

Powering futures



Sustainability Report 2017



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, Vice President of the Council of Ministers
and Minister of Defense

We are ACWA Power

ACWA Power is a developer, investor, co-owner and operator of an international portfolio of power generation and water desalination plants. Founded 13 years ago in Saudi Arabia, ACWA Power is experiencing growth, which outstrips many of our industry peers in the region. Committed to delivering shareholder value and outstanding customer service, we are guided by the benchmarks of safety, reliability, and cost leadership.

We produce and sell electricity and water in bulk to state utilities and major industrial corporates through long-term contracts. With a combined size of more than SAR 100 billion, our portfolio consists of 46 assets including nine in advanced development across 10 countries and three continents, with a total capacity of 27 gigawatts and 2.8 million cubic metres per day. This includes 19 renewable energy assets as of 31 December 2017.

At its core, our business is about providing two of the basic necessities of life: water and power. For this reason, it is our natural obligation to hold ourselves responsible for the way we operate. Our commitment to doing business the right way extends to our employees, partners and communities as well as the natural environment on which we all depend.





Qurayyah IPP, Saudi Arabia

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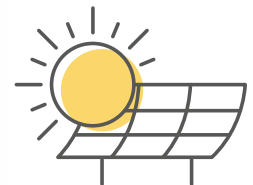


Shuaibah IWPP, Saudi Arabia

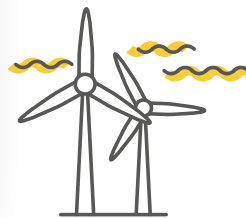


10
countries

46
projects



19
renewable
energy assets



Building an enduring legacy

Given that we are privileged to be contributing to the health, wealth and happiness of people by providing electricity and desalinated water to the communities and countries we operate in, it is our aspiration to be the leading private developer, owner and operator of power generation and desalinated water production plants entirely focusing on reliability, value generation and cost leadership. We take it very much as our obligation to reliably provide affordable energy and, where relevant, desalinated water without compromising on quality, environmental impact or maximisation of value retention within the communities and countries we operate in. As we continue to transform the industry and extend into new geographies, markets, and technologies in 2018 and beyond, we will continue to hold ourselves accountable for the wellbeing of our people, the communities we serve, and the physical and natural environment in which we operate.

Social and environmental responsibility is central to our values, our culture and our business. We embrace this responsibility. Given that the assets we invest in are located in communities and have a technical life of many decades, we understand well the need to be a value-contributing and accountable member of these communities. Over the last decade, ACWA Power has experienced an era of accelerated growth – from winning one or two projects annually, progressing to three to four, to now winning eight or nine projects in each of the last three years. We have successfully found ourselves doing the right thing, in the right place, at the right time, and we are proud to have established ourselves as an innovator in the power generation and water desalination sectors.

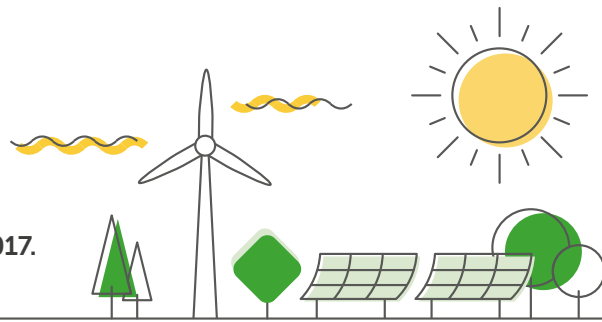
We have been sprinting to get where we are, but we are in the business of running marathons, as our success relies on long-term investments, projects and relationships. When one's business is providing the basic necessities of life, one should not just focus on immediate needs and opportunities; one must build an organisation that can last the test of time, enjoying not just successes, but also efficiently addressing crisis and disaster. Sustenance of our organisation is therefore at the heart of our business strategy, as we move from an era of rapid growth into a future of global leadership, industry innovation and long-term endurance.



Jasdeep Singh Anand, ACWA Power

40Mn

Our construction activity has increased from 35 million man hours in 2016 to 40 million in 2017.



SAFETY: ENSURING COMPLIANCE TO PROTECT OUR PEOPLE AND OUR BUSINESS

ACWA Power relies on the work of many people – our employees and those of our partners, our contractors, and the entire supply chain – to build, operate and maintain complex equipment and machinery. These operate at very high temperatures and speed, as well as at grate heights and processes, which utilise volatile, corrosive and toxic materials. Without great care and dedication of each and every person, our business simply would not survive.

It is with the greatest heartfelt sadness and remorse that we acknowledge the death of one of our Khalladi wind farm construction workers in Morocco, who was struck by a construction vehicle, and a Shuaibah water desalination plant subcontractor, who suffered a fatal electric shock. We have taken the necessary and appropriate actions of properly investigating these occurrences with comprehensive, independent safety assessments and are continually learning lessons and improving processes and procedures. With a track record of increasing project bid wins, our construction activity has increased from 35 million manhours in 2016 to 40 million in 2017, which naturally raised the risk of associated injuries. Notwithstanding, we are pleased to report that we have continued to keep our overall LTI and incident rates below the targets we set, which in turn are well below industry averages.

It is our topmost priority to protect our people and communities by taking rigorous measures to ensure security and safety in all of our operations. ACWA Power is devoted

to responsible business practice, maintaining good corporate governance and complying with all relevant legal obligations in the markets where we operate.

We not only seek to protect those on the ground, but also the security of our business for our other stakeholders. Shareholders, government partners, suppliers and customers place great trust in the reliability of our assets and operations. We remain focused on identifying risks, compartmentalising and assigning risks to those who can manage those risks, insure what can be insured and rigorously monitor and manage the residual risks. We have established robust contracting frameworks, stable financing mechanisms, and insurance solutions to fulfil our fiduciary duty and to earn and maintain the trust of these critical stakeholders.

PEOPLE: SUPPORTING THE STAKEHOLDERS WHO RELY ON US, AND ON WHOM WE RELY

In addition to safeguarding against operational and financial risks, we have made great strides to advance the health of our organisation and development of our employees. In 2017, ACWA Power participated in a thorough diagnostic review to better understand organisational strengths and opportunities for further development. Our aim is to build a culture of inclusivity, which is why we worked with over 500 employees to craft and formalise a three-year phased programme, called FIT, or 'Future Is Together'. Through this process, we will become better-equipped to effectively manage our human capital and support the personal and professional growth of our people for long-term success.

Investing in the long-term

- **Health of our operations**
- **Strength of our portfolio**
- **Trust of our relationships**
- **Wellness of our employees**
- **Prosperity of our communities**
- **Care for our environment and climate**

LEADERSHIP STATEMENT CONTINUED

We have a vested interest in the care of both our own people and the communities we serve. Power and desalinated water production assets are often located in the most remote and economically disadvantaged regions of the countries we operate in, a circumstance which makes local socio-economic development mission-critical for our business.

Within the investments we make in developing power generation and desalinated water production plants, we also include a range of CSR initiatives, including community infrastructure development, facilities provision, skills training and education and opportunities for wealth creation at this local level. In 2017, we supported 79 community projects worth SAR 11.3 million. We are particularly proud of our W+ programmes bringing skills and resources to women at Bockpoort in South Africa and at Ouarzazate and Khalladi in Morocco. We invite you to learn more about our community empowerment and development activity on pages 32 to 33.

Our strategy goes beyond philanthropy. We seek to maximise value retention within the communities and countries in which we invest by maximising our local procurement spend and building industrial capacity in the local supply chain to meet our asset construction, operation and maintenance needs. This includes finding existing local suppliers for our needs, leveraging what we can to bring international suppliers to our locations of operation, teaching community members the skills they need to support us, and working with governments to support local industries. We recognise that every dollar spent locally is an investment in ACWA Power's license to operate and the stability of our long-term contracts. We strive to

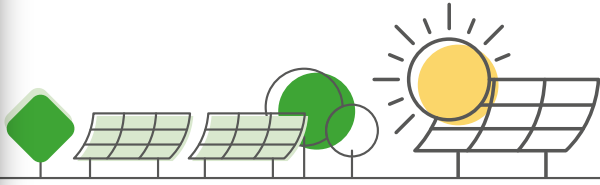
maintain positive, constructive relationships that bring value to the communities where we work and the countries in which we invest.

PERFORMANCE: NEW OPPORTUNITIES, SUSTAINABLE STANDARDS

As a company that strategically remains fuel-agnostic and technology-neutral to provide the most reliable and affordable power and, where required, desalinated water, ACWA Power's sustainability strategy relies on our ability to push the envelope when it comes to efficiency. In this way, we responsibly manage both our resource consumption and the impact of our operations on the physical and natural environment and climate. We are committed in any theatre of operation, with any given technology, to operate with the smallest possible carbon footprint.

Our supply chain, technology and financial innovations and efficiencies have led the industry into new developments for production capacity and tariff reduction. In the area of fossil fuel based power generation, we have progressively increased the efficiency of our gas fired power plants with every new plant being more efficient than the last, thus progressively reducing carbon emission per unit of electricity generated. We have acceptance of photovoltaic and concentrated solar energy plants across the world by persistently challenging the cost of electricity generated by these technologies. Today we retain the world tariff records for both these technologies. Our recent award to develop the first utility-scale solar PV plant at Saudi Arabia at Sakaka in 2018 at record-low tariff rates is catalysing opportunities for the renewable energy sector in this oil-rich region and helping to diversify the economy as envisaged in Saudi Vision 2030.

"2018 is poised to be another year of exciting and value-creating expansion and internal development for ACWA Power."



35 years

Our 700MW DEWA CSP plant will provide solar power 24 hours a day for 35 years.

Our DEWA CSP plant was a notable achievement for ACWA Power and the world in 2017. This 700MW plant will provide solar power 24 hours a day for 35 years by combining an innovative salt-based storage technology with a solar field, which will collect the heat of the sun and, with the resulting steam generation, produce electricity as demanded by the grid, all at a price lower than that of the equivalent gas fuel supply for Dubai, a fuel-importing Emirate.

In 2017, we have initiated new ways to address climate change risks and commercialise our environmental and sustainability attributes that bring value to shareholders and consumers. As we improve efficiencies and maintain a diverse portfolio of responsibly managed assets, we aim to align to the most relevant international ESG frameworks, such as the UN Sustainable Development Goals, as indicated throughout this report, and remain in compliance with the World Bank/IFC Environmental and Social Performance Standards.

2018 is poised to be another year of exciting and value-creating expansion and internal development for ACWA Power. We have embarked on a journey that is pivotal to our continued success as a pioneering leader not just for a few more years, but for decades to come in the markets where we operate today and others we will expand to in the future. As we continue to deliver value to those that depend on us and develop our regional platforms, we are publishing this Sustainability Report alongside the Annual Report to document our accountability and alignment to international standards. We are proud to share our sustainability strategy, initiatives and achievements, and to hold ourselves accountable with the utmost transparency in recognition of our responsibility to our people, our communities and our planet.

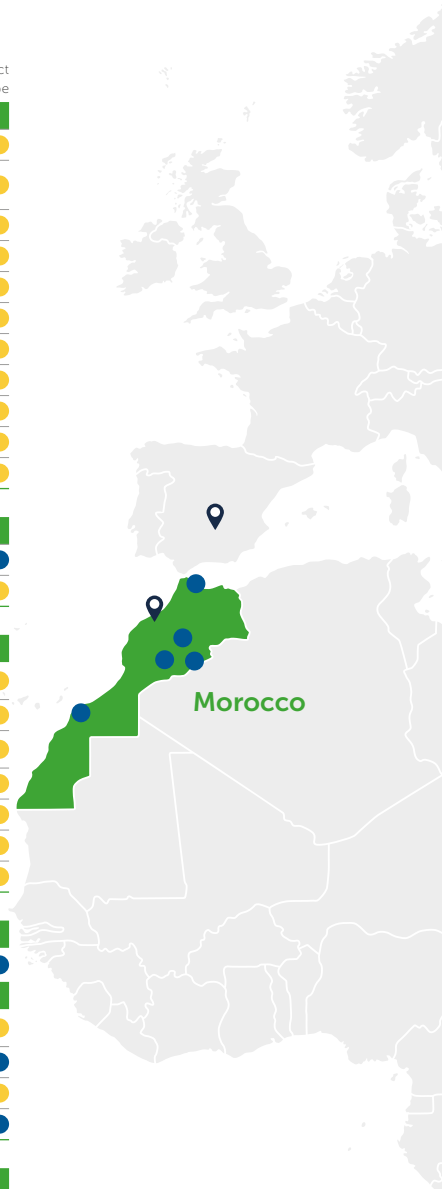
Paddy Padmanathan
President and CEO

Thamer Al Sharhan
Managing Director



OUR ASSETS

Project name	Project cost (SAR Mn)	ACWA Power effective share (%)	Contracted power (MW)/Water (000' m ³ /day)	PCOD (Actual/Expected)	Contract duration (years)	Project type
Saudi Arabia						
Petro-Rabigh IWSP	4,466	37.00	360/134	Q2 2008	25	●
Bowarege IWP	371	64.85	-/50	Q3 2008	Short-term contracts	●
Shuaibah Expansion IWP	874	30.00	-/150	Q4 2009		20
Shuaibah IWPP	9,188	30.00	900/880	Q1 2010	20	●
Marafiq IWPP	12,596	20.00	2,744/800	Q4 2010	20	●
Shuqaiq IWPP	6,866	32.00	850/212	Q2 2011	20	●
Rabigh IPP	9,398	40.00	1,204/-	Q2 2013	20	●
Qurayyah IPP	10,189	17.50	3,927/-	Q1 2015	20	●
Petro-Rabigh (Phase 2) IWSP	3,689	37.00	160/54	Q1 2018	25	●
Rabigh 2 IPP*	5,847	37.50	2,060/-	Q1 2018	20	●
Shuaibah Expansion II IWP*	1,176	100.00	-/250	Q2 2019	25	●
TOTAL	64,660		12,205/2,530			
United Arab Emirates						
Shuaa Energy PV IPP	1,222	49.00	200/-	Q1 2017	25	●
Hassyan IPP*	12,140	26.95	2,400/-	Q1 2023	25	●
TOTAL	13,362		2,600/-			
Oman						
Barka 1 IWPP	1,556	41.91	427/91	Operational when acquired, acquisition Q3 2010	18.7	●
Barka 1 Expansion IWP	204	41.91	-/45	Q2 2014	8.2	●
Salalah 2 IPP – Existing	629	45.00	273/-	Operational when acquired, acquisition Q2 2015	15	●
Barka 1 Phase II Expansion IWP	298	41.91	-/57	Q1 2016	6	●
Salalah 2 IPP – Greenfield*	1,687	45.00	445/-	Q1 2018	15	●
Sohar 3 IPP*	3,589	44.90	1,710/-	Q1 2019	15	●
Ibri IPP*	3,626	44.90	1,509/-	Q2 2019	15	●
TOTAL	11,589		4,364/193			
South Africa						
Bokpoort CSP IPP	1,939	40.00	50/-	Q1 2016	20	●
Jordan						
CEGCO Assets	3,885	40.93	990/-	Operational when acquired, acquisition Q3 2011	15	●
Mafraq PV IPP*	265	100.00	50/-	Q4 2018	20	●
Zarqa IPP*	1,819	60.00	485/-	Q3 2018	25	●
Risha PV IPP*	254	100.00	50/-	Q3 2019	20	●
TOTAL	6,223		1,575/-			
Morocco						
NOORo I CSP IPP*	3,153	73.13	160/-	Q1 2016	25	●
Khalladi Wind IPP*	655	75.00	120/-	Q2 2018	20	●
NOORo II CSP IPP*	4,125	75.00	200/-	Q2 2018	25	●
NOOR PV1 IPP*	788	75.00	135/-	Q2 2018	20	●
NOORo III CSP IPP*	3,233	75.00	150/-	Q4 2018	25	●
TOTAL	11,954		765/-			
Bulgaria						
Karadzhalovo PV IPP	1,020	42.00	50/-	Operational when acquired, acquisition Q2 2012	20	●
Turkey						
Kirikkale CCGT IPP	3,801	90.00	950/-	Q3 2017	Merchant market	●



Projects under advanced development

Project name	Project cost (SAR Mn)	ACWA Power effective share (%)	Contracted power (MW)/Water (000' m ³ /day)	Project type
Redstone CSP IPP, South Africa	2,959	50.00	100/-	●
Khanyisa IPP, South Africa	3,866	49.00	306/-	●
Nam Dinh 1 IPP, Vietnam	8,250	50.00	1,200/-	●
Salalah IWP, Oman	502	50.10	-/114	●
Dairut IPP, Egypt	8,250	40.00	2,300/-	●
DEWA CSP IPP, UAE	14,625	34.30	700/-	●
Ben Ban PV IPP*	713	59.51	120/-	●
TOTAL	39,165		4,726/114	

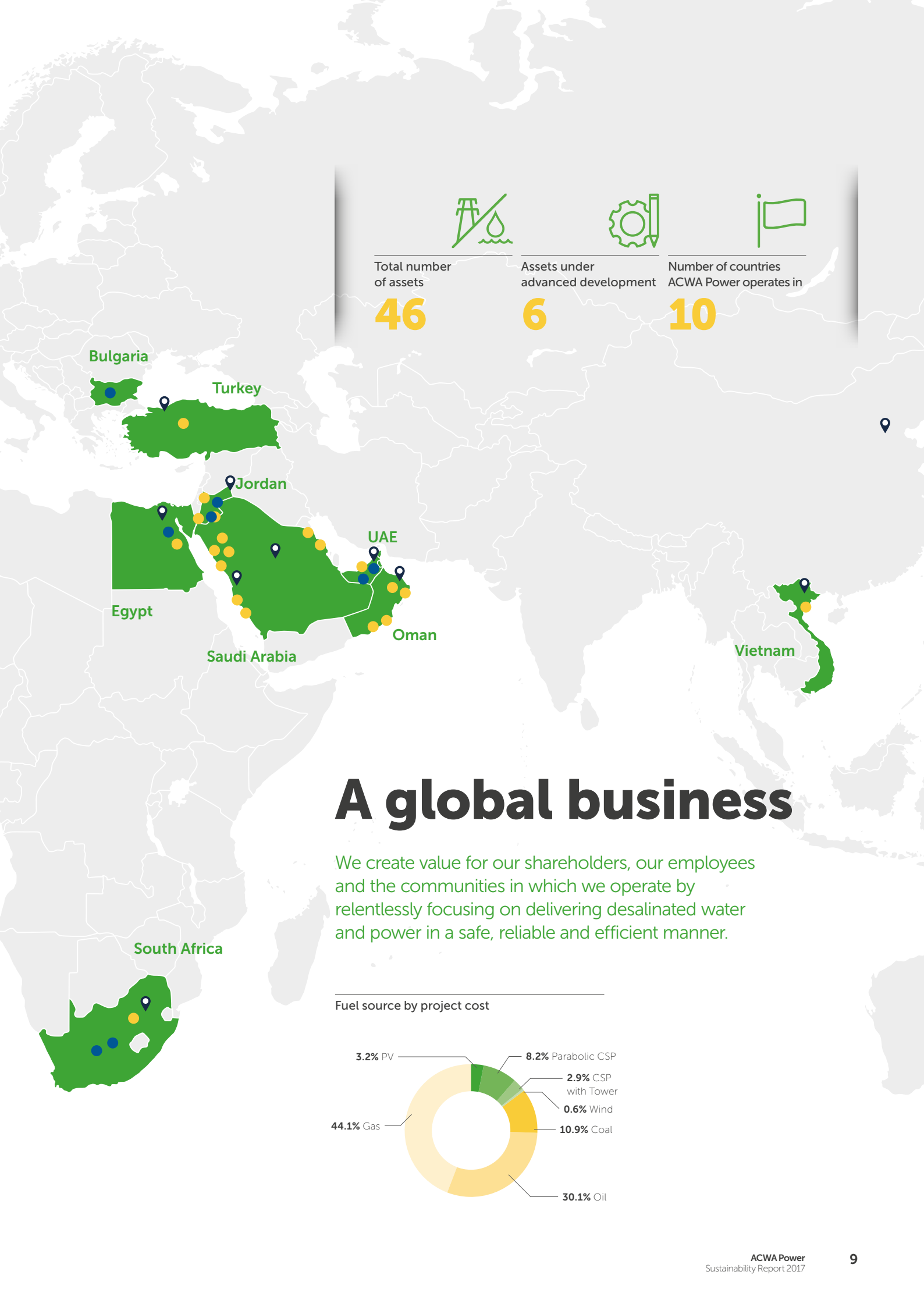
* Asset under construction.

Note: Ben Ban PV IPP and NOOR PV1 IPP have three projects each.

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

PROJECT TYPE

- Conventional
- Renewable
- 📍 Our offices



Total number of assets

46



Assets under advanced development

6



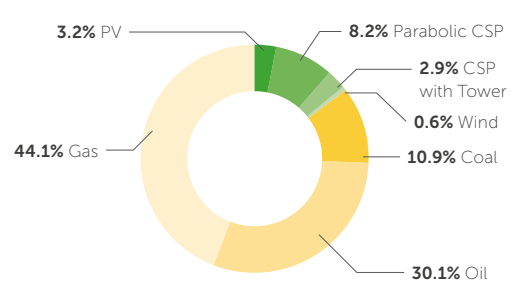
Number of countries ACWA Power operates in

10

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.

Fuel source by project cost



Creating sustainable value for all our stakeholders




OUR MISSION:

To reliably deliver electricity and desalinated water at low cost.

OUR VISION:

To support the economic growth and social development of nations through a reliable and safe supply of power and water, to spur innovation and entrepreneurship in the private sector.

OUR VALUES:

<p>Safety</p> 	<p>People</p> 	<p>Performance</p> 
<ul style="list-style-type: none"> We put safety first! We are committed to protecting the well-being of our employees, partners, plants and the communities in which we operate. We find sustainable solutions for our business to protect the environment for generations to come. 	<ul style="list-style-type: none"> We treat our employees and partners with respect and professionalism, fostering a working environment where people can contribute, innovate and excel. We work together in collaborative and inclusive teams, showing support for each other to achieve client, personal and company goals. We embrace integrity and transparency by practicing the highest professional and ethical standards towards our clients, communities and one another. 	<ul style="list-style-type: none"> We are committed to excellence in our business and operations. We set and achieve ambitious goals by constantly raising the bar of our performance. We hold ourselves accountable for taking ownership to achieve superior results. We are bold, passionately taking on challenges with speed and agility, quickly adapting to our environment in the relentless pursuit of growth and great results.



Our contribution to the UN Sustainable Development Goals

ACWA Power has aligned its sustainability efforts to the following UN SDGs.



Our business strategy

Become one of the largest privately owned IWPP players in the GCC, Middle East, Asia and Africa regions

Our strategic pillars

#1

Become the leading producer of desalinated water and electricity in our home market of Saudi Arabia

See Strategy in action on page 24 of our Annual Report.

#2

Balance our domestic business operations with creditworthy off-takers in strategically identified and developed stronghold markets outside of the Kingdom

See Strategy in action on page 26 of our Annual Report.

#3

Hold a majority shareholding interest in our operating companies to maintain maximum cost control

See Strategy in action on page 28 of our Annual Report.

Our foundation principles

- #1** An overall balanced asset portfolio
- #2** Strict adherence to our unique and socially responsible business model
- #3** The financial strength and flexibility to fund high growth

For more information on our 'Develop, Invest, Operate' model, see page 15 of the 2017 Annual Report.

Alignment with International Sustainability Frameworks

We have made the decision in this reporting year to transition from the Global Reporting Initiative (GRI) G4 to the new GRI Standards. As this is our first year using this new set of standards, the material in this 2017 Sustainability Report references the specific GRI Standards identified on pages 53 to 59.

ACWA Power has long maintained alignment to the World Bank/IFC Environmental and Social Performance Standards. This year, we have broadened our focus to other leading international frameworks, in recognition of ACWA Power's responsibility to support global sustainability initiatives and commitments. As such, we have evaluated material issues as identified by the Sustainability Assurance Standards Board

(SASB) for the electric and water utilities sectors, and included disclosures aligned to the Task Force for Climate-Related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (SDGs). ACWA Power supports its national government clients in their contributions to the SDGs, particularly in the areas of water, energy, employment, infrastructure and climate action. ACWA Power also strives to be a constructive partner to host governments by helping them pursue the objectives and commitments outlined in their respective Intended Nationally Determined Contributions (INDCs). Our efforts in these areas are indicated throughout this report, and more information can be found in our Climate Risk discussion on pages 36 to 37.

Fair, ethical and transparent governance

ACWA Power's corporate governance philosophy is based on a rich legacy of fair, ethical and transparent governance practices. We established many of these practices before they were mandated, having adopted the highest standards of professionalism, honesty, integrity and ethical behaviour at our inception.

Today, our corporate governance and that of our subsidiaries is aligned with local and international standards and best practices, as we strive to continually evolve and advance our approach in this area.

Our robust governance framework is designed to enhance accountability through the recognition and management of risk. It specifies the distribution of rights and responsibilities among various participants of the Group, including our Board of Directors and its five functional committees, our executive managers and our employees. The Group's fundamental objective is to protect and enhance shareholder value, while prioritising the interests of our other stakeholders.

We recognise that we have an impact on every community in which we operate; one that should be directed toward helping build a sustainable future. Our corporate governance policies and procedures, including our HSSE and CSR policies, help ensure that we are as invested in our communities as we are in our clients.

Reaching beyond our holding company, we also ensure that the governance structures at project companies are aligned with our standards. Furthermore, each project company is required to implement a risk-management framework based on ISO 31000 within 18 months of formation, thus providing a formal mechanism for the management of key risks.



ACWA Power, Sife El Amine



CODE OF CONDUCT AND BUSINESS ETHICS

We rely on and adhere to ethical conduct and business ethics to safely and efficiently provide two of life’s basic commodities for our native country and our client nations.

Our Code of Conduct and Business Ethics articulates our values, ethics and business principles, and serves as the ethical road map for the Group, our directors and our employees. The code includes our anti-bribery and anti-corruption policies, and explains how concerns related to non-adherence to the code should be reported. Internal audit, risk management and internal control processes continue to meet progressive governance standards.

Signed by all employees upon joining our company, the code includes standards for responsible and appropriate behaviour and highlights that unethical activity is a disciplinary offense that could lead to dismissal. As part of the orientation process, new employees take part in training and other ethics-awareness initiatives. Thereafter, we monitor ethical practices and closely engage with project managers on a regular basis to ensure the effective internal application of our standards.

Since 2012, our grievance procedure has been supplemented with an independent, 24/7 whistle-blower hotline and email that is available to all internal and external stakeholders, including contractors, subcontractors, suppliers, clients and advisors, and managed by an international, independent external provider with recognised expertise and experience.

During 2017, we received 25 complaints through the whistle-blower process. These included cases relating to compensation, benefits, performance, improper supervisor directives and procurement and purchasing practices. These cases were referred to and duly reviewed by our assigned internal professionals. The cases are effectively reviewed and resolved using internal processes in a timely manner, with none leading to litigation. During 2017, no other material issues concerning ethics, corruption, bribery or anti-competitive behaviour were addressed at a senior management level within ACWA Power.

“Our Code of Conduct and Business Ethics articulates our values, ethics and business principles, and serves as the ethical road map for the Group, our directors and our employees.”

Prioritising issues that matter

We engage formally and informally on an ongoing basis with our key stakeholders, first among whom are our clients, our employees and local communities.

Our clients, the public utilities that purchase our electricity and water, are a core focus of our engagement. Utilities have at least one seat on the board of the majority of our assets, ensuring direct engagement and responsiveness to their needs.

The general public, the ultimate end users of our water and electricity, are critical stakeholders of ours, although we do not, as a business that supplies mainly to governments, have frequent direct contact with them. We do directly engage with local populations, however, through CSR initiatives and community programmes that are most relevant to the communities in which we operate.

Finally, in our larger business network we are dependent on EPC (engineering, procurement and construction) contractors, equipment manufacturers, banks, and financial, legal and professional service consultants, making these additional key stakeholders.

We engage with all key stakeholder groups to learn and understand their expectations and requirements related to our business, which we then take into consideration in our strategic decision-making and goal-setting, and throughout asset delivery and operation.



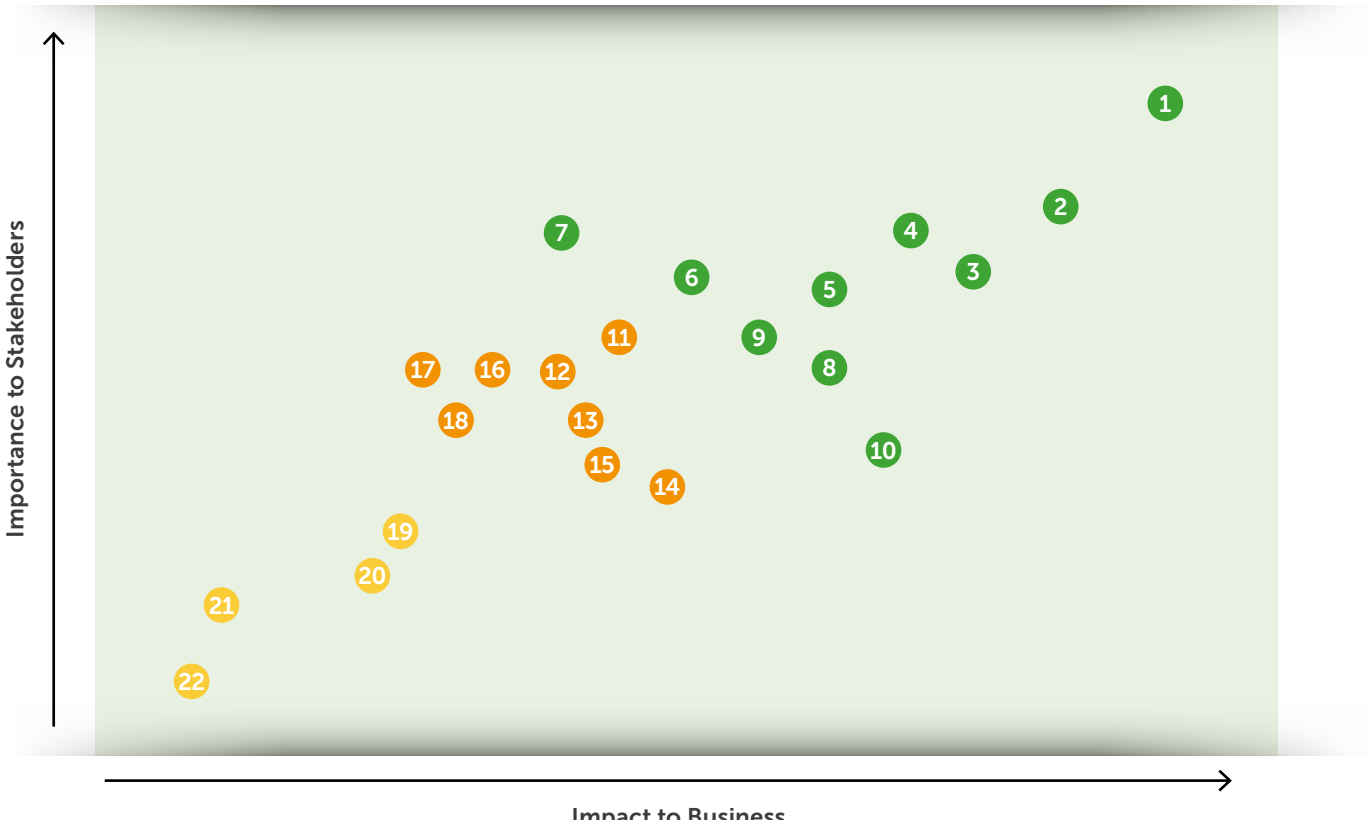
Thamer Al Sharhan, ACWA Power, in Morocco

PRIMARY STAKEHOLDERS – ENGAGEMENT FRAMEWORK

Locus	Stakeholders	Interests	Responsibility
Assets and facilities	Employees, Government agencies, Project shareholders, Primary suppliers, Finance institutions, Labour Groups, Contractors	Local communities, surrounding areas, regional initiatives, operations, compliance, environmental, health and safety management	Project Development Team, Project Company, Asset CSR Team, and O&M Service Provider
Regions	Employees, Off-takers, Regulators	National initiatives, office staff initiatives, diversity and inclusion	Regional Office Leadership
Corporate	Employees, Company shareholders, Suppliers, International organisations, Competitors	Strategic, international, Group-wide initiatives, partnerships and memberships, innovation and technology	Corporate Leadership Team

ACWA POWER'S MATERIAL ISSUES

In 2017, ACWA Power engaged AccountAbility, a global consulting and standards firm, to conduct an independent review of ACWA Power's material issues. The issues reviewed were inclusive of ACWA Power's previously identified issues, as well as those deemed relevant by TCFD and SASB for ACWA Power's business sector. The review process was guided by the GRI Reporting Principles of Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness, and included a survey of internal stakeholders from across ACWA Power's regions and departments, calibration with industry peers and leading practices, and validation by ACWA Power's senior sustainability leadership. The matrix below indicates the level of materiality – Low, Medium, or High – with regards to each issue's importance to ACWA Power's stakeholders and impact to ACWA Power's business. For more details on GRI Standards referenced for the below issues, please see the GRI Index on pages 53 to 59.



LOW

- Security Practices and Human Rights 19
- Indigenous Rights 20
- Biodiversity 21
- Research and Development 22

MEDIUM

- Training and Job Creation 11
- Emissions and Air Quality 12
- Water 13
- Energy 14
- Supplier Environmental Assessment 15
- Effluents, Waste and Hazardous Materials 16
- Diversity and Equal Opportunity 17
- Procurement Practices 18

HIGH

- Plant Economics 1
- Availability, Reliability and System Efficiency 2
- Regulatory Compliance 3
- Occupational Health and Safety 4
- Environmental Compliance 5
- Local Communities 6
- Indirect Economic Impacts 7
- Emergency Planning and Response 8
- Climate Risk and Climate Action 9
- Anti-corruption and Anti-competitive Behaviour 10



Safety

Protecting our workforce and our communities

WHY IT'S IMPORTANT

At ACWA Power, we understand that the industry in which we operate can create challenging and potentially hazardous situations for our employees and the communities in which we operate.

Safety is our top priority, which is why it is the first of our three core values. We take our responsibility in this area very seriously, and work to continuously improve our Health, Safety, Security and Environmental (HSSE) performance, for the good of our people – both, our workforce and our communities.

With our HSSE management programme, we aim to protect human health and safety, and the natural environment. It encompasses our employees, contractors, customers, shareholders and the communities where we operate, and includes our efforts to minimise our environmental impact and contribute to global water and energy solutions.

We set minimum standards based on international benchmarks to proactively manage hazard and safety risks. These standards require all operations to comply with the more rigorous of either local legislation and/or the IFC's Environmental and Social Performance Standards (ESPS) and EHS Guidelines.

By providing continuous skills training to all our employees, we embed high safety standards and procedures into the culture at ACWA Power as integral to the way we do business. Through regular audits, support resources and reviews, we aim to continue to provide a safe working environment for all our employees.

This also extends to our contractors and subcontractors, all of whom are required to demonstrate relevant HSSE competency and undergo the appropriate training in order to work on ACWA Power sites.

We are saddened to acknowledge the death of one of our Khalladi wind farm construction workers in Morocco, who was struck by a construction vehicle, and a Shuaibah water desalination plant subcontractor, who was shocked by electric current. We understand the risks involved in our business, and we do all we can to protect our team and community. In response to the regrettable incidences that have taken place, we have ensured competent independent investigation and responsiveness, with rectifying actions implemented across all sites.

We are responsible for the well-being of our people, and at ACWA Power, this starts with safety.

Rayan Mohammed Abdulghani
Director, HSSE

MANAGING ASSETS

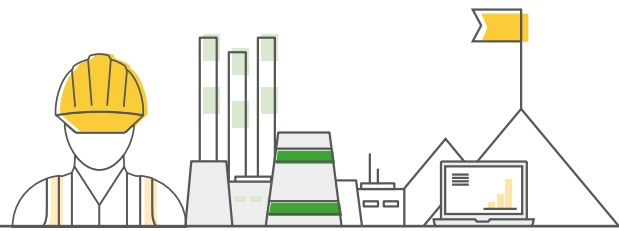
At the start of construction, asset-specific HSSE and social action plans are established as part of the implementation of the ESIA, which itself is also a contractual obligation.

Environmental and Social Impact Assessment (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.

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 ESIA's that are completed by independent consultants.

ACWA Power actively integrates the ESPS across its asset life cycle. Asset performance-related and technical issues with HSSE consequences are covered by ACWA Power's minimum technical specifications, which are applied to all assets. As a result, ACWA Power has led HSSE improvement and safety culture change in some of the locations in which it invests and operates, based on ongoing international benchmarking activities.

By providing continuous skills training to all our employees, we embed high safety standards and procedures into the culture at ACWA Power as integral to the way we do business.



SECURITY PRACTICES

Security management and resources of construction and operational sites are the contractual responsibility of the EPC contractor or O&M service provider, respectively. All security operations are required to fully comply with local security industry and national legislation.

Security management and resources of construction and operational sites are the contractual responsibility of the EPC contractor or O&M service provider, respectively. All security operations are required to fully comply with local security industry and national legislation.

Because all power stations and desalination plants are considered critical national assets, there is normally additional security provided by host countries, through their national defence force or industrial security services, which further augments sites' security capabilities and resources.

SAFETY-RELATED LABOUR MANAGEMENT

ACWA Power has committed to respecting global standards and local requirements, and as such, has made a public declaration against discrimination and child labour in its CSR Policy. 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. Our industrial management systems in Jordan and South Africa also enable freedom of association with local unions.

The exact nature and scale of health and safety topics included in collective bargaining agreements varies by location, but our agreements and standards are often much more comprehensive than local legislation requires, as we strive to exceed regulatory minimums for all of our development and operations.

EMERGENCY PLANNING AND RESPONSE

Emergency preparedness and response is a significant part of HSSE management.

All ACWA Power construction and operational sites have formal emergency prevention, detection and response plans in place, which include crisis communication structures.

All sites have formally appointed, competent personnel for managing emergency situations. In addition, there are regular emergency drills and training, including a minimum of two tests per year. All drills are monitored to generate formal reports with lessons learned for continuous improvement.

Facilities that are co-located or share sites with other power and desalination plants arrange combined emergency drills that test the sites' overall preparedness. These drills are periodically observed and monitored by local authorities and civil defence personnel. During the planning and execution of emergency preparedness, we actively engage the local civil defence and, in some cases, we involve and support our neighbouring businesses.

An orange rectangular box containing a large white number '2' at the top. Below the number, the text reads: 'Minimum number of tests per year alongside regular emergency drills and training' in white font.

SAFETY CONTINUED

“An independent, 24/7 whistle-blower hotline and email are available to all internal and external stakeholders, including contractors, subcontractors, suppliers, clients and advisors.”

ALIGNING THE SAFETY PERFORMANCE OF OUR BUSINESS PARTNERS

ACWA Power develops long-term partnerships with suppliers, as with contractors, manufacturers, professional services consultants, lenders and host governments.

It is committed to ensuring that its own good practices and compliance systems are maintained across the supply chain. ACWA Power engages with prospective suppliers during project development to outline its HSSE requirements and conduct comprehensive HSSE due diligence assessments.

Partners are also required to adhere to best practices by including these requirements in contracts. ACWA Power conducts regular HSSE, E&S and quality inspections and audits of suppliers and their sites for all projects – both operational and construction.

To ensure effective application of these standards by its partners, ACWA Power monitors ethical practices and engages

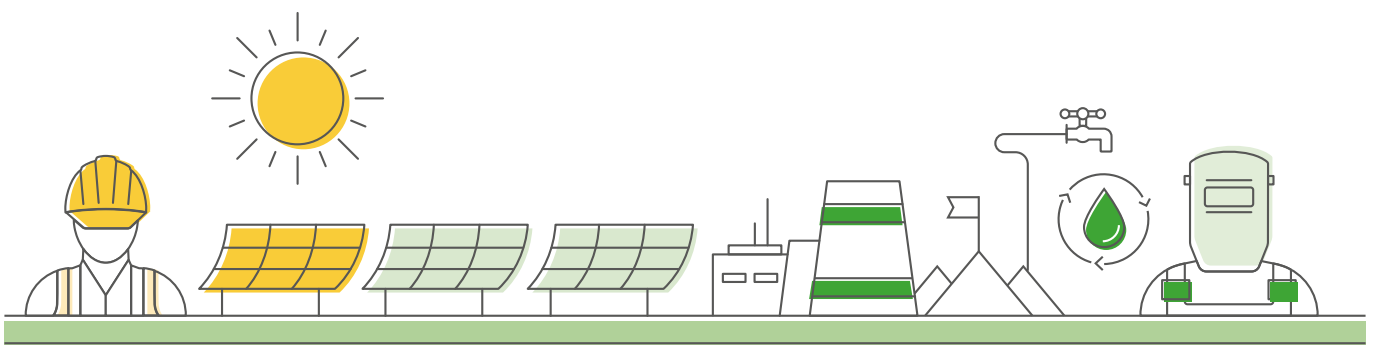
with project managers on a regular basis. In addition, an independent, 24/7 whistle-blower hotline and email are available to all internal and external stakeholders, including contractors, subcontractors, suppliers, clients and advisors. This grievance mechanism has been in place since 2012.

ACWA Power has placed significant emphasis on improving HSSE compliance of both our Tier 1 and Tier 2 suppliers during 2017. We have worked with our suppliers to ensure best practice in compliance with our stakeholders' expectations by adhering to the performance guidelines of the IFC, EBRD, World Bank and best international standards. ACWA Power will continue this trend during 2018 and continue to work with Tier 1 and Tier 2 supplier to improve if and when it is found necessary.

SUPPLIERS' LABOUR-RELATED SAFETY MANAGEMENT

As part of the due diligence required to ensure supplier compliance with the ESPS, the labour practices, impacts on society, human rights, and any child labour and forced/compulsory labour issues for new Tier 1 suppliers are assessed during the development and implementation of each new project's environmental and social management plan.

Formal assessment of Tier 1 EPC contractors during 2017 covered all operations. The assessment of any action-potential negative impacts is an ongoing task delegated to each project management team. Teams are expected to proactively review and implement actions appropriate to the nature and scale of the socio-economic context.



INNOVATIONS, TARGETS AND INITIATIVES

ACWA Power's 2017 health and safety performance improved on the previous year's and supported continual improvement in our key performance indicators.

Significantly, we met our internal corporate targets, which are comparable to international benchmarks. And all operating and maintenance service providers retained their ISO 14001 and OHSAS 18001 certifications.

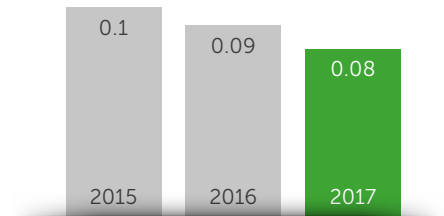
LTIs AND Ris

ACWA Power continued to maintain LTI rates below the target of 0.15 with rates of 0.03 for construction and 0.08 for operations in 2017. Following up on a 2016 commitment, focus was increased on HSSE tours, inspections, audit and HSSE observation during the year, for both operational plants and construction sites. We sustained an emphasis on process and fire safety, housekeeping, and developing professional staff in our operational plants, and work at height, excavations, lift management, simultaneous operations and commissioning safely on our construction sites.

LOST TIME INCIDENT RATE

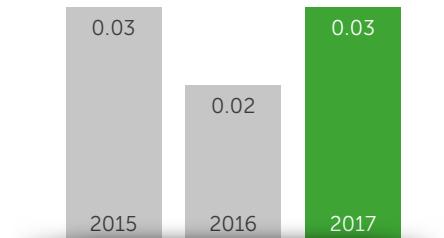
Operational phase (per 200,000 man hours)

0.08



Construction phase (per 200,000 man hours)

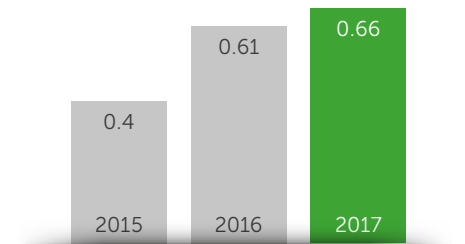
0.03



REPORTABLE INCIDENT RATE

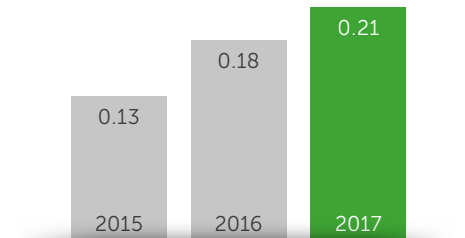
Operational phase (per 200,000 man hours)

0.66



Construction phase (per 200,000 man hours)

0.21



LOST TIME INCIDENT (LTI)

	2017	2016	2015
Operational Facilities – Employees	2	3	3
Operational Facilities – Contractors	2	1	1
Operational Facilities – Total	4	4	4
Construction Sites – Contractors	7	3	5
Construction Sites – Employees	0	0	N/A
Construction Sites – Total	7	3	5
Combined Total	11	7	9



People

Empowering our employees through organisational health

WHY IT'S IMPORTANT

As we aspire to be the most sought-after provider of power and desalinated water in the markets in which we operate, sustained quality is at the heart of our success. And it is you — members of the ACWA Power family — who deliver that quality.

As we continue to bid on and win more projects, we must create new processes and adopt new behaviours to ensure we continue to perform at the highest level and sustain excellence for decades to come. Our business and our people, like our assets, depend on our ability to endure and flourish as a team. We can only achieve this by working together effectively and under conditions that are conducive to enduring high productivity.

We recognise our responsibility to take care of our colleagues as we seek to maintain and improve ACWA Power's fitness for the long term. After conducting a formal review and diagnosis of our organisational health, we identified opportunities to further our culture of excellence and have created a programme called 'Future Is Together', or FIT. Like individuals, organisations need good health to perform to their potential.

At ACWA Power, we pride ourselves on our highly capable staff of high-performing employees. Through FIT, we will continue to invest in the wellbeing and development of our people and strengthen our enterprise over the next three years with reinforced structure and strategy to improve individual and team performance and to enable our business and customers to thrive.

In order to successfully affect ACWA Power's organisational health, culture and performance, we have designed FIT to embed our company values across all of our internal systems, with relevant KPIs and processes for greater accountability.

We have already initiated the first of three waves of FIT roll-out, which, we are happy to report, has received positive feedback from staff at all levels of the company. This includes programmes meant to foster connectivity, such as a company-wide intranet and leadership connection sessions, and improve our Performance Management approach with streamlined processes and metrics-driven dashboards. We have also seen significant engagement in our knowledge sharing, town halls and other cross-functional engagement forums.

As its name implies, FIT needs the active engagement of all staff. We believe we will see tangible benefits from this journey in 2018, and we look forward to continually improving the environment in which we work.

"We recognise our responsibility to take care of our colleagues as we seek to maintain and improve ACWA Power's fitness for the long term"



Mr. Ahmed Alsudais
Human Capital VP

Ms. Yara Anabtawi
FIT Director



180
 FIT leadership engaged
 with more than 180
 employees

MANAGEMENT PRACTICES

Our most senior leadership has committed to and endorsed FIT as a framework for engaging and empowering the people that make up ACWA Power; our Chairman, Mr. Mohammad A. Abunayyan, President and CEO, Mr. Paddy Padmanathan, and Managing Director, Mr. Thamer Al Sharhan, have all been hands-on throughout its rollout. Their leadership has enabled the programme’s successful launch and has mobilised employee buy-in.

Employees were pivotal in the development of FIT, notably with regards to determining its objectives and initiatives. FIT leadership engaged with more than 180 employees, including initiative leaders, team members, IT staff and consultant advisors, to listen to and collect their ideas and perspectives.

Through FIT, we have set in motion targeted strategies to achieve our objectives:

- For greater institutionalisation: We are strengthening our processes, procedures and structures to enable greater efficiency and productivity without losing agility.

- For effective leadership and collaborative culture: We are broadening participation and inclusiveness, including through acting as role models, investing time and effort at an individual level to develop future leaders.
- For structured performance management and formalised talent development: We are clarifying employee objectives, and basing constructive feedback and performance assessments on those objectives. We are also increasing transparency and the constructive nature of assessments to support employees’ growth within ACWA Power.

In keeping with these strategies, our Leadership Team and Executive Committee is working to elevate their roles from effective function heads to visionary leaders over the duration of FIT. Management has identified **strategic hiring, forward-looking performance management, and greater collaboration** as key organisational aims.

We are administering an ongoing engagement campaign, including periodic surveys, events, newsletters and the development of a new intranet platform to come in 2018. These are intended to measure the success of FIT roll out and its impacts on employee satisfaction and performance.

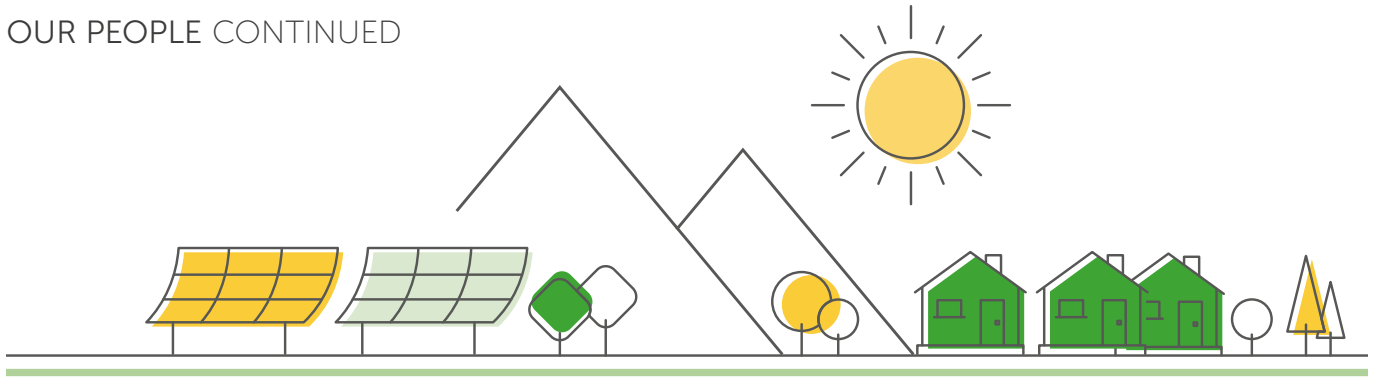
Ayder, Rize, Turkey – Hasret Yildirim, ACWA Power



When we smile at work – Hafiz Noman Amin, ACWA Power



OUR PEOPLE CONTINUED



ACHIEVEMENTS AND TARGETS

The FIT roll-out consists of three phased 'waves' of implementation. To date, we have completed much of Wave 1, where we are conducting the first round of performance appraisals under the new system. Employees across ACWA Power offices appear to be responsive to and engaged in the FIT initiative.

THREE PHASES OF FIT ROLL-OUT:

Wave 1 Laying the foundation and capturing quick wins	Wave 2 Pushing for impact	Wave 3 Sustaining momentum
<ul style="list-style-type: none"> Ensuring the effective communication of ACWA Power values across the business Building a culture of communication and establishing mechanisms for knowledge-sharing across the organisation Launching an ACWA Power intranet Crowdsourcing ideas from employees Creating and implementing a set of standardised management dashboards Improving current performance management systems and capacity-building Developing leaders 	<ul style="list-style-type: none"> Establishing an ACWA Power knowledge centre and document library Enabling learning Establishing mentorship programmes Building greater capacity Extending management dashboards Setting career paths for senior leadership 	<ul style="list-style-type: none"> Developing culture and value champions Creating learning and career paths Strengthening employee-development capabilities Establishing standard operating procedures

FIT TO COMMUNICATE AND COLLABORATE:

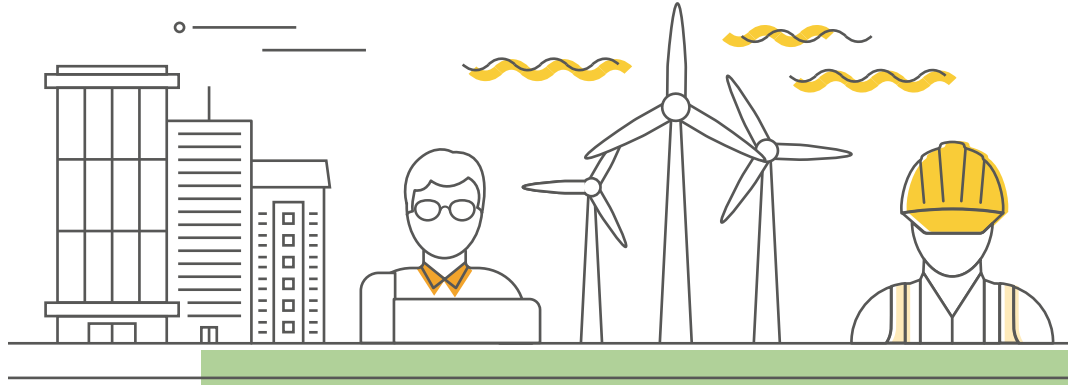
We have created a range of communication vehicles to increase awareness and build capacity with regards to FIT:

- 'FIT on Wheels': Communication sessions across our corporate offices to share performance management and values
- Town halls: Talks shared across offices, for example in Riyadh, Morocco, Jeddah and Dubai, or through our Blue Jeans system (for remote communication)

- The FIT newsletter, shared across the global team
- FIT 'corners' placed in the corporate offices to establish FIT with an accessible presence in the workplace
- FIT principles and goals displayed in meeting rooms, as reminders for leadership and employees

And tools to support collaboration:

- The gradual implementation of any new processes, procedures and platforms
- Knowledge-sharing sessions
- An intranet featuring internal news, events and forums
- 'Leadership connections': Lunches and other occasions that bring senior leadership and employees together in a social setting



TRAINING

A critical component of the FIT strategy is facilitating professional development with the appropriate skills training. This may include soft skills or technical skills.

We invest in employee technical training, with 2% of total wages allocated per person per year for training and development programmes across our company.

We decentralise training to local levels, with training opportunities tailored to the needs of each employee, as well as coordinate and oversee training through our Corporate Learning and Development team. In addition, 100% of contractors and subcontractors who work on ACWA Power sites are required to undergo the appropriate training and to demonstrate relevant HSSE confidence regarding their roles.

Beyond our internal efforts, the Higher Institute for Water and Power Technologies (HIWPT), in Rabigh, Saudi Arabia, is focused on developing the skill sets needed in a new generation of qualified technical staff to support our growth strategy and deliver our vision.

Finally, we are also committed to employing and training talent in the 10 countries in which we operate and to creating long-term relationships with local suppliers.

“100% of contractors and subcontractors who work on ACWA Power sites are required to undergo the appropriate training and to demonstrate relevant HSSE confidence regarding their roles.”

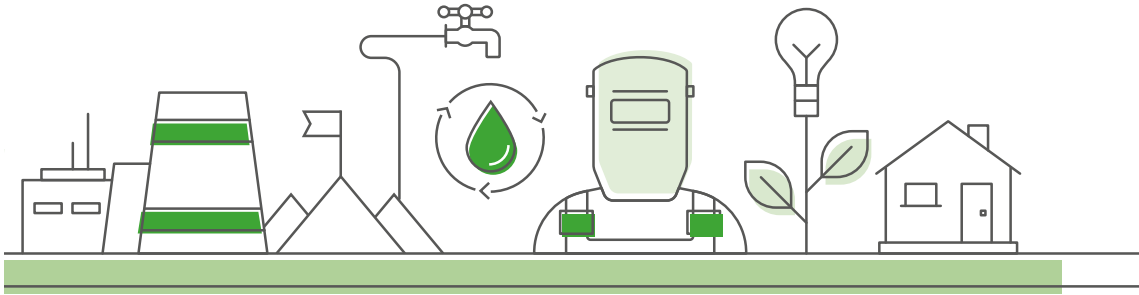
REWARDING SUCCESS

Recognition of individual and team contributions and achievements is important to our employees, as it builds a sense of being valued by our company. Recognition of significant achievements in innovation, be they in processes, activities or concepts, feeds the entrepreneurial spirit of our company and its competitive advantage.

A main objective of our FIT initiative is to strengthen our approach to performance management and talent development, creating clear paths of achievement and advancement across our functions and company.

In 2017, we measured employee productivity and performance through formal appraisal processes. These assessments take place annually, with an employee’s performance graded on a four-point scale.

OUR PEOPLE CONTINUED



COMPLIANCE WITH GLOBAL STANDARDS

In line with our values, we are committed to conducting business in an ethically, environmentally and socially responsible manner, and to communicating transparently with our stakeholders.

Our operations are typical of industrial utility environments, and as such, they pose potential hazards and risks our workforce and surrounding communities. We proactively manage these by setting minimum standards based on international benchmarks that require all operations to comply with the more rigorous of either local legislation or the IFC's Environmental and Social Performance Standards and EHS Guidelines.

We operate and behave in accordance with the policies outlined in our Code of Governance, ensuring that our operational facilities demonstrate legal compliance. In addition, we proactively avoid health, safety, security and environmental (HSSE) impacts

as a cornerstone of sustainability and international good practice.

As we scale up operations, our activities affect the social, economic and environmental well-being of our host countries. All stakeholders benefit when we work as a responsible operator with our host nations to develop local infrastructure, provide employment opportunities and build economic value at the local level.

LAWS AND CONTRACTS

At a minimum, our environmental and social management and performance benchmarks comply with all relevant laws and contracts. Our benchmarks also often exceed regional

and local standards because we proactively comply with the latest and most demanding asset requirements at the global level.

IFC REQUIREMENTS

We adhere to current IFC and World Bank requirements to ensure that our financial partners and lenders can readily comply with their Equator Principles commitments. These standards dictate our responsible management of externalities, and include requirements for the wellbeing of ACWA Power's local workforce.



Photo provided by Faisal AlAslani
HSSE Manager at HAJR electricity
production company in Saudi Arabia



Photo by Hattim Khaleel, RABEC

EMPLOYEE BENEFITS

We provide our employees with compensation packages that comply with all regional legislation and legal requirements. We regularly engage in salary and compensation benchmarking exercises to assess our competitiveness in the markets where we operate. These assessments have found that overall, we offer above-average market-related remuneration.

With the investment being made in performance appraisal improvement through FIT, we are improving our bonus structure to further emphasise personal growth and achievement, for the benefit of individuals as well as ACWA Power as a whole.

In addition to attractive compensation packages, we offer comprehensive employee benefits packages, including

private international healthcare, allowances for gyms and health clubs, and annual leave packages.

In most countries in which we operate, however, benefits are addressed either through end-of-service benefits (a fixed and final payment by the host organisation) or through national benefits plans.

DIVERSITY AND OPPORTUNITY

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.

Our Human Resources and CSR policies articulate our commitments related to diversity, gender and equal opportunity employment at ACWA Power.

Diversity and equal opportunity practices include the employment of women throughout our organisation, in line with local customs. We apply an equal remuneration policy for men and women performing the same job.



242
In 2017, 242 employees
joined ACWA Power

EMPLOYEE SATISFACTION

We formally assess employee satisfaction through surveys and the performance appraisal process, and we monitor attrition rates across our company.

133
In 2017, we employed
133 women, 28 of which
were at the manager
or director level

Supporting our communities

Our work to support economic and social development in host nations and communities is not only the right thing to do, it's mission-critical. Recognising that well-being is interdependent, we have a desire as well as a responsibility to contribute to the communities where we operate.

Our mission to reliably provide power and water at the lowest possible cost lays the foundation for economic and social development in local communities. We rely on these communities and host nations to support our workforce needs, skills requirements, materials and infrastructure, safety and security. In turn, we hire local nationals, provide skills training and professional development, and localise our supply chain to the fullest extent possible.

Beyond hiring, training and sourcing to meet operational needs, we also fund local community projects which have the most impact on enhancing community well-being. In 2017, our operational plants funded numerous such projects worth SAR 11.3 million, including efforts to develop local infrastructure, improve access to education and healthcare, increase agricultural productivity and advance women's empowerment.

Additional CSR work is also being delivered by our projects still in construction.

Investing in local communities aligns not only with our business strategy and objectives, but also with global and national frameworks for sustainable development, such as the Saudi Vision 2030, the UN Sustainable Development Goals (SDGs), the World Bank/IFC Environmental and Social Performance Standards and the Paris Climate Agreement. We aspire to be seen as a global leader in this area to support these agendas.

Our assets are long-term investments that require relationships with local communities spanning generations. We are glad to have strengthened our role as a community member in 2017, and we look forward to renewing our commitment to add significant and sustainable value in every location in which we operate over the coming years.

"We aim to create a virtuous cycle of sustainable development in the communities in which we operate."



Atlas Mountains behind NOORo, Morocco



Hofa Wind, Jordan

LOCAL INFRASTRUCTURE

Our business model supports the enhancement of local infrastructure.

Our projects have a lifecycle of 20 to 35 years and sustained performance is therefore critical. The maintained stability of our assets ensures that we meet our long-term contractual obligations to our customers while also protecting a significant portion of our return on investment, which arises in the second half of the investment tenure.

In addition, not market pricing, and endeavouring to provide the lowest possible rates to our host nations affords them the opportunity to reduce subsidy spending and invest in needed infrastructure and development programmes.

Technology-neutral and fuel-agnostic, we choose technologies that will best meet the needs of the individual nations and communities with whom we collaborate. We have, therefore, invested in local

infrastructure development across the spectrum of energy and water desalination technologies, including natural gas, oil-fired, coal, wind power, photovoltaic, concentrated solar power, waste-to-energy and reverse osmosis. For more information on the breakdown of our assets and operations, please see pages 8 to 9.

Beyond our direct investments through project construction and operations, we are committed to contributing to a positive living environment in communities where we operate, many of which are remote and underserved. This is why we have also supported community infrastructure improvements in transportation, education and healthcare services, rooftop solar installations, and energy-saving lighting retrofits.

**Jordan
Central Electricity
Generating Company
(CEGCO), in collaboration
with the Ministry of
Municipals/Rehab
Municipality, is replacing
compact fluorescent
street lighting**

2x

Municipal LEDs are 2X as efficient as current lighting.

↓ **Energy costs**

↓ **Maintenance costs**

↓ **Heat waste**

↓ **Carbon emissions**



LOCAL COMMUNITIES CONTINUED

SUSTAINED LOCAL WORKFORCE AND SUPPLY CHAIN

We have made significant investments in a local employment strategy that prioritises skills training and development to provide a technically proficient local workforce for each of our projects.

This approach supports our effective integration within local communities and is also aligned with the workforce objectives of local, provincial and national governments.

We also engage with local suppliers to form long-term relationships.

During project development, we aim to ensure that a significant proportion of the value of each project is sourced through local suppliers, taking into consideration the local availability of both technologically simple and advanced equipment. Our local sourcing commitments are driven by government or shareholder requirements agreed upon during development.

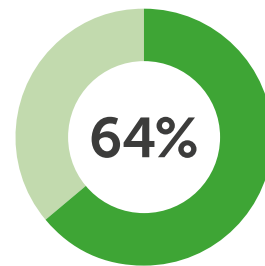
In addition, we strive to persuade supply chain partners to apply our values of local procurement, employment and training of the local workforce, and technology transfer. As a result, we have successfully incentivised several of our international suppliers to invest in local infrastructure and market presence, further extending our economic impact.

Desalinated water and reliable power are essential commodities that help form the foundation for economic growth and social development. In addition, we are often the dominant local employer where our plants are located. We acknowledge and take seriously our obligation to create shared benefits, working to ensure that our projects meet the environmental and social impact minimisation standards of the IFC and/or of local regulatory requirements.

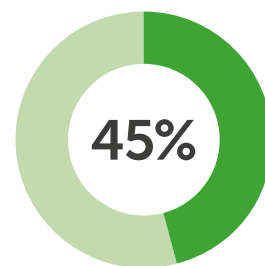
Our CSR initiatives are managed at the project level, where a framework of socio-economic development standards and guidelines is adopted at the commencement of operations in any new country. Each framework is based on local context and immediate economic and social needs, often involving education, healthcare and skills training. CSR spending data can be found on pages 50 to 51.

As of 2017, we employed 3,216 people, the largest concentration of whom is within NOMAC, our project operator subsidiary.

Across the Group, 64% of our employees are local nationals



Local nationals are also represented at senior levels; 45% of our managers and directors were local nationals in 2017

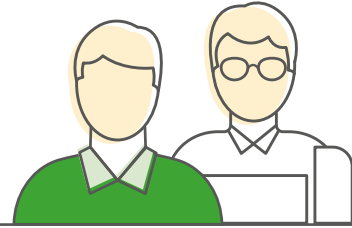


SAR 106,000

In co-operation with the Mafrak Development Corporation, ACWA Power will establish a vocational training centre in Mafrak to equip local candidates with technical skills that will help improve their lives by increasing their competitive work opportunities.

200

In Zarqa, ACWA Power will provide work opportunities for 200 people from the local community.



BUILDING SUSTAINABLE LOCAL COMMUNITIES: 2017 HIGHLIGHTS

Livelihoods

South Africa:

- Funding for apprenticeships across South Africa
- Created the Learning Programme to train solar field operators
 - 17 enrollees to date and some permanent placements in private sector
- Launched a business incubator programme
 - 20 local companies trained to date, including women-owned enterprises

Jordan:

- Funding a skills programme in eight schools to improve olive tree cultivation
- Sourcing catering needs from local, women-run kitchens
- Hiring locally and funding vocational training

Kingdom of Saudi Arabia:

- SqWEC's Internship Training programme sponsored six Jazan University Engineering Faculty students

Morocco:

- Funding tree-distribution and skills programmes to improve almond and palm cultivation and production
- Funding livestock and handicrafts initiatives

Oman:

- Developing engineering and other technical capacity in local workforce through training and engineering mentorships
- Sponsored industrial and marketing conference to connect local talent with commercial opportunities

Turkey:

- Funding vocational training for women and girls, teaching hairdressing and paid childcare skills



LOCAL COMMUNITIES CONTINUED

“We acknowledge and take seriously our obligation to create shared benefits, working to ensure that our projects meet the environmental and social impact minimisation standards of the IFC and/or of local regulatory requirements.”

BUILDING SUSTAINABLE LOCAL COMMUNITIES: 2017 HIGHLIGHTS

South Africa:

- Funding community soup kitchen
- Committed to build multipurpose Lovelife Youth Centre, with construction expected to begin in spring 2018
- Partnering with Lovelife to improve primary healthcare, guide personal development, and deter substance abuse
- Provided renewable electricity and water to remote homes without access

Jordan:

- Donated dialysis machine and provided free healthcare/medical days
- Rehabilitated a school and provided water coolers in another
- Provided food during Ramadan
- Donated sports equipment for children
- Supplied municipality with waste-removal vehicles

Kingdom of Saudi Arabia:

- Supported the renovation of mosque facilities and supplied new carpets and air conditioners
- Sponsored several Saudi National Day celebrations
- Partially funded an employee’s higher education
- Supporting the Optic Clinic at Sabya Hospital, which provides treatment for the blind

Morocco:

- Increasing access to healthcare in remote rural area
- Partnering with Operation Smile to provide dental care and cleft palate surgeries
- Funding preschool and supporting girls’ education
- Promoted sports through an Olympics week and athletic-scouting programmes

Turkey:

- Partnered to provide food during Ramadan, help for disabled children and a children’s kite festival

United Arab Emirates:

- Funding programmes that honour Dubai’s social roots

>200

We feed more than 200 people daily in South Africa

305

We donated rooftop solar panels to 305 homes in Duineveldt

200

Provided clean drinking water for nearly 200 homes in Topline and Opwag communities





79
In 2017 we funded 79 community projects with a value of SAR 11.3 million to support local community development

South Africa:

- Supporting math, science and technology skills-building through computer donations and math- and science-oriented programmes in local schools; Math League awards top achievers
- Provided funding for an assistant teacher and donated bicycles and clothing, support for school meals, and learning materials for a nursery school
- Established university bursary fund, awarded scholarships, and paid tuition for a student to attend school for the blind

Oman:

- Funding and building schools

Turkey:

- Sponsored a national education assessment

3,200

Set up the first test centre in the Kirikkale and Central Anatolia Region in Turkey for 3,200 students



Jordan:

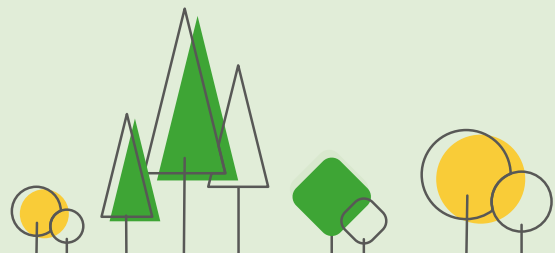
- Installed solar power in mosques and an educational organisation
- Replacing municipality's lights with energy-efficient LEDs

United Arab Emirates:

- Protecting marine and terrestrial ecosystems near our plant
- Relocating endangered species
- Restoring coastal lagoon mangroves and beaches
- Sponsoring public-education programmes in environmental stewardship

2,000

We planted over 2,000 trees in Jordan



LOCAL COMMUNITIES CONTINUED

EMPOWERING WOMEN THROUGH OUR W+ PROJECTS

In Morocco, we are investing in initiatives to bolster livelihoods, access to basic services and gender equality that are designed to produce long-term benefits for women, girls and their communities.

These W+ certified projects in turn generate units that we, as sponsors, can sell on an exchange, generating additional revenue for shareholders or reinvestment. The W+ model incentivises its own perpetuation through the rewarding of performance-based units.

W+ certification, developed by WOCAN, offers a unique mechanism to quantify and compensate women for previously unpaid contributions, thereby empowering women and their communities to thrive.

We continued our investment and involvement in W+ in 2017 and continued

to see tangible benefits for communities and our company. In W+ as well as our range of CSR programmes, we hope to serve as a role model for others in our industry. The main livelihoods in these project areas are related to agriculture and livestock, whose overall productivity is low. Women play an important role in crop maintenance and livestock management, and have difficulty accessing jobs outside of agriculture. Traditionally, local women have less access to financial resources than men. A 2015 study in the Khalladi Wind project area found that 85% of women that participated in focus groups were illiterate.

Khalladi Wind – East of Tangiers, Morocco

HANDICRAFTS TRAINING AND COOPERATIVES

PARTICIPANTS: Women

OUTCOMES TO DATE:

- Formation of two women's cooperatives engaged in handicrafts and sewing to support income-generating activities
- Training in co-op management, with focus engaging in decision-making processes

NOORo – Ouarzazate, Morocco

HANDICRAFTS TRAINING AND COOPERATIVES

PARTICIPANTS: Women

OUTCOMES TO DATE:

- Trainings in 2015 and 2016
- Co-operative formed in 2017
- Marketing of first orders, exhibits at Ouarzazate artisanal centre, liaison with large buyers such as Carrefour and Label Vie

LIVESTOCK MANAGEMENT

PARTICIPANTS: Women and men

OUTCOMES TO DATE:

- Provided sheep and animal feed to 280 households (2 sheep/household) across six villages
- Organised trainings in improved livestock management and health
- Increased household incomes, including potentially for women:
 - 30% of households reached the objective of eight lambs/year and SAR 5,000 of income per year
 - Study of women's access to and use of this income is underway

COOPERATIVES FORMATION AND TRAINING

PARTICIPANTS: Women and men

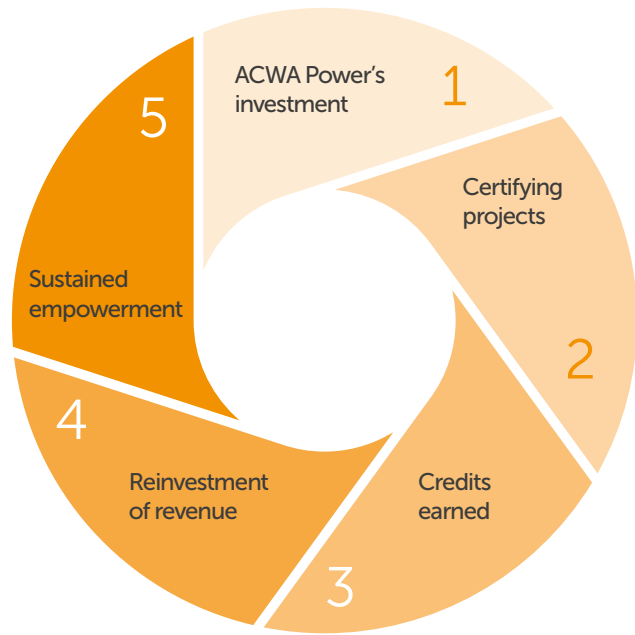
OUTCOMES TO DATE:

- Six cooperatives formed, with training for members in co-op operations and management
- Five co-ops are mixed, whilst handicraft co-op is women-only



W+ PROJECT CYCLE

1. ACWA Power's investment in local W+ projects
2. W+ certified projects in which women empower themselves and their communities
3. W+ credits/units earned by ACWA Power
4. Reinvestment of revenue from 'sold' credits/units into same or similar W+ certified projects
5. Sustained empowerment of women and girls through their own earnings, improved status and ACWA Power's sustained investment and example to other companies



CROP AND LIVESTOCK MANAGEMENT

PARTICIPANTS: Women and men

OUTCOMES TO DATE:

- Training in crop production to increase productivity (e.g., of cereals, pulses, arboriculture) for self-consumption and for trade of any surplus
- Training in improved livestock management and milk production, and support to establish milk-collection centres

AGRICULTURAL COOPERATIVES

PARTICIPANTS: Women and men

OUTCOMES TO DATE:

- Support for formation of four agricultural cooperatives
- Training in the operations and management of cooperatives, with emphasis on including women as well as men in decision-making bodies and processes

GENDER EQUALITY

PARTICIPANTS: Girls and boys aged 7 to 14

OUTCOMES TO DATE:

- Partnership with Association Anira to transport 53 girls and 23 boys to school
- Support for transportation fees, particularly for girls living in remote villages
- Awareness-raising among families of importance of educating girls

PALM TREE PLANTATIONS

PARTICIPANTS: Women and men

OUTCOMES TO DATE:

- Increased employment for local women and men
- Increase in women's confidence through engagement with the project: e.g., speaking more in meetings, participating in project decision-making

RURAL HEALTHCARE

PARTICIPANTS: Whole community

OUTCOMES TO DATE:

- Annual mobile hospital 'caravan' provides basic health services to rural communities
- Support for rehabilitation of local medical centre and purchase of an ultrasound system, with improved access to health services, including for pregnant women, and a reduction in emergency deliveries
- Financed an ambulance that facilitates transport to the provincial hospital, 40 km away

GENDER EQUALITY

PARTICIPANTS: Girls and boys of school age

OUTCOMES TO DATE:

- Purchase of school minibus and bicycles, whose use reduced school dropout rates, especially among girls
- Holiday camps and sports activities provided opportunities to build self-confidence



Performance

Sustainable long-term success of our business

At ACWA Power, we understand that, as one of the fastest-growing power generation and water desalination companies in the MENA region, our responsibility extends beyond affordable and reliable delivery, to the management of our impact on the natural environment.

Our industry is one with inherent environmental challenges, and we have therefore prioritised our environmental footprint as a necessary indicator of performance, regardless of fuel source, technology or geography.

With this 2017 Sustainability Report, we are committing to improving our environmental performance, bringing new and innovative commercial values to our carbon-reduction efforts and strengthening our ongoing commitment to leading global sustainability frameworks and initiatives. We have long-maintained alignment to the IFC's ESPS in our asset development and operations, and now aim to position ourselves as a sustainability leader and innovator, guided by the Paris Agreement, TCFD, SASB and the UN SDGs. Such alignment helps to harmonise our interests and actions with those of our local and global partners and spurs further industry investment, innovation and development.

Our commitment starts with our recognition of the risks that climate change poses to our business; our assets may be subjected to the impacts of extreme weather severity and frequency, and many are located in coastal regions at risk of flooding from sea level rise. To manage these risks, we have prioritised the necessary structural specifications for resiliency and insurance mechanisms for greater asset protection.

We have begun to recognise impact-mitigation efforts as commercial opportunities. Today, we are generating additional revenue from solar and other renewable assets, mitigating emissions from our fossil fuel plants, capitalising on advances in storage technology, increasing energy efficiencies at our existing plants, and passing on resulting cost reductions to our off-takers. Having driven down the costs of CSP technologies, for example, we are making utility-scale renewables affordable for the first time in developing nations with economies in transition. We have made possible the real prospect of establishing power grid infrastructure based on stored renewable energy in these Annex 2 nations.

We have also tapped into new revenue streams from the sustainability attributes of our assets, both operational and in development, such as through SolarCoin and International Renewable Energy Credits (IRECs). We are proud to champion local renewable industry development. Due to our lobbying efforts, the IREC marketplace is now open to Saudi Arabia and Jordan, creating a market and incentive for local renewables.

We have begun to shape the energy landscape of tomorrow. I am confident in our ability to continue leveraging emerging technologies and our own culture of innovation to not only mitigate our own climate-related risks, but also to create solutions that will elevate competition with our peers and transform the whole of our industry.

David Ungar
Director of GHG Emissions and Sustainability



SUPPORTING LOCAL AND INTERNATIONAL SUSTAINABILITY COMMITMENTS: SAUDI VISION 2030 AND THE PARIS CLIMATE AGREEMENT

At the most local level, we are committed to supporting our home market, Saudi Arabia. ACWA Power was originally established in Saudi Arabia in response to a 2002 government decision to increase the role of the private sector in advancing the Saudi economy. We have since rolled out similar public-private partnership models with our other host nations, but Saudi Arabia remains our greatest stronghold market and longest-standing government partner.

Our business objective to provide affordable and reliable electricity and desalinated water, coupled with our social and economic development CSR initiatives and growing portfolio, naturally position ACWA Power as a national champion of Saudi Arabia's Vision 2030 initiative. We are actively facilitating and contributing to the aspirations of the Saudi Vision 2030 and National Transformation Programme to diversify the Saudi economy, increase renewable energy generation capacity, modernise and expand local infrastructure, develop the local workforce and more broadly elevate the Kingdom's position in the global marketplace.

To learn more about our Saudi strategy and alignment to the Vision 2030, please refer to pages 24 to 25 in our Annual Report.

On a global scale, we recognise our responsibility to support multilateral commitments to climate action, such as the Paris Climate Agreement of 2015.

In 2016, we played an active role in the COP22 meetings in Marrakech, Morocco, intended to advance the carbon reduction commitments outlined in the Paris Agreement. We have since been working closely with our host governments to facilitate the development, deployment and utilisation of market-based instruments, such as volunteer carbon commodities and carbon offsets from our renewable assets, to achieve their stated Intended Nationally Determined Contributions (INDCs) to the Agreement.

“Our business objective to provide affordable and reliable electricity and desalinated water, coupled with our social and economic development CSR initiatives and growing portfolio, naturally position ACWA Power as a national champion of Saudi Arabia's Vision 2030 initiative.”

PERFORMANCE CONTINUED

CLIMATE RISKS

As a business that depends on the long-term physical and economic stability of our assets, we see ourselves as obliged stewards of the medium- to longer-term conditions in which we operate. We are committed to the responsible management of our climate-related impacts, risks and opportunities, and plan to formalise this process at ACWA Power.

RISKS

Climate-Related Risks	Potential Financial Impacts
<p>TRANSITION RISKS</p> <p>POLICY AND LEGAL</p> <ul style="list-style-type: none"> Enhanced reporting obligations Mandates on and regulation of existing products and service Exposure to litigation (the energy industry has become one of the most litigious industry sectors) <p>TECHNOLOGY</p> <ul style="list-style-type: none"> Costs related to transition to lower emissions technology <p>MARKET</p> <ul style="list-style-type: none"> Increased costs of raw materials Uncertainty in the market Disinvestments from fossil fuel may impact shareholders Resource-related volatility of the region (current market) and market related political ramifications (increased tension between countries sharing water resources) <p>REPUTATION</p> <ul style="list-style-type: none"> Stigmatisation of sector Increased stakeholder concerns <p>PHYSICAL RISKS</p> <p>ACUTE</p> <ul style="list-style-type: none"> More severe weather events <p>CHRONIC</p> <ul style="list-style-type: none"> Mean temperature rise and reduction in precipitation Extreme variability in weather patterns Severe water shortages Rising sea levels Drought 	<p>TRANSITION RISKS</p> <p>POLICY AND LEGAL</p> <ul style="list-style-type: none"> Increased operating costs (e.g., higher compliance costs, increased insurance premiums) Early retirement of existing assets due to policy changes and write-offs Increased costs resulting from fines and judgments <p>TECHNOLOGY</p> <ul style="list-style-type: none"> R&D expenditures in alternative technologies Capital investments in technology development Costs related to adopting new processes <p>MARKET</p> <ul style="list-style-type: none"> Increased production costs Re-pricing of assets Significant market related changes resulting in higher costs <p>REPUTATION</p> <ul style="list-style-type: none"> Reduced revenue from decreased demand for goods/services (e.g., fossil fuel) Reduced capital availability <p>PHYSICAL RISKS</p> <p>ACUTE</p> <ul style="list-style-type: none"> Reduced revenue from decreased production capacity (e.g., possible supply difficulties) Sudden loss of asset values Reduced revenue and higher costs from negative impacts on workforce (e.g., safety, health, absenteeism) <p>CHRONIC</p> <ul style="list-style-type: none"> Write-offs and early retirement of existing assets (e.g., damage to property and assets) Reduced revenues from lower output Increased operating costs (e.g., inadequate water supply) Increased capital costs (e.g., damage to facilities) Increased insurance premiums or reduced availability of insurance Less rainfall impacts the whole economy, thus having implications on the economic environment and revenue

As part of this focus, we have maintained compliance with industry regulations as well as internationally recognised climate-related frameworks and standards, and have invested in secure, long-term contracts and the proper measures to insure our assets.

We also recognise the importance of the Task Force on Climate-Related Financial Disclosures (TCFD) framework, developed in 2017, which we have turned to for guidance on the assessment and disclosure of climate-related risks and opportunities. A full listing of the climate-related risks deemed relevant to our operations and business strategy is provided in the tables below.

We are committed to implementing scenario planning on a more strategic level, going forward, to address the potential impacts of these risks for our business, our communities and our shareholders.

OPPORTUNITIES

Climate-Related Opportunities	Potential Financial Impacts
<p>RESOURCE EFFICIENCY</p> <ul style="list-style-type: none"> • Use of more efficient modes of transport, production and distribution processes • Use of recycling (e.g., water) • Minimising internal energy and water consumption and thus increasing efficiency • Increasing efficiency in buildings/plants <p>ENERGY SOURCE</p> <ul style="list-style-type: none"> • Use of new technologies and lower-emission sources of energy • Participation in carbon market • Increasing the percentage of renewable energy in the energy portfolio <p>PRODUCTS AND SERVICES</p> <ul style="list-style-type: none"> • Development and/or expansion of low emission goods and services • Changes in the rapidly transforming energy sector and investments in renewable energies • Shift in client preferences (e.g., ACWA Power won the first ever Renewable Energy Project in Saudi Arabia) • New renewable energy objectives, goals and strategies (e.g., Saudi Vision 2030) • Water desalination as a solution to water scarcity <p>MARKETS</p> <ul style="list-style-type: none"> • Access to new markets (investing, co-owning and/or operating e.g., solar power plants) • Existing markets offer new business opportunities when investments in renewable energy increase • Participation in renewable energy programmes and adoption of new technologies • Utilising opportunities (e.g. the SolarCoin, a crypto-currency rewarded to generators of solar power) <p>RESILIENCE</p> <ul style="list-style-type: none"> • Shifting toward renewable energy 	<p>RESOURCE EFFICIENCY</p> <ul style="list-style-type: none"> • Reduced operating costs • Increased production capacity, resulting in increased revenues • Increased value of fixed assets • Benefits to workforce management resulting in lower costs <p>ENERGY SOURCE</p> <ul style="list-style-type: none"> • Reduced operating costs • Increased capital availability (e.g., as more investors favour renewable energy sources) • Returns on investment in low-emission technology • Reputational benefits resulting in increased demand for goods/services <p>PRODUCTS AND SERVICES</p> <ul style="list-style-type: none"> • Increased revenue through demand for lower emissions products and services • Reputational benefits resulting in increased demand for goods/services • Better competitive position to reflect shifting consumer preferences, resulting in increased revenues • New business opportunities resulting in increased revenues <p>MARKETS</p> <ul style="list-style-type: none"> • Increased revenues through access to new and emerging markets (e.g., new solar power plants locations) • Increased revenues from investments in renewable energy projects • Reputational benefits (e.g., from driving the SolarCoin initiative to mass adoption) resulting in increased demand for goods/services • SolarCoin as a potential added income stream <p>RESILIENCE</p> <ul style="list-style-type: none"> • Increased market valuation through resilience planning

PERFORMANCE CONTINUED

MANAGING THE ENVIRONMENTAL IMPACT OF OUR ASSETS

At ACWA Power, our impact reduction strategy is driven not only by our sense of environmental stewardship, but more immediately by our business objectives. We prioritise efficiency throughout our operations as a means to improve both our financial and environmental performance. In 2017, we integrated new technologies to increase our efficiencies for years to follow.

The resulting business benefits are lower costs for our projects, greater returns for our shareholders, lower tariff rates for our off-takers and greater reliability for end users.

Our focus on efficiency has thus financially-incentivised our reduction in resource consumption and greenhouse gas (GHG) emissions.

By taking an innovative approach to operational efficiency in water desalination and both conventional and renewable energy generation, we are accelerating the transition to a more sustainable, cleaner energy sector, with improved operational, financial and environmental performance.

AVAILABILITY AND RELIABILITY

As a performance-driven company, we continue to challenge ourselves to do better across all aspects of our business – improving reliability and increasing the availability of our existing operations to exceed our contractual obligations to our customers. During 2017, we maintained the positive momentum of previous years and delivered improved performance across the ACWA Power portfolio with increased production and reduced fuel use.

Our asset portfolio of 46 assets (17 under construction, 23 operational and six in advanced development) includes 18 renewable power plants as of 31 December 2017.

ELECTRICITY

The Group delivered 85,193 GWh of electricity in 2017. This performance was born out of an overall commercial availability of 94% and load factor of 84% which have been steadily maintained since 2016.

Power performance

Net Export	85,192,551 MWh
Availability	94%
Forced Outage	3.00%
Load Factor	84%

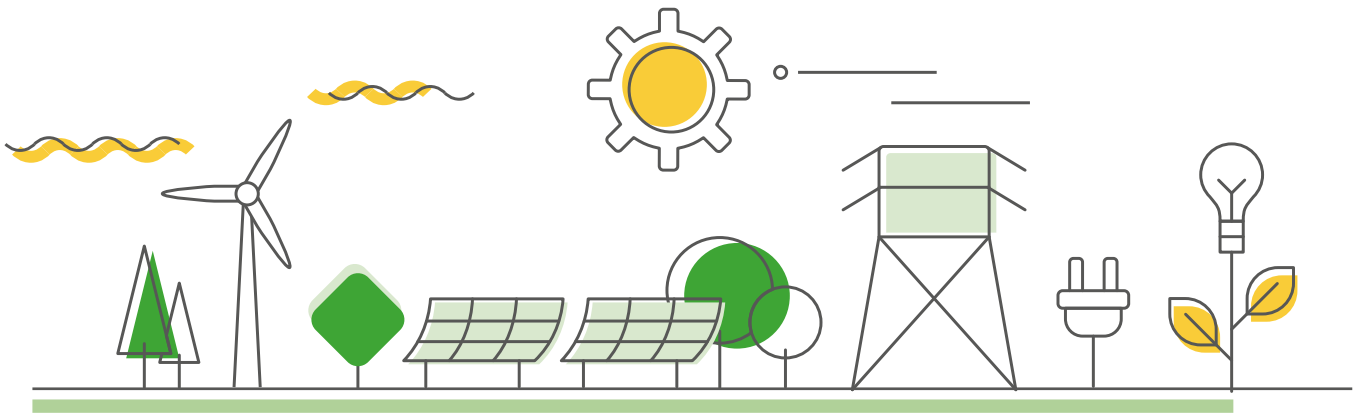
DESALINATED WATER

Desalinated water exports totalled 785,655,209 million cubic metres, demonstrating another year of sustained performance in output. Commercial availability for the desalinated-water infrastructure was 96% and load factor was 92%. We are glad to report a reduction of forced water outage of 25% to just 1.80% in 2017.

Water performance

Net Export	785,655,209m³
Availability	96%
Forced Outage	1.80%
Load Factor	92%

To learn more about our 2017 availability and reliability performance, please see pages 4 to 5 in our 2017 Annual Report.



EFFICIENCY

Prioritising innovation within our operations and integrating the latest technologies ensures that we can drive new efficiencies whilst also mitigating our environmental impact.

Our asset portfolio is newer and more modern than much of the existing infrastructure in the region. Our facilities are therefore better designed and benefit from significantly higher-than-average resource efficiencies. Rabigh 2, our greenfield power plant that went online in 2017 is the first combined cycle independent power plant (IPP) in Saudi Arabia, with a record efficiency rate of 58.8% – the most efficient for its type in the region.

Our efficiency improvements have enormous impact for our brownfield projects, such as Zarqa CCGT, a combined cycle gas fired power plant in Jordan, where we are redeveloping the Hussein Thermal Power Station. This plant will be increasing the fuel efficiency from 22% to over 40% and will be placing the extremely dirty heavy fuel oil (HFO) with natural gas, a relatively cleaner fuel alternative.

Our efforts to improve efficiency have yielded significant reduction in total energy consumption (2,445 TJ) since 2016 (see pages 46 to 47).

58.8%
 Rabigh 2 in
 Saudi Arabia has a
 record efficiency rate

“Our asset portfolio is newer and more modern than much of the existing infrastructure in the region. Our facilities are therefore better designed and benefit from significantly higher-than-average resource efficiencies.”

PERFORMANCE CONTINUED

RENEWABLE ENERGY

We stand by our position as a fuel-agnostic and technology-neutral power and desalinated water company because we believe this approach is far more sustainable for our business and communities in providing reliable and affordable access to basic resources. However, it is this very approach and our focus on efficiency across all fuel types and technologies that has enabled us to be one of the foremost leaders in renewable energy advancement.

As of 31 December 2017, one third of our operational and under-construction assets and over half of new deals that are in the advanced development stage are either PV, Parabolic CSP, CSP with tower or wind renewable power plants. Some of the most innovative renewable projects and technologies in the world belong to ACWA Power in the Middle East and we are continuing to push the industry to develop both regionally and globally.

DEWA CSP

DEWA CSP is the 700MW CSP fourth phase of the Mohammed Bin Rashid Al Maktoum Solar Park and is the largest single-site concentrated solar power plant in the world. It uses a state-of-the-art combination of central tower and parabolic trough concentrated solar power (CSP) technologies to collect and store energy from the sun to provide a 24-hour power source without the use of lithium batteries or fossil fuel. The plant will support the Dubai Clean Energy strategy 2050 to increase the share of clean energy in Dubai to 25% by 2030, allowing a saving of 2.4 million tons of carbon emissions, all at a tariff rate of US \$7.30 cents per kWh – the most cost-competitive against fossil fuels of its kind, without subsidy. It is projects like these that exemplify our commitment to ground-breaking renewable energy development.

Total capacity of DEWA CSP

700MW

Power source provision without the use of lithium batteries or fossil fuel

24 hour

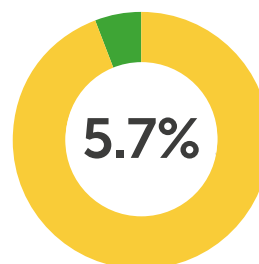
Renewables and Cleaner Energy

2017 Renewable Energy Capacity:

Project name	Geography	Contracted power (MW)	Energy source
Karadzhalovo PV IPP	Bulgaria	50	PV
Bokpoort CSP IPP	South Africa	50	Parabolic CSP
Khalladi Wind IPP*	Morocco	120	Wind
NOOR PV 1 IPP*	Morocco	135	PV
NOOR 1 CSP IPP	Morocco	160	Parabolic CSP
NOOR 2 CSP IPP*	Morocco	200	Parabolic CSP
NOOR 3 CSP IPP*	Morocco	150	CSP with Tower
Shuaa Energy PV IPP*	UAE	200	PV
Mafraq PV IPP*	Jordan	50	PV
Risha PV IPP*	Jordan	50	PV
Ben Ban PV IPP*	Egypt	120	PV

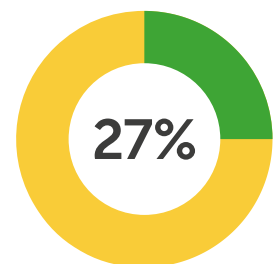
* Asset under advanced development. Note: Ben Ban PV IPP and NOOR PV1 IPP have three projects each.

Renewable power percentage by capacity



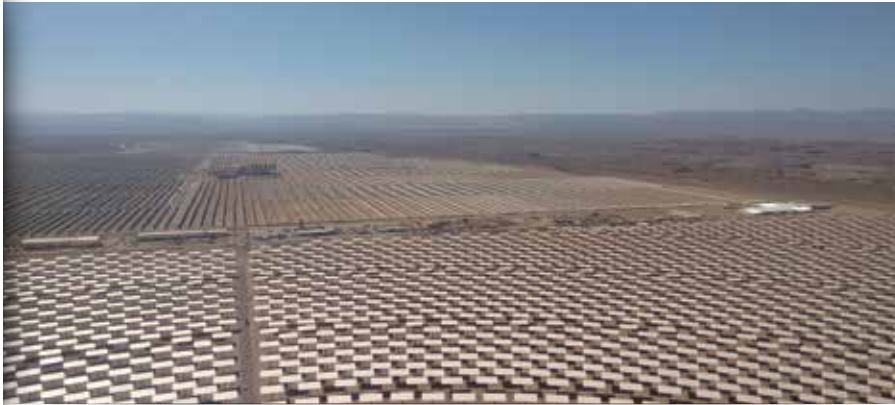
■ Renewable **1,285 MW**
 ■ Traditional **21,368 MW**
 Total **22,652 MW**

Renewable power percentage by net export



■ Renewable **22,954,878 MWh**
 ■ Traditional **62,237,673 MWh**
 Total **85,192,551 MWh**

NOORo Complex, Morocco



SOLARCOIN

In 2017, we diversified our clean energy revenue generation by signing on to SolarCoin, a global rewards programme that allows solar electricity producers to extract more value from generated solar through a dedicated digital currency.

The digital tokens that we generate for every MWh of solar energy we produce in Bulgaria, South Africa and Morocco can be used as a supplementary means of payment for goods and services.

This blockchain-based digital asset and currency is set to accelerate the transition to clean energy through solar-backed financial-value generation, and it is accessible to anyone – from the family that installs rooftop solar panels to utility-scale solar developers, such as ACWA Power.

In 2018, we will be generating SolarCoin at utility scale, with the potential to increase project profitability. And as we begin using the currency for transactions with vendors, we stand to play a pivotal role in its larger-scale adoption and implementation – and the widespread solar growth that may come with it.

“We are always looking for ways to adopt new technologies to add value and reduce cost in all that we do. Blockchain technology, in our view, offers a yet-untapped opportunity for the power generation sector. It’s early days, but we are very excited about SolarCoin, and we are trying to persuade others to join the bandwagon.”

Paddy Padmanathan
President and CEO



NOORo III, Morocco



Photo by Hattim Khaleel, at Rabigh IPP, Saudi Arabia



PERFORMANCE CONTINUED

EMISSIONS

To fulfil our fundamental social, environmental and legal obligations, we address and manage our carbon footprint throughout the development, design, commissioning and operational phases of our assets.

We monitor emissions according to the construction environmental management plan during construction and daily during operational phases. We also obtain independent verification of emission levels as required by our contractual and permitting requirements.

Imported electricity was equivalent to 0.34% of the total gross electricity generated during 2017, and as such, our Scope 2 GHG emissions are considered non-material in comparison with Scope 1. Scope 3 GHG emissions, arising from the consumption of fuel for transport, electricity for offices and business travel, have been previously calculated to be less than 0.01% of our organisation's carbon footprint.

Total CO₂ emissions from all assets in 2017 was 54.2 million tonnes, with ACWA Power's share of CO₂ emissions contributing 16.2 million tonnes (30%). Total power net export from renewable energy assets in 2017 was 23 GWh, representing 27% of net export and a substantial avoidance of GHG emissions.

In 2017, no enforcement actions or legal cases were brought against ACWA Power or any of our subsidiaries. During the year, we followed up on two 2016 reportable environmental non-compliances. The SOX exceedance at Shuaibah IWPP, KSA, was remedied in April 2017. And we are on track to complete the modification and commissioning of the Rabigh IPP, KSA, Flue Gas Desulphurisation (FGD) by May 2018.

BUSINESS TRAVEL

Business travel is actively managed by our Administration team. Though minimal, it is important for business and social reasons that our Scope 3 emissions, to which business travel contributes, be managed and minimised. We carefully monitor our business travel, and the increased use of video conferencing to avoid traveling to meetings is supported at all levels of the organisation.

Meetings conducted over video conference in 2017

8,800

Number of tonnes of emissions avoided

3,971

INNOVATING RENEWABLE PLANTS FOR THE FUTURE

The cost of photovoltaic panels continues to fall, becoming increasingly competitive with conventional energy sources.

This has led to regional initiatives embracing utility-scale assets and some of the largest renewable power plants in the world. The coming years will see a large-scale roll out of renewable power plants supplying power 24/7 using thermal and battery storage, enabling them to be considered as a baseload supply. ACWA Power is at the heart of this movement.

Clean energy storage technology that reserves surplus energy produced during the day for delivery at night is reaching an inflection point, with cost dropping and capacity increasing. At ACWA Power, we are including the option for clean energy storage into current and future utility-scale photovoltaic asset designs.

In addition, desalinated water will be increasingly supplied using renewable power and hybrid technologies. The combination of both cheaper renewables and affordable storage, with the region's abundant solar potential, is further stimulating the regional renewables market for which we are very favourably positioned based on our existing technology and regional experience.

Renewable Plants Under Construction or Advanced Development

Project name	Geography	Contracted power (MW)	Energy source
Redstone CSP IPP	South Africa	100	CSP with Tower
Ben Ban PV IPP	Egypt	120	PV
DEWA CSP IPP	UAE	700	CSP with Tower and Trough

WATER CONSUMPTION AND REPLENISHMENT

We are in the business of desalinating water and supplying safe, reliable and affordable potable water to customers in 2 countries – Saudi Arabia and Oman. We are keenly aware of global water scarcity and our need to conserve, return and re-use water even as we deliver water solutions.

We manage our internal consumption of water on a daily basis. The majority of our assets are located adjacent to bodies of water, such that we extract and return water to the same source. In 2017, we discharged 8% less water, and decreased our discharge by gross generation by the same rate to 133 m³/MWh.

Our new Innovation Department was established in 2017 and is working on ground-breaking technologies to improve the quality and efficiency of our water use. With an innovative approach to managing brine concentration, we will be able to extract more water from sea water and make better use of power plant waste water.



WASTE AND EFFLUENTS

All ACWA Power facilities are covered by formal and certified environmental management systems. Most facilities, designed and built in the last nine years, achieve water and waste performance that is significantly better than the industry average.

Our effluent discharge rate has decreased year-on-year, with just 404 tonnes of hazardous waste generated in 2017. Total effluent discharges, chemical consumption and waste arising data is tabulated on pages 46 to 47.

We have an effective waste management process that extends throughout our asset life cycle. All operational sites and construction projects have formal waste management arrangements that are implemented as part of the site HSSE management system and CEMP, respectively.

Each of our sites has a storage mechanism for collecting excess or redundant materials for re-use and/or ultimate recycling. Site managers encourage their teams to use these materials, where appropriate, before making further procurement decisions. Our resource stewardship results in environmental as well as cost benefits.

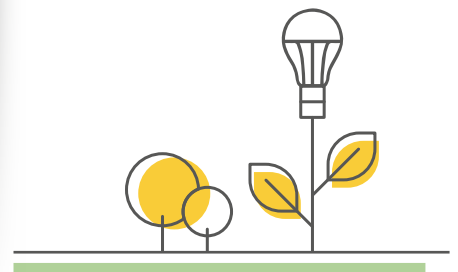
There were 7 reported uncontained environmental spill incidents in 2017 with a total volume of 5m³. None of the spills resulted in off-site or long-term environmental impacts, and all were remediated by operational personnel.

BIODIVERSITY

An analysis of area biodiversity is integral to the environmental and social impact assessments (ESIAs) of all our assets.

We aim to know and understand the ecosystems in the areas in which we operate and to assess their vulnerability. We mandate action and monitoring plans as necessary, according to IFC and IFI standards. In addition, a condition of our lending agreements includes periodic marine surveys of the intake and outfall areas of coastal areas, which are undertaken by independent environmental scientists.

Because vulnerable species have been determined to exist within the project-site boundaries of five of our projects, we are taking special precautions to protect against any negative impacts and identify and relocate animals when they are encountered by construction or O&M personnel at relevant plants. In Dubai, a full and comprehensive biodiversity action plan, covering both marine and terrestrial flora and fauna, was integrated into the ESIA of the Hassyen project, which is located adjacent to the Jabal Ali Marine Sanctuary. The ESIA was also integrated into substance currently agreed upon with the lenders and local authorities. Spills resulted in off-site or long-term environmental impacts, and all were remediated by operational personnel.



ECONOMIC DATA

ECONOMIC VALUE GENERATED (MN SAR)

	2017	2016	2015
Revenue	4,030	3,195	4,403
Share in net income of associates and joint ventures	457	473	275
Other income	359	183	106
Total	4,846	3,852	4,784

ECONOMIC VALUE GENERATED (MN SAR)

	2017	2016	2015
Operating costs			
Cost of material and services bought from outside	2,160	1,728	3,089
To employees			
as remuneration	669	583	403
To government			
as taxation	182	69	54
To providers of capital			
Dividend to MI	129	134	129
as non-controlling interest	107	73	93
as finance charges	542	297	172
Total	3,790	2,885	3,940

ECONOMIC VALUE RETAINED (MN SAR)

	2017	2016	2015
Economic value retained	1,056	967	844

INDIRECT ECONOMIC IMPACTS

	2017	2016	2015
Revenues generated (Mn SAR)	3,550	N/A	N/A
Number of jobs created on a national level	858	N/A	N/A

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

	2017	2016	2015
Monetary value (Mn SAR)	0	0	N/A

POLITICAL CONTRIBUTIONS

	2017	2016	2015
Monetary value (Mn SAR)	0	0	N/A

PROCUREMENT PRACTICES

	2017	2016	2015
Percentage of procurement budget spent on local suppliers (*Local suppliers defined as national suppliers)	37%	Local procurement must be above 30% of all project costs	N/A

ANTI-CORRUPTION

	2017	2016	2015
Operations assessed for risks related to corruption			
Total number and percentage of operations assessed for risks related to corruption	Internal audits performed to investigate intent of corruption. No corruption cases identified.	N/A	N/A
Significant risks related to corruption identified through the risk assessment		N/A	N/A
Communication and training about anti-corruption policies and procedures			
Percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to	100%	N/A	N/A
Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to	100%	N/A	N/A
Percentage of governance body members that have received training on anti-corruption	100%	N/A	N/A
Percentage of employees that have received training on anti-corruption	0	N/A	N/A
Total number of confirmed incidents of corruption	0	N/A	N/A
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	N/A	N/A
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	N/A	N/A
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period	0	N/A	N/A
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices			
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant	0	N/A	N/A

ANTI COMPETITIVE BEHAVIOUR

	2017	2016	2015
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation (# legal cases)	0	N/A	N/A

ENVIRONMENTAL DATA

The data tables that follow present information with regard to ACWA Power's operational facilities, during the reporting cycle, unless stated otherwise.

AIR EMISSIONS

	2017	2016	2015
CO₂ Emissions			
CO ₂ ('000 Tonne)	54,173	52,753	53,244
CO ₂ ACWA Power share ('000 Tonne)	16,191	15,296	15,963
CO ₂ intensity (kg/kWh)	0.58809	0.57678	0.58796
CO ₂ intensity for electricity (kg/kWh)	0.469	0.463	0.480
CO ₂ intensity for water (kg/m ³)	9.95	9.49	10.10
SO₂ Emissions			
SO ₂ (Tonne)	217,302	127,739	177,310
SO ₂ ACWA Power share (Tonne)	86,879	51,101	70,425
SO ₂ (kg/kWh)	0.024	N/A	N/A
NO_x Emissions			
NO ₂ (Tonne)	44,668	36,439	39,681
NO ₂ ACWA Power share (Tonne)	16,032	13,650	14,643
NO ₂ (kg/kWh)	0.017	N/A	N/A

WASTE GENERATED

	2017	2016	2015
Hazardous Waste (Tonne)	404	1,101	2,654
ACWA Power's Share of Hazardous Waste (Tonne)	163	439	1,009
Fly Ash (Tonne)	14,269	33,213	48,881
ACWA Power's Share of Fly Ash (Tonne)	5,406	12,380	18,810
Non-Hazardous Waste (Tonne)	260,026	60,246	574,394
ACWA Power's Share of Non-Hazardous Waste (Tonne)	106,352	33,428	180,534

SPILLAGE

	2017	2016	2015
Number of incidents (#)	7	10	7
Quantity of spillage (m ³)	5	1	<10

PRODUCTION

	2017	2016	2015
Electricity Gross Gen (MWh)	92,340,402	91,570,749	90,557,000
Electricity Net export (MWh)	85,192,551	84,855,000	84,284,000
Water export (m ³)	785,655,209	800,444,000	749,200,000

RENEWABLE ENERGY ELECTRICITY GENERATION

	2017	2016	2015
Renewable energy electricity generation capacity (MW) as of Dec 31 of the Reporting Year	460	260	N/A
Total electricity generation capacity (MW) – Operational	12,124	12,017	N/A
Ratio of renewable energy electricity generation capacity/ total electricity generation capacity (%)	3.79	2.10	N/A
Renewable energy electricity generation (GWh/year)	1,168	621	N/A
Total electricity generation (GWh/year)	92,349	84,867	N/A
ACWA Power's share (GWh)	656.749	11	N/A
CO ₂ emissions avoidance (Tonne)	308,672	51,972	N/A

FUEL USED

	2017	2016	2015
Electricity Imports (MWh)	309,306	332,253	321,309
Fuel for Electricity (%)	82.51	82.80	82.60
Fuel for Water (%)	13.50	13.80	13.70
Energy Consumption for Electricity (TJ)	676,011	675,406	659,765
Energy Consumption for Water (TJ)	110,602	113,721	109,720
Natural Gas (million m ³)	12,724	13,499	12,344
Fuel oil ('000 Tonne)	9,189	8,682	9,078
Diesel (Tonne)	3,143	31,794	200,802
Total Energy Consumption (TJ)	819,324	821,769	798,710

HEAT RATE AND EFFICIENCY

	2017	2016	2015
Av. Heat Rate – combined (kJ/kWh)	9,650	9,600	9,476
Av. Heat Rate for Electricity Production (kJ/kWh)	7,112	N/A	7,828
Efficiency for Electricity Production (%)	34	45	46
Overall HR for KSA assets – Electricity Production (kJ/kWh)	7,262	N/A	7,023
Overall HR for International Assets – Electricity Production (kJ/kWh)	7,461	N/A	9,716

SEA WATER DISCHARGE

	2017	2016	2015
Power Plant/Water Plant (m ³)	12,232	13,364	11,360
ACWA Power's Share of Sea Water Discharge (million m ³)	2,516	3,996	3,620
Discharge/Fuel Consumption (m ³ /GJ)	15	16	14
Sea Water Discharge/Gross Generation (m ³ /MWh)	133	145	125

USE OF CHEMICALS

	2017	2016	2015
Chemical Consumption (Tonne)	171,791	200,264	85,091

BIODIVERSITY

	2017	2016	2015
Operational sites close to protected areas of high biodiversity (MW)	18,630	N/A	N/A
Significant impacts on biodiversity	0	N/A	N/A

ENVIRONMENTAL COMPLIANCE

	2017	2016	2015
Total incidents of environmental non-compliance	0	2	N/A
Total number of monetary sanctions	0	N/A	N/A
Total number of fines	0	N/A	N/A

SUPPLIER ENVIRONMENTAL ASSESSMENT

	2017	2016	2015
Percentage of new suppliers that were screened using environmental criteria for actual or potential environmental impacts	13%	N/A	N/A
Number of suppliers identified as having significant actual and potential negative environmental impacts	0	N/A	N/A
Significant actual and potential negative environmental impacts identified in the supply chain	0	N/A	N/A

SOCIAL DATA

The data tables that follow present information with regard to ACWA Power's operational facilities, during the reporting cycle, unless stated otherwise.

HUMAN CAPITAL

	2017	2016	2015
FTEs (Full Time Employees)			
Men	3,069	2,851	2,968
Women	147	131	136
Total	3,216	2,989	3,105
Managers and Directors			
Men	410	485	N/A
Women	28	26	N/A
Total	438	511	N/A
Local Nationals			
Men	1,862	1,665	1,917
Women	79	97	111
Total	1,941	1,759	2,028
% of Entity	64%	59%	65%
Local Directors/Managers			
Men	185	166	191
Women	15	12	18
Total	199	177	209
Age Distribution			
<25	124	167	N/A
25-40	1,907	1,463	N/A
40-60	1,533	1,220	N/A
>60	30	52	N/A
Recruitment and Turnover			
New employees (Men)	229	411	N/A
New employees (Women)	13	29	N/A
Employees Leaving (Men)	69	450	N/A
Employees Leaving (Women)	2	20	N/A
Training			
Average number of hours per employee by gender	40	N/A	N/A
Appraisals			
Percentage of employees receiving regular performance and career development reviews	74%	N/A	N/A
Board and Committee Members			
Men	112	133	N/A
Women	1	8	N/A
Grievances			
Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	0	78	N/A
Total number of incidents of discrimination and corrective actions taken	0	2	N/A
Collective Bargaining			
Number of employees affiliated with a formal labour union	748	710	N/A
Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	0	0	0

CHILD LABOUR

	2017	2016	2015
Identified risk for incidents of child labour	0	0	0
Reported cases of child labour	0	0	0

FORCED AND COMPULSORY LABOUR

	2017	2016	2015
Identified risk for incidents of forced or compulsory labour	0	0	0
Reported cases of forced or compulsory labour	0	0	0

SECURITY PRACTICES

	2017	2016	2015
Percentage of security personnel who have received formal training in human rights policies and procedures	8%	N/A	N/A

INDIGENOUS PEOPLES

	2017	2016	2015
Number of incidents of violations involving rights of indigenous peoples	0	N/A	N/A

LOCAL COMMUNITIES

	2017	2016	2015
Percentage of operations with implemented local community engagement and development programmes	100%	100%	100%
Total CSR budget (Mn SAR)	11.30	11.00	6.74

NON DISCRIMINATION

	2017	2016	2015
Total number of incidents of discrimination	0	0	0

SOCIOECONOMIC COMPLIANCE

	2017	2016	2015
Cases of non-compliance with laws and regulations in the social and economic area	0	N/A	N/A
Total monetary value of significant fines	0	N/A	N/A
Total number of non-monetary sanctions	0	N/A	N/A

CSR SPEND

Location	Number of programmes and initiatives	Overview	Spend (SAR '000)
KSA	6	<p>Livelihoods</p> <ul style="list-style-type: none"> SqWEC's Internship Training programme sponsored six Jazan University Engineering Faculty students <p>Community Well-Being</p> <ul style="list-style-type: none"> Supported the renovation of mosque facilities and supplied new carpets and air conditioners Sponsored several Saudi National Day celebrations Partially funded an employee's higher education Supporting the Optic Clinic at Sabya Hospital, which provides treatment for the blind 	1,141.00
Oman	8	<p>Livelihoods</p> <ul style="list-style-type: none"> Developing engineering and other technical capacity in local workforce through training and engineering mentorships Sponsored industrial and marketing conference to connect local talent with commercial opportunities <p>Education</p> <ul style="list-style-type: none"> Funding and building schools 	55.00
Jordan	23	<p>Livelihoods</p> <ul style="list-style-type: none"> Funding a skills programme in eight schools to improve olive tree cultivation Sourcing catering needs from local, women-run kitchens Hiring locally and funding vocational training <p>Community Well-Being</p> <ul style="list-style-type: none"> Donated dialysis machine and provided free healthcare/medical days Rehabilitated a school and provided water coolers in another Provided food during Ramadan Donated sports equipment for children Supplied municipality with waste-removal vehicles <p>Environment</p> <ul style="list-style-type: none"> Installed solar power in mosques and an educational organisation Replacing municipality's lights with energy-efficient LEDs Planting 2,000 trees 	950.00
Morocco	7	<p>Livelihoods</p> <ul style="list-style-type: none"> Funding tree-distribution and skills programmes to improve almond and palm cultivation and production Funding livestock and handicrafts initiatives <p>Community Well-Being</p> <ul style="list-style-type: none"> Increasing access to healthcare in remote rural area Partnering with Operation Smile to provide dental care and cleft palate surgeries Funding preschool and supporting girls' education Promoted sports through an Olympics week and athletic-scouting programmes 	6,331.00

Location	Number of programmes and initiatives	Overview	Spend (SAR '000)
South Africa	20	<p>Livelihoods</p> <ul style="list-style-type: none"> • Funding for apprenticeships across South Africa • Created the Learning Programme to train solar field operators • 17 enrollees to date and some permanent placements in private sector • Launched a business incubator programme • 20 local companies trained to date, including women-owned enterprises <p>Community Well-Being</p> <ul style="list-style-type: none"> • Funding community soup kitchen – Feeds >200 people daily • Committed to build multi-purpose Lovelife Youth Centre, with construction expected to begin in spring 2018 • Partnering with Lovelife to improve primary healthcare, guide personal development, and deter substance abuse • Provided renewable electricity and water to remote homes without access • Donated rooftop solar panels for 305 homes in Duineveldt • Provided clean drinking water for nearly 200 homes in Topline and Opwag communities <p>Education</p> <ul style="list-style-type: none"> • Supporting math, science and technology skills-building through computer donations and math- and science-oriented programmes in local schools; Math League awards top achievers • Provided funding for an assistant teacher and donated bicycles and clothing, support for school meals, and learning materials for a nursery school • Established university bursary fund, awarded scholarships, and paid tuition for a student to attend school for the blind 	2,227.00
UAE	5	<p>Community Well-Being</p> <ul style="list-style-type: none"> • Funding programmes that honour Dubai's social roots <p>Environment</p> <ul style="list-style-type: none"> • Protecting marine and terrestrial ecosystems near our plant • Relocating endangered species • Restoring coastal lagoon mangroves and beaches • Sponsoring public-education programmes in environmental stewardship 	510.50
Turkey	10	<p>Livelihoods</p> <ul style="list-style-type: none"> • Funding vocational training for women and girls, teaching hairdressing and paid childcare skills <p>Community Well-Being</p> <ul style="list-style-type: none"> • Partnered to provide food during Ramadan, help for disabled children and a children's kite festival <p>Education</p> <ul style="list-style-type: none"> • Sponsored a national education assessment 	93.61
Total	79		11,308.11

HEALTH AND SAFETY DATA

HEALTH AND SAFETY INDICATORS

	Calculation	2017	2016	2015
ACWA Power Total (Operational + Construction)				
Hours worked	Total	50,564,992	43,568,383	41,408,570
Lost Time Incident (LTI) – Total	Total	11	7	9
Lost Time Incident (LTI) – Employees	Total	2	3	3
Lost Time Incident (LTI) – Contractors	Total	9	4	6
LTI Rate	Average Rate	0.04	0.03	0.04
HSE Incidents (reportable)	Total	79	N/A	36
HSE Incident Rate	Average Rate	0.31	N/A	0.17
Fatality	Total	2	1	0
Operational Facilities				
Hours worked	Total	10,287,236	8,798,426	8,091,352
Lost Time Incident (LTI) – Total	Total	4	4	4
Lost Time Incident (LTI) – Employees	Total	2	3	3
Lost Time Incident (LTI) – Contractors	Total	2	1	1
LTI Rate	Average Rate	0.08	0.09	0.10
HSE Incidents (reportable)	Total	36	N/A	16
HSE Incident Rate	Average Rate	0.60	0.61	0.40
Fatality	Total	1	0	0
Construction Sites				
Hours worked	Total	40,277,756	34,769,957	33,317,218
Lost Time Incident (LTI) – Total	Total	7	3	5
Lost Time Incident (LTI) – Employees	Total	0	0	N/A
Lost Time Incident (LTI) – Contractors	Total	7	3	5
LTI Rate	Average Rate	0.03	0.02	0.03
HSE Incidents (reportable)	Total	43	31	20
HSE Incident Rate	Average Rate	0.21	0.18	0.12
Fatality	Total	1	1	0

HEALTH AND SAFETY INDICATORS

	Calculation	2017	2016	2015
Percentage of operations for which health and safety impacts are assessed	Total	100%	100%	100%
Incidents of non-compliance with national/global health and safety regulations resulting in a fine or penalty	Total	0	N/A	N/A

GRI INDEX

Using the GRI Standards as a leading practice guide for disclosure, the content of this 2017 Sustainability Report has been prepared in reference to the specific GRI Standards listed below.

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
General Disclosures	102-1	Name of the organisation	International Company for Water and Power Projects – the Company is known as ACWA Power. The Company and its project companies are collectively 'the Group'	
	102-2	Activities, brands, products, and services	ACWA Power is a developer, investor, co-owner and operator of an international portfolio of electricity-generation and water desalination plants. We produce and sell electricity and water in bulk to state utilities and major industrial corporates through long-term contracts	Sustainability Report page 2 Annual Report pages 12-15
	102-3	Location of headquarters	Riyadh, Kingdom of Saudi Arabia	
	102-4	Location of operations		Sustainability Report pages 8-9 Annual Report pages 18-23
	102-5	Ownership and legal form	A Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008)	
	102-6	Markets served		Sustainability Report pages 8-9 Annual Report pages 18-23
	102-7	Scale of the organisation		Sustainability Report pages 8-9 & 48 Annual Report pages 18-23 & 45-50
	102-8	Information on employees and other workers	ACWA Power does not employ personnel on temporary contracts – so there are zero temporary or contract employees	Sustainability Report page 48
	102-10	Significant changes to the organisation and its supply chain		Sustainability Report pages 5-6 & 26-28 Annual Report pages 16-17 & 22-23
	102-12	External initiatives	GRI Reporting Practices, TCFD, SASB, SDGs, IFC, Vision 2030, Paris Climate Agreement, W+, local CSR projects	Sustainability Report pages 10, 11, 15, 26 & 32-37
	102-14	Statement from senior decision-maker		Sustainability Report pages 4-7
	102-15	Key impacts, risks and opportunities		Sustainability Report pages 4-7, 36-37 Annual Report pages 10-12
	102-16	Values, principles, standards, and norms of behaviour	Our Code of Conduct articulates our approach to business ethics, anti-corruption and anti-bribery, and sets the standards for responsible and appropriate behaviour. Our Code of Conduct highlights that unethical activity is a disciplinary offence that could lead to dismissal	Sustainability Report pages 10, 13, 23-24, 45 Annual Report pages 12, 13

GRI INDEX CONTINUED

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
General Disclosures continued	102-17	Mechanism for advice and concerns about ethics	To ensure effective internal application of our standards, we monitor ethical practices and engage with project managers on a regular basis. Additionally, an independent, 24/7 whistleblower hotline and email, first implemented in 2012, are available to all internal and external stakeholders, including contractors, subcontractors, suppliers, clients and advisors	Sustainability Report pages 13, 18, 24
	102-18	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	Sustainability Report page 12 Annual Report pages 34-42
	102-19	Delegating authority	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	Sustainability Report page 12 Annual Report pages 34-42
	102-20	Executive-level responsibility for economic, environmental, and social topics	Our robust governance framework is designed to enhance accountability through the recognition and management of all risk areas. It specifies the distribution of rights and responsibilities among various participants of the Group, including our Board of Directors and its five functional committees, our executive managers and our employees	Sustainability Report page 12 Annual Report pages 34-42
	102-21	Consulting stakeholders on economic, environmental, and social topics	We engage formally and informally on an ongoing basis with our key stakeholders, first among whom are our clients, our employees and local communities	Sustainability Report pages 14-15
	102-22	Composition of the highest governance body and its committees	Our robust governance framework is designed to enhance accountability through the recognition and management of risk. It specifies the distribution of rights and responsibilities among various participants of the Group, including our Board of Directors and its five functional committees, our executive managers and our employees	Sustainability Report page 12 Annual Report pages 36-37
	102-36	Process for determining remuneration	The Nomination and Remuneration Committee (NRC) performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. The Nomination and Remuneration Committee formed to assist the Board of Directors in performing their duties and responsibilities related to policies and standards of the appointment of members of the Board, policies and allowances of the Board members and senior executives	Annual Report page 41
	102-40	List of stakeholder groups		Sustainability Report page 14
	102-41	Collective bargaining agreements		Sustainability Report page 48
	102-42	Identifying and selecting stakeholders		Sustainability Report page 14

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
General Disclosures continued	102-43	Approach to stakeholder engagement		Sustainability Report page 14
	102-44	Key topics and concerns raised		Sustainability Report pages 14-15
	102-45	Entities included in the consolidated financial statements		Annual Report pages 20-21, 51
	102-46	Defining report content and topic Boundaries	The topic Boundaries have been defined based on the GRI Standards, and includes ACWA Power and its Subsidiaries	Sustainability Report page 15
	102-47	List of material topics		Sustainability Report page 15
	102-48	Restatements of information	None to be reported	
	102-49	Changes in reporting	Transition from the Global Reporting Initiative (GRI) G4 to the new GRI Standards (referenced), with the addition of other reporting frameworks listed on page 11	Sustainability Report page 11
	102-50	Reporting period	1 January to 31 December 2017	
	102-51	Date of most recent report	2016	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	David Ungar, Director of GHG Emissions and Sustainability	
	102-55	GRI content index		Sustainability Report pages 53-59
	102-56	External assurance		Sustainability Report page 60
Economic Performance	201-1	Direct economic value generated and distributed		Sustainability Report pages 44-45 Annual Report pages 45-51
	201-2	Financial implications and other risks and opportunities due to climate change	ACWA Power sees itself as obliged stewards of the medium- to longest-term conditions in which it operates. It is committed to the responsible management of its climate-related impacts, risks and opportunities, and plans to formalise this process	Sustainability Report pages 34-37
	201-4	Financial assistance received from government	ACWA Power has not received direct financial assistance from any government	Sustainability Report page 44
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	ACWA Power and its group companies remunerate all employees at above local minimum wage obligations. Data on the ratio of entry-level to local minimum standards is not currently available	
	202-2	Proportion of senior management hired from the local community	Local nationals are represented at senior levels; 45% of our managers and directors were local nationals in 2017	Sustainability Report pages 28, 48

GRI INDEX CONTINUED

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	In addition to hiring nationals, providing skills training and professional development, ACWA Power tries to localise its supply chain to the fullest extent possible. We strive to persuade supply chain partners to apply our values of local procurement, employment and training of the local workforce, and technology transfer. As a result, we have successfully incentivised several of our international suppliers to invest in local infrastructure and market presence, further extending our economic impact	Sustainability Report pages 26-31
	203-2	Significant indirect economic impacts		Sustainability Report page 44
Procurement Practices	204-1	Proportion of spending on local suppliers		Sustainability Report page 44
Anti-corruption	205-1	Operations assessed for risks related to corruption		Sustainability Report pages 13, 24 & 45
	205-2	Communication and training about anti-corruption policies and procedures		Sustainability Report pages 13, 24 & 45
	205-3	Confirmed incidents of corruption and actions taken	No corruption incidents reported within ACWA Power and its Subsidiaries	Sustainability Report page 45
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	They are no (zero) legal actions for anti-competitive behaviour, anti-trust, and monopoly practices or related fines or sanction to report	Sustainability Report page 45
Energy	302-1	Energy consumption within the organisation		Sustainability Report page 47
	302-3	Energy intensity		Sustainability Report page 47
	302-4	Reduction of energy consumption	Our efforts to improve efficiency have yielded significant reduction in total energy consumption (2,445 TJ) since 2016	Sustainability Report pages 39, 47
Water	303-1	Water withdrawal by source		Sustainability Report pages 46-47
	303-2	Water sources significantly affected by withdrawal of water	The majority of our assets are located adjacent to bodies of water, such that we extract and return water to the same source. Our plants in Morocco, South Africa and central Jordan use a combination of artesian wells, run-off, river and surface water that is carefully monitored and controlled via local authorities and obstruction permits	Sustainability Report pages 43, & 46-47
	303-3	Water recycled and reused	We manage our internal consumption of water on a daily basis. The majority of our assets are located adjacent to bodies of water, such that we extract and return water to the same source	Sustainability Report pages 43, & 46-47

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Because vulnerable species have been determined to exist within the project site boundaries of five of our projects, we are taking special precautions to protect against any negative impacts and identify and relocate animals when they are encountered by construction or O&M personnel at relevant plants. In Dubai, a full and comprehensive biodiversity action plan, covering both marine and terrestrial flora and fauna, was integrated into the ESIA of the Hassyian project, which is located adjacent to the Jabal Ali Marine Sanctuary	Sustainability Report pages 43, & 46-47
	304-2	Significant impacts of activities, products, and services on biodiversity	There are no material off-site impacts on biodiversity to be reported	Sustainability Report page 47
	304-3	Habitats protected or restored	We are taking special precautions to identify and relocate animals, encountered, in Bokpoort, South Africa. In Dubai, a full and comprehensive biodiversity action plan was integrated into the ESIA of the Hassyian project	Sustainability Report pages 43, & 46-47
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant cases reported within ACWA Power or its Subsidiaries	
Emissions	305-1	Direct (Scope 1) GHG emissions		Sustainability Report pages 42, & 46-47
	305-2	Energy indirect (Scope 2) GHG emissions		Sustainability Report pages 42, & 46-47
	305-3	Other indirect (Scope 3) GHG emissions		Sustainability Report pages 42, & 46-47
	305-4	GHG emissions intensity		Sustainability Report pages 46-47
	305-5	Reduction of GHG emissions		Sustainability Report pages 46-47
	305-6	Emissions of ozone-depleting substances (ODS)	ACWA Power's facilities do not produce large quantities of ODS and as such this aspect is considered to have a low materiality	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Sustainability Report page 46
Effluents and Waste	306-1	Water discharge by quality and destination		Sustainability Report pages 46-47
	306-2	Waste by type and disposal method		Sustainability Report pages 46-47
	306-3	Significant spills	There were 7 reported uncontained environmental spill incidents in 2017 with a total volume of 5 m ³ . None of the spills resulted in off-site or long-term environmental impacts, and all were remediated by operational personnel	Sustainability Report pages 43, & 46-47
	306-4	Transport of hazardous waste	No relevant cases reported within ACWA Power or its Subsidiaries	

GRI INDEX CONTINUED

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	There are no (zero) enforcement actions, fines or legal sanctions served against the organisation during 2017 for environmental management related matters	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	13% of new suppliers were screened using environmental criteria for actual environmental impacts	Sustainability Report pages 46-47
	308-2	Negative environmental impacts in the supply chain and actions taken	No negative impacts reported	Sustainability Report pages 46-47
Employment	401-1	New employee hires and employee turnover		Sustainability Report page 48
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Sustainability Report page 52
	403-4	Health and safety topics covered in formal agreements with trade unions	Two assets have formal union agreements, namely in South Africa and Jordan. The exact nature and scale of H&S topics included in collective bargaining agreements is based on local legislation	Sustainability Report page 17
Training and Education	404-1	Average hours of training per year per employee	Average number of hours per employee by gender, by employee category is 40	Sustainability Report pages 48-49
	404-2	Programmes for upgrading employee skills and transition assistance programmes		Sustainability Report pages 22-23, 28-31
	404-3	Percentage of employees receiving regular performance and career development reviews	Percentage of employees receiving regular performance and career development reviews is 74%	Sustainability Report pages 23, 48-49
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	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. Our Human Resources and CSR policies articulate our commitments related to diversity, gender and equal opportunity employment at ACWA Power. Diversity and equal opportunity practices include the employment of women throughout our organisation, in line with local customs	Sustainability Report pages 25, 48-49
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	There have been zero incidents reported	Sustainability Report pages 48-49
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No risk identified	Sustainability Report page 48
Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	No risk identified	Sustainability Report page 49

GRI Topic Name	GRI Standard Disclosure Number	Individual Disclosure Items	Information	Source
Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No risk identified	Sustainability Report page 49
Security Practices	410-1	Security personnel trained in human rights policies or procedures	8% of security personnel trained in human rights policies or procedures	Sustainability Report page 49
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	There have been zero incidents reported	Sustainability Report page 49
Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses of that underwent human rights screening	All of ACWA Power's EPC, O&M and shareholder plus development agreements include obligatory provisions relating to human rights and the strict necessity to comply with the IFC/World Bank human rights conventions	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes		Sustainability Report pages 26-33, 50-51
Public Policy	415-1	Political contributions	ACWA Power does not make political contributions so there are none (zero) to declare	Sustainability Report page 44
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	These aspects are not applicable to ACWA Power's products and services	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant cases have been reported within ACWA Power and its Subsidiaries	Sustainability Report pages 48-49 & 52
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	There are 0 cases of non-compliance with laws and regulations in the social and economic area	Sustainability Report page 49



ASSURANCE LETTER

EXTERNAL ASSURANCE STATEMENT

2017, 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 2017 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 from the three pillars of sustainability:

- Environment Category: Waste Management;
- Economic Category: Anti-Corruption; and
- Social Category: HSE Training.

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 year January 2017 to December 2017) are reported fairly in accordance with the reporting criteria.

Approach

To undertake the assignment ERM carried out the following activities:

- Visit to ACWA's Dubai office to obtain necessary information and explanations. Issuance of clarification questionnaires to understand systems and processes used for collecting and reporting information;
- Cross checked that the data included in the report aligns with raw data provided by ACWA;
- Reviewed 2017's materiality assessment outcomes; and
- Conducted a high level principles based assessment of the sustainability performance report.

Conclusions

ACWA's reporting of the general Standard Disclosures and aspects included in the assurance scope fulfil the GRI Core 'In Accordance' Level requirements; based on the assurance procedures conducted, nothing has come to ERM's attention causing us to believe that ACWA's disclosure approach for these aspects is not in accordance with the 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. We have neither assured data for aspects outside of ERM's scope, nor data received from ACWA's operating and maintenance companies.



Gareth Roberts

Partner

Environmental Resources Management – Abu Dhabi

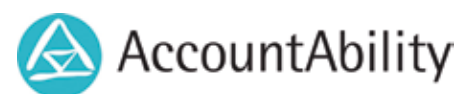
26 June 2018

GLOSSARY

CCGT	Combined Cycle Gas Turbine	KPI	Key Performance Indicator
CEGCO	Central Electricity Generating Company	KSA	Kingdom of Saudi Arabia
CEMP	Construction Environmental Management Plan	LED	Light-Emitting Diode lamp
COP22	Twenty-second session of the Conference of the Parties	LTI	Lost Time Incidents
CSP	Concentrated Solar Power	MENAT	Middle East, North Africa and Turkey
CSR	Corporate Social Responsibility	O&M	Operations and Maintenance
DEWA	Dubai Electricity and Water Authority	PS	Performance Standards (IFC Requirements)
E&S	Environmental and Social	PV	Photovoltaic
EHS	Environment, Health and Safety	SASB	Sustainability Accounting Standards Board
EPC	Engineering, Procurement, Construction	SDGs	United Nations Sustainable Development Goals
ESIA	Environmental and Social Impact Assessment	SMEs	Small and Medium Enterprises
ESPS	Environmental and Social Performance Standards	TCFD	Task Force on Climate-related Financial Disclosures
FGD	Flue Gas Desulphurisation	UAE	United Arab Emirates
FIT	Future is Together	UNEP	United Nations Environment Programme
FTE	Full time employees	WB	World Bank
GCC	Gulf Cooperation Countries		
GHG	Greenhouse Gas		
GRI	Global Reporting Initiative		
HSE	Health, Safety and Environmental		
HSSE	Health, Safety, Security and Environmental		
IFC	The International Finance Corporation, member of the World Bank		
INDCs	Intended Nationally Determined Contributions		
IPP	Independent Power Project		
ISO	International Organization for Standardisation		
IREC	International Renewable Energy Credits		
IWP	Independent Water Project		
IWPP	Independent Water & Power Project		
IWSPP	Independent Water, Solar & Power Project		



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KINGDOM OF SAUDI ARABIA

BUILDING 1, GROUND FLOOR,
BUSINESS GATE OFFICE COMPLEX,
AIRPORT ROAD,
P.O. BOX 22616, RIYADH 11416
TEL: +966 11 283 5555
FAX: +966 11 283 5500

KING ABDULAZIZ BRANCH RD,
ASH SHATI,
JEDDAH, 23613
TEL: +966 12 618 9000

UNITED ARAB EMIRATES

THE ONE TOWER, 41ST FLOOR,
BARSHA HEIGHTS,
SHEIKH ZAYED ROAD,
P.O. BOX 30582,
DUBAI
TEL: +971 4 2480 800
FAX: +971 4 3289 552

CHINA

TOWER B, PING AN INTERNATIONAL
FINANCIAL CENTRE,
P.O. BOX 2101, BEIJING 010027
TEL: +86 10 5979 2330
FAX: +86 10 8438 1078

EGYPT

PLOT 176, SECOND SECTOR,
GIZA SYSTEMS BUILDING,
P.O. BOX 351, NEW CAIRO
TEL: +202 2322 5500

JORDAN

AMMAN-KHELDA, AL KHALIDEEN SUBURB,
AL HAKAM BIN AMRO STREET,
BLDG NO. 22,
P.O. BOX: 2564, AMMAN 11953
TEL: +962 6 534 0008
FAX: +962 6 535 7210

MOROCCO

65, AVENUE MEHDI BEN BARKA,
SOUISSI, RABAT
TEL: +212 537 287 878
FAX: +212 537 714 165

SOUTH AFRICA

7TH FLOOR, 90 GRAYSTON DRIVE,
SANDTON,
JOHANNESBURG, 2196
TEL: +27 11 722 4100
FAX: +27 11 722 4113

SPAIN

EMPRESARIOS AGRUPADOS,
CALLE MAGALLANES 3,
28015, MADRID

OMAN

SOUTH LOBBY ROOF TOP, GRAND MALL,
P.O. BOX 163, PC: 136,
AL KHWAIR, MUSCAT
TEL: +968 2 206 3752
FAX: +968 2 206 3753

TURKEY

BARBAROS PLAZA, EMIRHAN CADDESİ,
NO.113 KAT.19, DIKILITAS,
BESIKTAS, ISTANBUL
TEL: +90 212 259 3396
FAX: +90 212 259 3397

VIETNAM

11TH FLOOR, BIDV TOWER 194,
TRAN QUANG KHAI ST.,
HOAN KIEM DISTRICT, HANOI
TEL: +84 243 935 2966
FAX: +84 243 935 2969