrated solar power plant produced electricity for a continuous period of 161 hours, equivalent to almost six days – a new African record for the continuous supply of electricity.

#### MAY

- Oman Power and Water Procurement Company SAOC awarded the 3,219MW Ibri Sohar-3 power generation asset, the largest single tendered independent power asset in Oman, to a consortium led by Mitsui & Co., Ltd., ACWA Power, and Dhofar International Development and Investment Holding Co. SAOG.

#### JUNE

- DEWA signs power purchase agreement and a shareholders agreement with ACWA Power and Harbin Electric consortium for Hassyan clean coal power asset to produce 2,400 megawatts (MW) of electricity using clean coal.

#### JULY

- Saudi Electricity Company and ACWA Power completed refinancing of its senior facilities at the Rabigh 1 independent power asset. The asset refinancing debt consisted of conventional and Islamic financing in excess of US\$ 1.825 billion.

#### AUGUST

- ACWA Power increased its revolver facility with Alawwal bank by SAR 600 million, structured on a shariah compliant commodity murabaha. The amount increased total revolving facilities at ACWA Power's disposal to SAR 3,484 million (US\$ 929 million).

### 2016 HIGHLIGHTS

## COMMENCED OPERATIONS OF BOKPOORT CSP IPP, SOUTH AFRICA

Trade Ministers from South Africa and Saudi Arabia jointly inaugurated the Bokpoort concentrated solar power (CSP) asset in March 2016. Within the first month of its commercial operation, the 50MW plant produced electricity for a continuous period of 161 hours, equivalent to almost six days – a new African record for the continuous supply of electricity. In September 2016, the 50MW SolAfrica Bokpoort CSP asset, designed to provide enough power to supply more than 200,000 homes, was named Best Renewable Energy Project of the Year. The plant was considered as a pioneering asset and recognised as the industry benchmark for utilising renewable energy deployment for socio-economic development through focused investment in the local community.

### 2016 HIGHLIGHTS

## SIGNED INVESTMENT AGREEMENT FOR NAM DINH 1 THERMAL IPP, VIETNAM

The Ministry of Industry and Trade and a consortium by ACWA Power and Korea-based Taekwang Power Holdings signed an investment agreement in January 2016 marking a significant milestone in the development of Nam Dinh 1 thermal power plant.



## SEPTEMBER

- ACWA Power SolAfrica Bokpoort CSP Asset named Best Renewable Energy Project of the Year.

## OCTOBER

- South Africa's Department of Energy Minister Tina Joemat-Pettersson appointed an ACWA Power-led consortium as the preferred bidder for the Khanyisa coal-fired asset. The 306MW plant is the first of its kind in South Africa featuring modern circulating fluidised-bed technology meaning even when using discard coal of low heat content, the sulphur oxide and nitrogen oxide emissions from the plant will be lower than those of coal-fired power stations currently operating in South Africa.

## NOVEMBER

- ACWA Power contributed to COP22 in Morocco as 'Official Power Partner'. The MENA region is leading the way in establishing new tariff levels for renewable energy and setting ambitious targets which embrace the deployment of renewable energy as not only a tool for decarbonising power generation but also as a vehicle for enduring social development and economic growth. ACWA Power furthered discussions on what it takes to accelerate RE investments and the importance of investing back into the local community.

- ACWA Power launched ACWA Power RenewCo to group its existing renewable energy portfolio and to capitalise on the rapidly growing market potential for renewable energy in emerging markets.
- IFC, a member of the World Bank Group, agreed to a \$20 million equity investment in ACWA Power Ouarzazate, which developed the 160MW NOORo 1 concentrated solar power parabolic trough plant near Ouarzazate, Morocco.
- An ACWA Power-led consortium completed the signing of an agreement to develop and operate NOOR PV1 IPP, a 170MW photovoltaic facility in the Kingdom of Morocco during a ceremony at COP22 in Marrakech.
- ACWA Power Mafraq signs financial agreements for 60.3MWp solar PV IPP in Jordan. The plant will be located in Mafraq Development Area (50km north-east of Amman) and is part of a 150MWac Solar Complex. This asset will also result in c. 1.5 million tonnes of CO<sub>2</sub> saved over 20 years, equivalent to 79,000 tonnes of CO<sub>2</sub> per year.

## DECEMBER

- Hassyan Energy Phase 1 reaches financial close on DEWA's 2.4 GW Hassyan clean coal asset.

ACWA Power signed a 25-year power purchase agreement with National Electric Power Company for the 485MW Zarqa CCGT IPP.

### 2016 HIGHLIGHTS

## AWARDED HASSYAN CLEAN COAL IPP IN DUBAI, UAE

In June 2016, HE Saeed Mohammed Al Tayer, MD & CEO of Dubai Electricity and Water Authority, signed a Power Purchase Agreement and a Shareholders Agreement with Mohammad Abdullah Abunayyan, Chairman of ACWA Power and representative of the ACWA Power and Harbin Electric consortium, to implement the Hassyan power asset to produce 2,400 megawatts (MW) of electricity using clean coal. In July, the Hassyan Energy Company signed an EPC Contract with Harbin Electric International and General Electric to push forward the development of the Hassyan Energy Phase 1 P.S.C. asset. The world's most cost competitive coal fired power asset then became a reality in December with the closing of US\$ 2.47bn financing of Phase One of the Hassyan Clean Coal asset, set to deliver 2,400MW net power capacity using ultra-supercritical technology capable of 100% firing of coal and/or back-up fuel of natural gas.

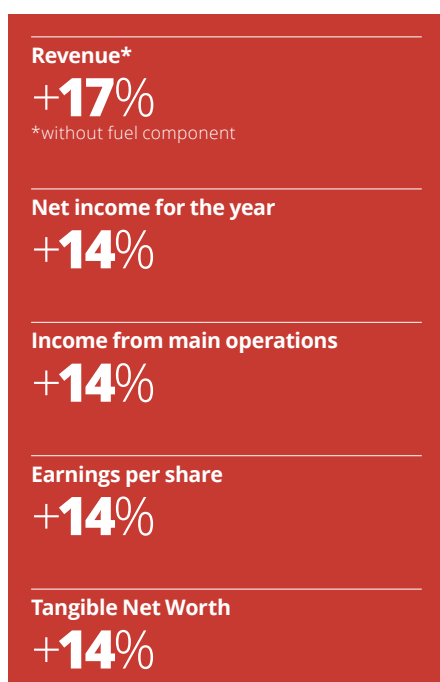


### 2016 HIGHLIGHTS

## SIGNED A 25-YEAR PPA FOR ZARQA CCGT IPP, JORDAN

ACWA Power signed a 25-year power purchase agreement with National Electric Power Company for the 485MW Zarqa CCGT IPP. The plant, located in Zarqa Industrial Area (40km north-east of Amman) will replace Jordan's first thermal power station – the decommissioned Hussein Thermal Power Station which had been operating since 1975.

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



### Summary of Financial Performance for the Year 2016

For the year 2016, the Group achieved income from the main operations of **SAR 1,098 million** (2015: SAR 964 million) and a net income of **SAR 804 million** (2015: SAR 706 million). The primary drivers of net income are services rendered, the Group's share of net income from joint ventures and associates and results of operations from Group's subsidiaries.

#### REVENUE

Group revenue can be segregated mainly into following categories:

- Sale of electricity (+11%\*)
- Sale of water (+10%)
- Services rendered (+11%)
- Finance lease income (+100%)

**Sale of electricity:** Increase is mainly attributable to commencement of commercial operations of ACWA Power Solafrica Bokpoort CSP Power Plant Proprietary Limited (South Africa). Fuel revenue and related cost has observed a significant decline relative to prior year mainly due to the fall in global oil prices (given fuel cost in CEGCO and Barka is a pass through as revenue to the offtaker, the fuel revenue has been ignored while calculating the growth of revenue).

**Sale of water:** Group Subsidiaries namely ACWA Power Barka (Barka) and International Barges Company for Water Desalination Limited (Bowarege) are the contributors of water revenues. Increase is mainly on accounts of higher availabilities from the Reverse Osmosis Expansion Project 2 in Barka and higher revenues from Bowarege due to increased availabilities.

**Services rendered:** Increase mainly relates with the Group's O&M arm pursuant to expanding operations and increasing size of Group's asset portfolio under operations and commissioning, and higher services fee income realised during the year.

**Finance lease income:** Solely relates to the finance lease of ACWA Power Quarzazate (Morocco) which has commenced commercial operations during 2016.

#### INCOME FROM MAIN OPERATIONS

Increase is mainly due to higher revenues from services rendered and supplemented by commencement of commercial operations of Bokpoort CSP (South Africa) and ACWA Power Quarzazate (Morocco).

The increase is also reflective of higher income from Group's joint ventures and associates, resulting from higher power and water availabilities and commencement of operations of phase 2 at RAWEC. The higher corporate service fee income was partly offset by higher cost write off and general and administration expenses.

\* Without fuel component of CEGCO.

#### Forced outages

**2.9%** and **2%**

#### Availabilities

**94%** and **96%**

■ Power ■ Water



## EARNINGS PER SHARE

Increase in earnings per share is mainly contributed by higher net revenues from higher availabilities of operational capacities (at Group's subsidiaries, associate and joint ventures) and increased services income from Group's growing asset base.

## Other Key Financial and Performance Indicators

### SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES

Associates are those entities in which the Group have a significant influence, but no control, over 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 commences until the date that such influence or joint-control ceases.

- Higher income from Shuaibah Water & Electricity Company (SWEC) and Shuqaiq Water and Electricity Company (SqWEC) is principally on account of higher capacity availabilities and fewer outages.
- Successful commencement of phase 2 operations has resulted in higher income from Rabigh Arabian Water & Electricity Company (RAWEC) integrated plant.
- Lower finance costs on account of loan repayments has improved Jubail Water and Power Company (JWAP) share of profit.
- Higher income has been derived from First National Operations & Maintenance Company Limited (NOMAC) joint ventures pursuant to revenue indexation adjustments.
- Decline in Rabigh Electricity Company (RABEC) share of profit is largely due to lower availabilities resulting from significantly higher forced outages encountered relative to the prior year.

### CASH INFLOWS FROM ASSETS

- ACWA Power receives cash distributions from its businesses in various forms including dividends, shareholder loan repayments, management and services fee and commission and fees on shareholder loans.
- Cash inflows from associates and joint ventures (JVs) are higher as compared to 2015 mainly due to higher service fee and cost reimbursement settlements.
- The increase in cash inflows from subsidiaries is largely attributable to higher shareholder loan repayments and services fee income receipts.

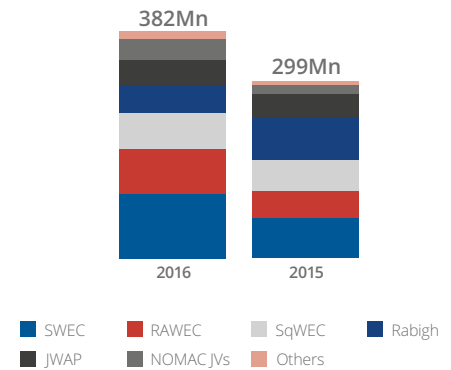
### TANGIBLE NET WORTH ('TNW')

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.

### Share of profit from associates and joint ventures (SAR)

**382Mn**

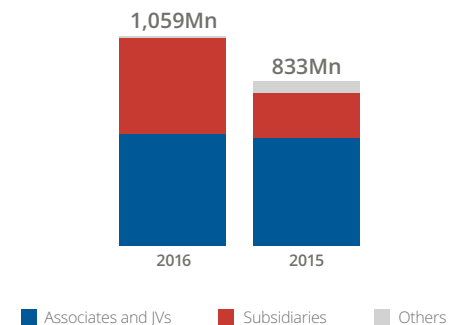
+28%



### Cash inflows and dividends (SAR)

**1,059Mn**

+27%



### Tangible net worth (SAR)

**7.66Bn**

+14%



## CHAIRMAN'S INTRODUCTION TO GOVERNANCE

### OUR CORPORATE GOVERNANCE APPROACH

ACWA Power has a range of responsibilities to its diverse stakeholders but foremost among these is to conduct its operations with transparency, integrity and the highest ethical values. This corporate governance philosophy is grounded in traditional values that have been supplemented and strengthened over the years by adopting governance behaviours and policies that are compatible with both local and international standards and best practices.

In general terms, corporate governance is the system by which business is directed and controlled. ACWA Power's corporate governance structure specifies the distribution of rights and responsibilities among various participants in the Group including the Board of Directors and its committees, executive managers, and staff. The fundamental objective of the Group corporate governance is the protection and enhancement of its shareholder's value, keeping in view the interests of other stakeholders.

ACWA Power is a developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants with operations spread across 11 countries. The Company has an impact on every community it operates within. The effect it has on those communities should be positive, well-meaning and directed to help to build a sustainable future. The Company's corporate governance policies and procedures help to ensure it is just as invested in the communities in which it operates as it is towards its clients.

Through the governance mechanism in the Company, the Directors carry out their 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.

### Code of Conduct & Business Ethics

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 Group, its directors and its employees. The code includes the Company's anti-bribery and anti-corruption policies, and explains how any concern related to non-adherence to the code shall be reported. Internal audit, risk management and internal control processes continue to meet the progressive governance standards.

### Corporate Governance Structure

ACWA Power's corporate governance structure consists of a Board of Directors and a further five functional Board committees, responsible for reviewing the Company's operations within their particular areas of expertise and who then present their findings and suggestions to the Board of Directors.

Those functional board committees are:

Board Executive Committee;  
Board Audit Committee;  
Risk & Compliance Committee;  
Nomination, Remuneration & Governance Committee; and  
Conflict Of Interest & Related Party Transaction Committee.

The details and actions of each of these board's is dealt with in the Directors' Report.

The Company Board, its advisors, its functional committees, Company management and employees, shareholders and direct stakeholders are guided by the Company's Corporate Governance Guidelines and Procedures and Code of Ethics.

### LEADERSHIP OF THE COMPANY

The Board of Directors has 10 members, which includes representatives from our shareholders, in addition to a selection of experienced independent members who are experts in the industry. The Directors of the Company bring a rich experience of corporate governance, operations & maintenance, finance, business development and institution building. The Board of Directors and the Board Committees provide leadership & guidance and the Company's management, directly supervise and control the performance of the Company. This experience is complemented by their academic and professional qualifications in the fields of administration, management, finance and engineering.

The Executive Management Committee, ExCom (which is different from the Board Executive Committee) consists of the President & CEO, Managing Director, Chief Investment Officer (CIO), Chief Financial Officer (CFO) and Chief Operations Officer (COO) of the Company.

Five Board meetings were held during 2016 including the annual meeting to follow up and discuss the corporate strategy. 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 2017. 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.



**Mohammad A. Abunayyan**  
Chairman

## BOARD OF DIRECTORS



**Mohammad A. Abunayyan**

**Chairman of the Board**

With more than 30 years of experience in water desalination and power generation, Mr. Abunayyan serves as Chairman of ACWA Power and Abunayyan Holding. He is widely recognised as one of the most respected leaders in the water and energy sectors.

Under his leadership, ACWA Power has grown into a leading private sector energy and water provider, achieving significant milestones in the years since the company was founded. Mr. Abunayyan also serves as Chairman and Board Member of several world-leading organisations, in addition to holding a number of prestigious honorary and leadership positions focused on transforming and diversifying the economy of Saudi Arabia.



**Sulaiman A.K. Al Muhaidib**

**Member of the Board of Directors**

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, Mr. Al Muhaidib sits on the Board of Directors of Saudi Arabian British Bank (SABB), Almarai Company, National Industrialisation Company (TASNEE), Prince Salman Center for Disability Research, Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care and The Centennial Fund.



**Ahmad S. Al Rajhi**

**Member of the Board of Directors**

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. Ibrahim Al Romaih is currently the Chief Executive Officer of Saudi Arabian Investments Company “Sanabil Investments” and he was appointed by “Sanabil Investments” to join the ACWA Power Board of Directors. He was first appointed to the ACWA Power Board of Directors in 2013.

Prior to joining Sanabil Investments in 2009, Mr. Al Romaih was appointed in 2004 by royal decree as the Vice Chairman of the Capital Market Authority (CMA). He has served prior to that from 1985 until 2004 as Assistant Secretary General of the Public Investment Fund (PIF).

Mr. Al Romaih is a member of the Board of Directors of National Commercial Bank, Saudi Arabia and he served as a Board Member and/or Chairman in several local and international companies.



**His Excellency Mohamed T. Al Nahas**

**Independent Member of the Board of Directors**

H.E. Mr. Al Nahas is the Governor of the Public Pension Agency in Saudi Arabia. He is also a member of ACWA Power’s board of directors, with more than 32 years of experience in banking, business development and management.

H.E. Mr. Al Nahas has served as the general manager of the Alinma Bank’s Retail Banking Group, where he was a founding member of the first bank branch, and is currently tasked with boosting the financial growth of Alinma. H.E. Mr. Al Nahas continues to hold a number of leadership positions at Alinma Bank, and is also a member of the Audit and Risk Committee in Public Pension Agency.

## BOARD OF DIRECTORS continued



**Tariq M. Al Mutlaq**

### Independent Member of the Board of Directors

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.



**Mohsen Kahlil**

### Independent Member of the Board of Directors

Mr. Mohsen A. 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 International Finance Corporation (IFC) and the World Bank.

His latest appointment which ran until the end of 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.



**Rasheed A. Al Rasheed**

### Member of the Board of Directors

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



**David Crane**

### Member of the Board of Directors

Mr. Crane is a member of the Board of Directors at ACWA Power, Director at ACWA Holding and ACWA Guc, ACWA Power's Subsidiary in Turkey. Mr. Crane joined the board in 2016. 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 for Lehman Brother's Global Power business in emerging markets.



**Federico Tauber**

### Member of the Board of Directors

Federico Tauber has a broad range of experience in business management, investment banking, financial services, real estate and corporate restructuring developed over a career of 20 years in Latin America and 9 years in the Middle East. In addition to leading Gemstone, he is a Board Member of AEP investment, Basil Trust and ACWA Power.

Mr. Tauber was President of Tameer Holding Investment where he was responsible for the completion of seven assets comprising more than 3,000 residential units. Prior to joining Tameer he was Vice President of Business Development of Al Rajihi Holding, and Managing Director of Citigroup.

## EXTERNAL ASSURANCE STATEMENT 2016, GRI G4 "IN ACCORDANCE" CORE



Environmental Resources Management (ERM) – Abu Dhabi Branch was commissioned by ACWA Power (ACWA) to complete an independent review of the summary of sustainability performance included in its printed 2016 Annual Review Report and to provide an external assurance statement for the report.

### SCOPE OF ASSURANCE

This statement is intended to provide a 'limited level' of assurance and is based on International Standard on Assurance Engagements (ISAE 3000). The assurance process covered one indicator each from the following eight material aspects:

- Environment Category: Energy and Emissions;
- Economic Category: Economic Performance, Indirect Economic Impacts, Procurement: Spend on local suppliers; and
- Social Category: Occupational health and safety, Diversity and equal opportunity and Compliance.

### OBJECTIVES AND SCOPE

The assignment's scope includes whether the information on GRI's materiality assessment and stakeholder relationships and other selected disclosures (for the reporting year January to December 2016) are reported fairly in accordance with the reporting criteria.

### APPROACH

To undertake the assignment, we carried out the following activities:

- Visit to ACWA's Dubai office to obtain the necessary information and explanation necessary to arrive at our assurance conclusions. We issued clarification questionnaires to better understand the systems and processes used for collecting and reporting the information and performance data for the selected disclosures;
- Cross-checked that the data included in the report aligns with the raw data provided by ACWA;
- Reviewed 2016's materiality assessment outcomes against technical protocols informing the assurance review;
- Mapped disclosure items, plus disclosure on management approach, to GRI requirements to reduce reporting gaps; and
- Conducted a high-level principles based assessment on the sustainability performance summary report.

### CONCLUSIONS

ACWA's reporting of the general Standard Disclosures and eight material aspects included in the assurance scope fulfil the GRI Core "In Accordance" Level requirements; based on the assurance procedures conducted, nothing has come to our attention causing us to believe that ACWA's disclosure approach for these aspects is not in accordance with protocols for transparent sustainability reporting.

### STATEMENT OF INDEPENDENCE AND LIMITATIONS

ERM is an independent professional services firm dedicated to sustainability related services. We have not been involved in the development of this report, or in any data collection processes. We have conducted this engagement as an independent third party, and to our knowledge, there has been no conflict of interest. ERM ensures that the assurance team possessed the required competencies, maintained neutrality and performed ethically throughout the engagement. Prior year data, where reported in assured G4 disclosures, have not been assured. Financial information has been extracted from third party audited financial statements provided by ACWA and has not been through any further validation by ERM. We have neither assured data for aspects outside of ERM's scope nor data received from ACWA's operating and maintenance companies.

### OUR OBSERVATIONS

Through the process of data assurance, we understand that ACWA regularly interacts with its stakeholders as part of day to day business activities. This year, ACWA took an important step forward, and addressed a 2015 reporting recommendation, by conducting an in-depth materiality assessment to identify topics relevant for sustainability reporting. ERM believes the full value of the materiality assessment can be realised in the 2017 report if ACWA puts in place mechanisms to gather data reliably for all material aspects, such as waste generation and water consumption.

A handwritten signature in black ink, appearing to read 'G. Roberts'.

**Gareth Roberts**

Partner

Environmental Resources Management – Abu Dhabi

31 July 2017

## GLOSSARY

<b>CCGT</b>	Combined Cycle Gas Turbine	<b>KSA</b>	Kingdom of Saudi Arabia
<b>CEGCO</b>	Central Electricity Generating Company	<b>LTI</b>	Lost Time Incident
<b>CEMP</b>	Construction Environmental Management Plan	<b>NOMAC</b>	First National Operation & Maintenance Company
<b>COD</b>	Commercial Operation Date	<b>NTP</b>	Notice to Proceed
<b>CSP</b>	Concentrated Solar Power	<b>OEM</b>	Original Equipment Manufacturer
<b>EHS</b>	Environment, Health and Safety	<b>Offtaker</b>	Contracted buyer of power and/or water
<b>EMP</b>	Environmental Management Plan	<b>OHSAS</b>	Occupational Health and Safety Assessment Scheme
<b>EPC</b>	Engineering, Procurement, Construction	<b>OTS</b>	Owner's Technical Specification
<b>ESIA</b>	Environmental and Social Impact Assessment	<b>O&amp;M</b>	Operations and Maintenance
<b>GCC</b>	Gulf Cooperation Countries	<b>PCOD</b>	Project Commercial Operation Date
<b>GHG</b>	Greenhouse Gas	<b>PPA</b>	Power Purchase Agreement
<b>GRI</b>	Global Reporting Initiative	<b>ProjectCo</b>	Project Company
<b>HIWPT</b>	Higher Institute for Water and Power Technologies	<b>PV</b>	Photovoltaic
<b>HSE</b>	Health, Safety, and Environmental	<b>PWPA</b>	Power and/or Water Purchase Agreement (P(w)PA)
<b>HSSE</b>	Health, Safety, Social and Environmental	<b>SMEs</b>	Small and Medium Enterprises
<b>IFC</b>	The International Finance Corporation, member of the World Bank	<b>SPV</b>	Special Purpose Vehicle
<b>IPP</b>	Independent Power Project	<b>WPA</b>	Water Purchase Agreements
<b>ISO</b>	International Organisation for Standardisation	<b>UAE</b>	United Arab Emirates
<b>IWP</b>	Independent Water Project	<b>WB</b>	World Bank
<b>IWPP</b>	Independent Water & Power Project	<b>YoY</b>	year on year



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