

# Leading the way in sustainability

ACWA Power Sustainability Report 2020



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



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



# About this report

In 2020, ACWA Power continued to enable the shift to a low-carbon economy by advancing clean energy and providing innovative energy solutions.

By devising innovative energy solutions and advancing the cause of clean energy, ACWA Power has continued to drive the shift towards a low-carbon economy. We have focused on creating shared value by fostering the growth and wellbeing of our employees, while always striving to create impact in the communities in which we operate. A key milestone in our sustainability journey is the development of an Environmental, Social and Governance (ESG) strategy.

This sets out some ambitious commitments and is designed to progress our sustainability journey with a focus on the energy transition, low-carbon-product leadership, water management, health and safety and corporate governance.

We welcome any feedback and comments on this Report. If you have any queries, please [contact us](#).

#### Cautionary Message:

This report contains statements that may be deemed as "forward-looking statements" that express the way in which ACWA Power intends to conduct its activities. Forward statements could be identified by the use of forward-looking terminology such as "plans", "aims", "assumes", "continues", "believes", or any variations of such words that certain actions, events or results "may", "could", "should", "might", "will", or "would" be taken or be achieved.

ACWA Power has made every effort to ensure the Report is as accurate and truthful as possible. However, by their nature, forward-looking statements are qualified to inherent risks and uncertainties surrounding future expectations that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond ACWA Power's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will occur.



# Who we are

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

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

### While performing our duties...

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

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

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

We are ACWA Power.



### Portfolio highlights (as at 31 December 2020)<sup>1</sup>

**245 SAR bn**

Portfolio size  
(Total estimated project cost)



**30+**

Nationalities



**3,538**

Employees



**60+%**

Local employment



**13**

Countries



**62**

Projects



### Decarbonisation (share in power generation capacity)

**28%**

Renewable sources  
Share of solar and wind energy sources



**77%**

Renewable and low CO<sub>2</sub>  
Share of solar, wind and natural gas energy sources

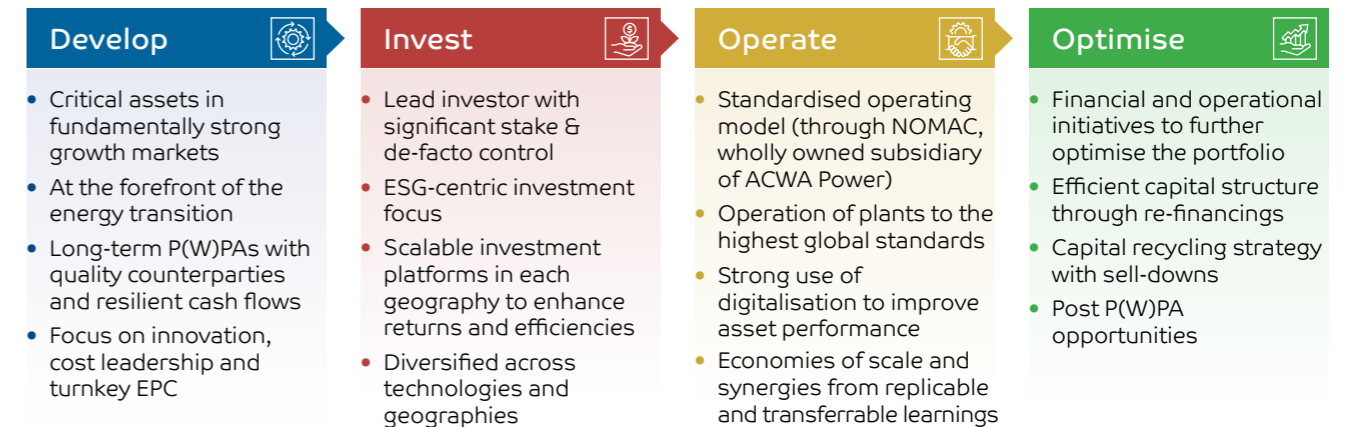


<sup>1</sup> Includes operational, under construction and advanced development projects

# What we do

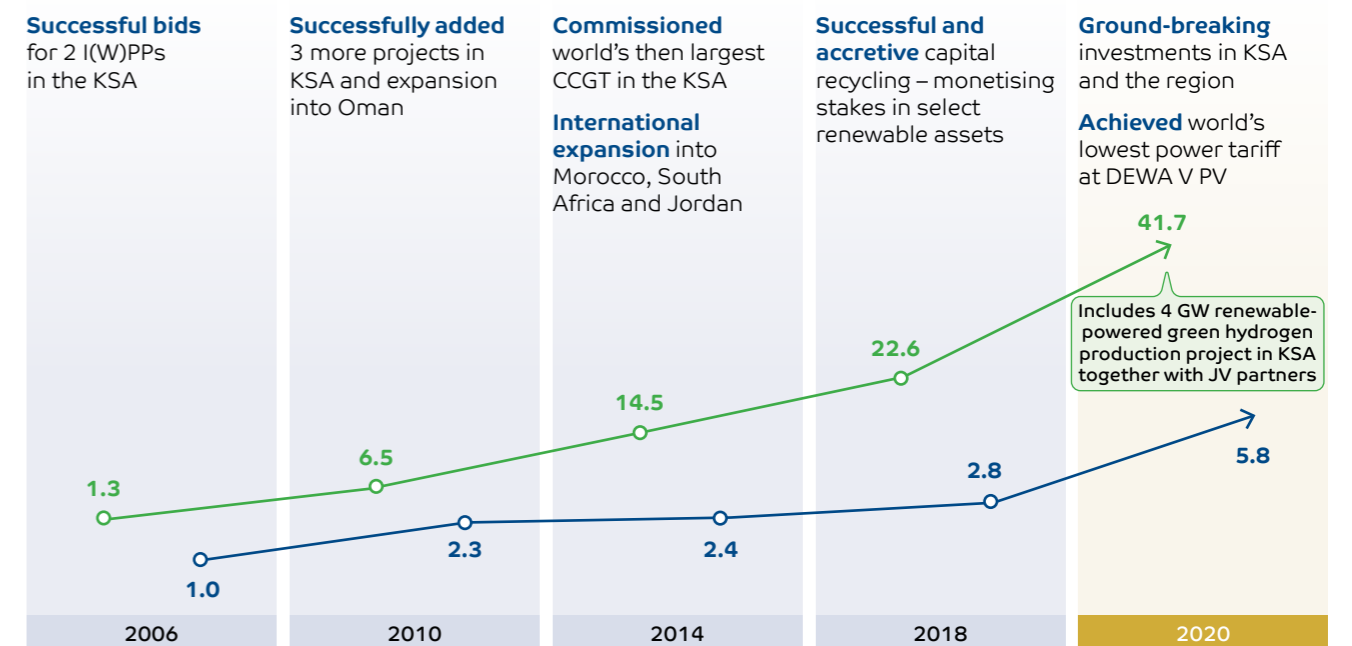
We are a developer, investor and operator of critical power generation and water desalination assets.

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



Premium economics and attractive total returns across the asset life cycle

### Our growth trajectory



● Gross power capacity (GW)  
● Gross water capacity (million m<sup>3</sup>/day)

# Where we operate

Reinforcing our leadership at home and expanding our international footprint.

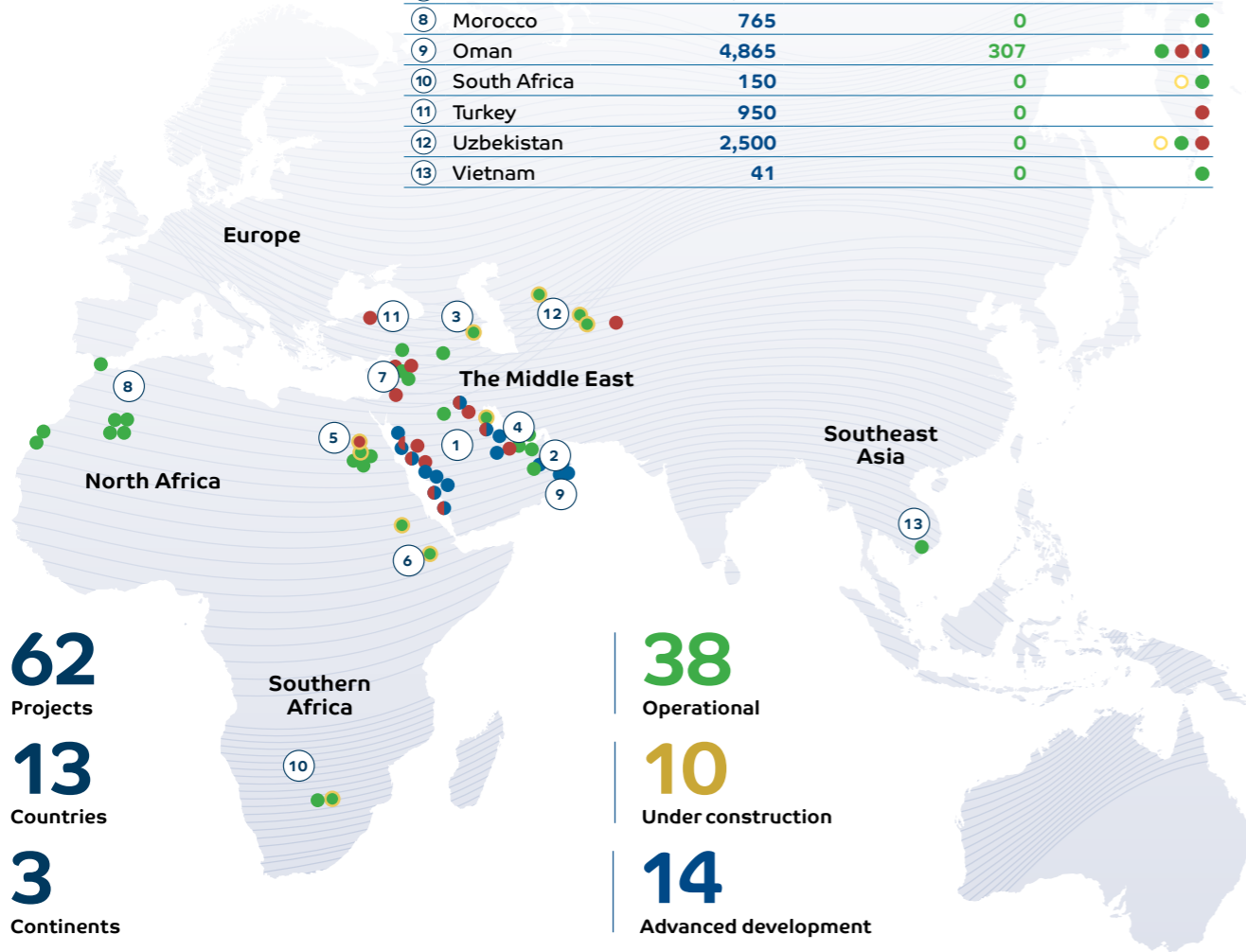
Our strategic geographic expansion has focused on targeting high-growth economies with sound regulatory environments.

## Diversified asset portfolio

### Project type

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

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



62 Projects

13 Countries

3 Continents

38 Operational

10 Under construction

14 Advanced development

88%

Top 5 countries represent 88 percent of total project cost.



74%

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



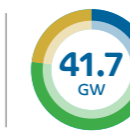
# Our assets

Modern, highly diversified and contracted asset portfolio.



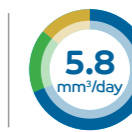
Average age of portfolio<sup>3</sup>

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



Power split by technology

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



Water split by technology

- SWRO<sup>4</sup> 69%
- MSF<sup>5</sup> 17%
- MED<sup>6</sup> 14%

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

1 Subsequently in June 2021, it was decided to no longer pursue Al Askar IPP project in Bahrain.  
 2 Subsequently in June 2021, Dairut-Luxor IPP project is excluded from the portfolio due to lack of progress in advancing in this project.  
 3 Based on year of PCOD.  
 4 SWRO – Seawater reverse osmosis.  
 5 MSF – Multi-stage flash distillation.

6 MED – Multiple effect distillation.  
 7 Petro-Rabigh IWSPP includes 2 assets.  
 8 Q2 2008 was the PCOD for Petro-Rabigh IWSPP. Petro-Rabigh (phase 2) IWSPP PCOD was Q1 2018.  
 9 CEGCO includes four assets of which two are renewable (wind) assets.

10 Operational when acquired.  
 11 Kirikkale is a merchant-market asset.  
 12 NOOR PV 1 IPP includes three assets.  
 13 Ethiopia PPP Phase 1 includes two projects.



# Economic performance

Notable achievements in a very different and difficult year.

## Strong financial results and position.

### Consolidated financial highlights

Operating income before impairment loss and other expenses

**1,949 SAR mn** **5.8%** ↑



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

**883 SAR mn** **24.8%** ↓



### Parent-level liquidity and leverage highlights

Parent operating cash flow (POCF)

**1,064 SAR mn** **20.2%** ↓



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

**0.97 Times** **94%** ↑



## De-risked business model – Contracted and resilient cashflows protected against a multitude of risks<sup>1</sup>

### Volume and price

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

### Contracted portfolio<sup>2</sup>



### Inflation and currency

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

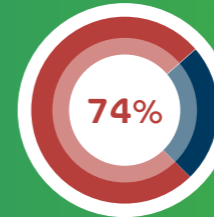
### Pegged currency<sup>2</sup>



### Off-taker profile

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

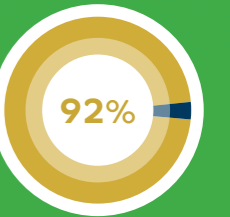
### Investment grade<sup>3</sup>



### Fuel supply and resources

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

### Pass-through<sup>4,5</sup>



<sup>1</sup> Analysis based on portfolio (total project cost) as at 31 December 2020.  
<sup>2</sup> Excluding Kirikkale (fully written down and deconsolidated in 2018).  
<sup>3</sup> Investment grade: countries with at least one investment grade from S&P, Moody's or Fitch.  
<sup>4</sup> Of total project cost of only conventional projects (excluding Kirikkale).  
<sup>5</sup> Except Hassyan where fuel supply is the project company's responsibility.



# Board of Directors' profiles

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

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

Board of Directors are documented in the minutes of meetings and signed by the Chairman and Board of Directors.

The Company's Board of Directors consists of highly qualified and respected individuals in the regional and international business community.



**Mr. Mohammad Abunayyan**  
Chairman of the Board of Directors

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



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

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



**Mr. Sulaiman Al Muhaidib**  
Member of the Board of Directors

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



**Dr. Ibrahim Al Rajhi**  
Member of the Board of Directors

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



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

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



**Mr. Raid Ismail**  
Member of the Board of Directors

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

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

Appointed	30 July 2020	5 July 2019	5 July 2019 – 13 May 2020	5 July 2019	5 July 2019
5 July 2019					
<b>Membership Status</b>					
Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
<b>External Appointments</b>					
Mr. Abunayyan chairs and/or is a member of the Board of Directors of several world leading organizations, including Vision Invest and Dussur. In addition, Mr. Abunayyan holds a number of prestigious honorary and leadership positions focused on transforming and diversifying the economy of Saudi Arabia.	Mr. Al-Sharhan sits as a member of the Board of Directors and/or board committees of local and regional organizations.	Mr. Al Muhaidib sits on the Board of Directors of Almarai Company, Vision Invest, Prince Salman Centre for Disability Research and Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care.	Dr. Al Rajhi is the Chairman of Arabian Cement Company, Tibah Airports Development Co. and Tibah Airports Operation Co. In addition, he sits on the Board of Directors of Al Rajhi Holding Group and other companies.	His Excellency is the Chairman of a number of esteemed organisations, including ASMA Capital, Al Raidah, Raza, SPIMACO ADDWAEIH, Damamm Pharma Taawuniyah Real Estate Investment. In addition, he is a member of the Board of Directors and Committees of SABIC, STC, Riyadh Bank, Iskan program and the General Organization for Social Insurance.	Mr. Ismail sits on the Board of Directors of several companies, including Credit Suisse of Saudi Arabia.
<b>Committees</b>					
BEC	NRC			BRCC	BEC NRC RPTC

**BEC** Board Executive Committee    **BAC** Board Audit Committee    **NRC** Nomination, Remuneration & Corporate Governance Committee    **BRCC** Board Risk & Compliance Committee    **RPTC** Conflict Of Interest and Related Party Transaction Committee





**Mr. Rasheed Al Rasheed**  
Member of the Board of Directors

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



**Mr. Omar AlMidani**  
Member of the Board of Directors

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



**Mr. Esmail Alsallom**  
Member of the Board of Directors

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



**Dr. Mohsen Khalil**  
Member of the Board of Directors

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



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

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



**Mr. Vincent De Rivaz**  
Member of the Board of Directors

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

<b>Appointed</b> 5 July 2019	5 July 2019	5 July 2019		5 July 2019	5 July 2019	5 December 2019
<b>Membership Status</b> Non-Executive	Non-Executive	Non-Executive		Independent	Non-Executive	Non-Executive
<b>External Appointments</b> Mr. Al Rasheed chairs and/or is a member of the Board of Directors of more than 8 regional companies including Vision International Investment Company, Saudi Organization for Certified Public Accountants (SOCPA), Saudi Economy Association and the Family Business Council of the Gulf Cooperation Council.	Mr. AlMidani sits on the Board of Directors of several Saudi companies, including Saudi Tabreed, Qudra Energy, Miahona and Etihad International ESCO.	Mr. Alsallom chairs and/or is a member of the Board of Directors of a number of organizations including Mada Infrastructure Holding Co, Injaz Development Co; TIBAH Airports Development Co, Havas Ground Handling Co, BTA Foods, ATU Duty Free, and Al Madinah Airport Hotel.		Dr. Khalil is a member of the Board of Directors for many companies and funds at different stages of growth.	Mr. Al-Rowais sits as a member of the Board of Directors and/or board committees of local and regional organisations, including SAMBA Financial Group, Bawan, Alinma Tokio Marine, Noon investments Company and Saudi Tourism Authority.	Mr. Vincent De Rivaz holds NED positions as representative of the Public Investment Fund in Acwa Power in the Kingdom of Saudi Arabia. He is a Clean Energy Advisor for Temasek (Singapore).
<b>Committees</b> BAC	BEC	BEC		BEC RPTC	BAC RPTC	

**BEC** Board Executive Committee    **BAC** Board Audit Committee    **NRC** Nomination, Remuneration & Corporate Governance Committee    **BRCC** Board Risk & Compliance Committee    **RPTC** Conflict Of Interest and Related Party Transaction Committee



# CEO's statement

2050 is the target year for us to reach net-zero emissions.

The world's gradual transition from a dependence on fossil fuels to sources of renewable energy will determine how we operate as a company and shape our future sustainability agenda.

“As ACWA Power becomes a world force in renewable energy, we are also striving to become a sustainability champion.”



## Sustainability: leadership brings great responsibility

This Report of ACWA Power's sustainability initiatives during 2020 gives an overview of our performance, defines how we are developing a strategy and articulates our commitments in the years ahead.

In a year when the COVID-19 pandemic disrupted almost every aspect of our operations, we still committed time and resources to making the company a better corporate role model for sustainability.

As ACWA Power becomes a world force in renewable energy, we are also striving to become a sustainability champion. We want to be a company that is as well known for its sustainability efforts as its spectacular operational achievements. We acknowledge our responsibilities and aim to be a force for good in the communities where we operate.

We have always set challenging compliance and disclosure targets since publishing our first standalone Sustainability Report in 2014 and have maintained this commitment ever since. The year ahead will be no different and, in many respects, a landmark in the company's sustainability track record.

We are formally committing to raising the renewable power generation of our portfolio to a green/brown ration (GW) of 50/50 by 2030; a reduction in the Greenhouse gas (GHG) emission intensity of our portfolio to 50 percent by 2030; and net-zero emissions from our portfolio by 2050.

## Actions speak louder than words

In embedding sustainability into our corporate culture, ACWA Power has always believed that actions speak louder than words. Key to the process of integrating sustainability has been the development of a workable strategy across all operational touchpoints; the setting of specific targets; engaging the Board and management; and securing the endorsement of our many stakeholders.

Some of the most notable actions we have taken this year include:

- Amalgamating sustainability with risk and strategy into one single function. In doing so, we have recognised that Environment, Social and Governance (ESG) strategy go together with sustainability. It will help us better manage and execute ESG strategy and the monitoring and reporting of specific initiatives.
- Evaluating the different climate-related policies enacted by the governments of the countries where we operate. Assessing the impact of these policies on our risk mitigation action plans is critical to maintaining the sustainability of our operations in the decades ahead, and to adjusting and adapting our future investment strategy.
- Becoming an early mover into the production of utility-scale green hydrogen and the development of world-class, sustainable mega-cities.



We want to be a company that is as well known for its sustainability efforts as its spectacular operational achievements.



By setting specific targets now and optimising the use of scarce resources such as water, we are seamlessly supporting the transition to this low-carbon economy and simultaneously managing our operations more efficiently.

- Improving communication around our activities and assessing how we will take it into account in adapting our strategy and activities in supporting the comprehensive reporting of results, using the Taskforce on Climate-related Financial Disclosures (TCFD) framework, by no later than 2024.
- Adapting our reporting to the recommendations of a special working group, particularly when assessing regulatory, technological, market, reputation and physical risks to the business.

## Shaping our future sustainability agenda

The world's gradual transition from a dependence on fossil fuels to sources of renewable energy, alongside the progressive deployment of low-carbon production technologies, is shaping how we operate as a company and setting our agenda for sustainability, now and in the future.

By setting specific targets now and optimising the use of scarce resources such as water, we are seamlessly supporting the transition to this low-carbon economy and simultaneously managing our operations more efficiently. We are grasping the opportunities that a sustainability culture is presenting us.

Our outstanding track-record in lowering renewable energy and water desalination tariffs, the landmark green hydrogen and mega-cities projects and the huge renewable energy project pipeline in Saudi Arabia signal our determination to stay firmly at the forefront of this transition.

These projects place a significant onus on us to report, probably over several decades, our activities and their outcomes. We are embracing these new and specific reporting requirements, including communicating to new, global audiences, and addressing the challenges that come from greater scrutiny of the corporate world around the sustainability question.

This Report is a formal attempt to harness what we are doing around ESG each year. We are committed to refining our disclosure and the quality of our reporting where it is required, in line with our journey towards being a sustainability champion.

In the meantime, we are determined to continue being a good corporate role model in the 13 countries where we are currently active, operating responsibly and contributing sustainably to their national economies to support their ongoing development.

**Paddy Padmanathan**  
President & Chief Executive Officer



# Strategy, governance and commitment

Our environmental performance achievements.

## Introduction

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

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

## Areas of focus

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

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

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

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

- Fostering employee wellbeing and demonstrating leadership in the health and safety of our employees and contractors.
- Supporting programs that provide access to education, better community infrastructure, opportunities for livelihood enhancement, and women's empowerment.
- Spending SAR 21 million on COVID-19 relief initiatives and a further SAR 50 million to support national health endeavours and efforts in the Kingdom of Saudi Arabia.

### Embodying corporate excellence by:

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

# 71 SAR mn

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



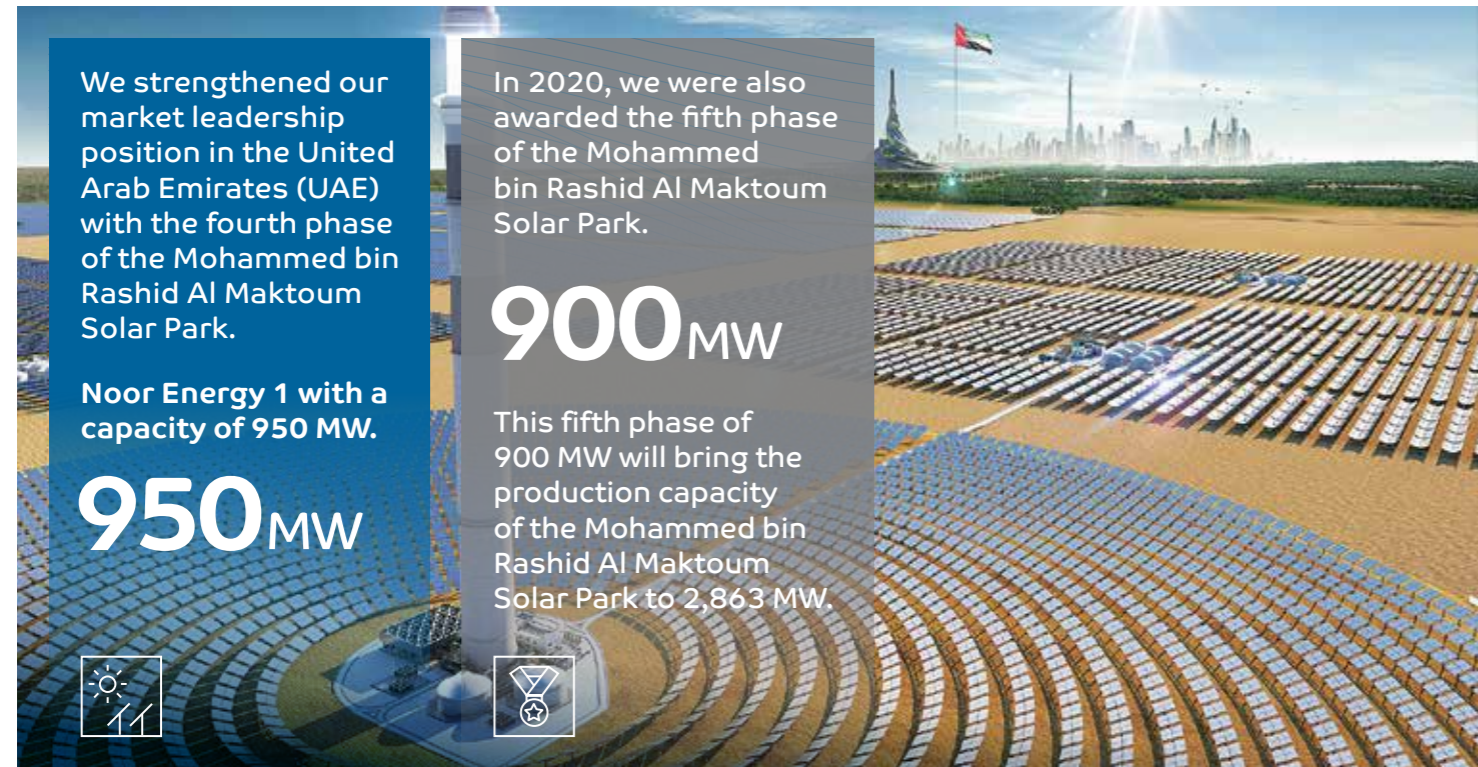
Guided by our mission to champion a sustainable future, we remain committed to the cost-effective, efficient, reliable, and safe production of power and desalinated water through public-private partnerships.



Overview

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

Key highlights include:



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

**950 MW**

Noor Energy 1 with a capacity of 950 MW.

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

**900 MW**

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



**1,500 MW**

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




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

**240 MW**

Wind power project in Azerbaijan

**1,000<sup>1</sup> MW**

Wind power project in Uzbekistan



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



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



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

**Sakaka PV with a capacity of 300 MW.**

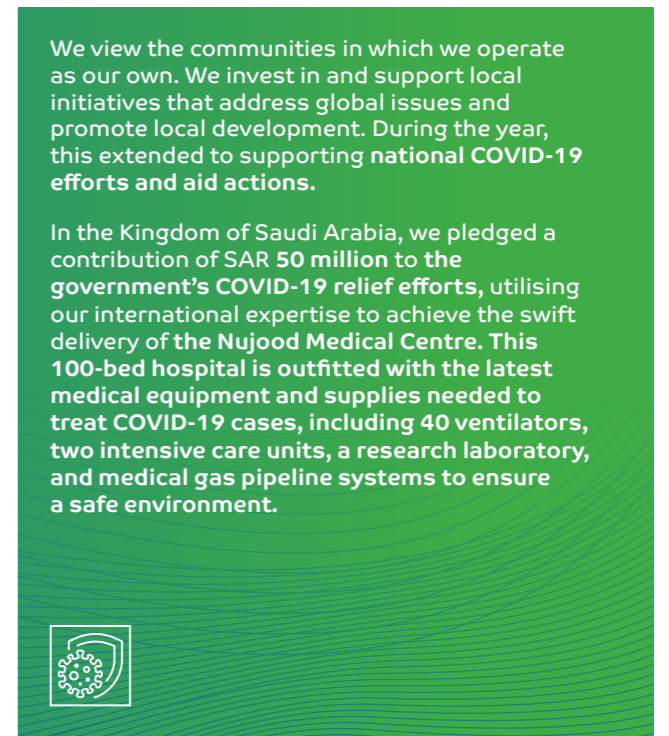
**300 MW**



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

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

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



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

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

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



# Taking the ESG journey forward

As well as providing a snapshot of our 2020 sustainability and ESG performance, this review also sets out our commitments for the years ahead.

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



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



These commitments are supported by our ESG strategy, developed in 2020.

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

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

## Materiality assessment

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

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

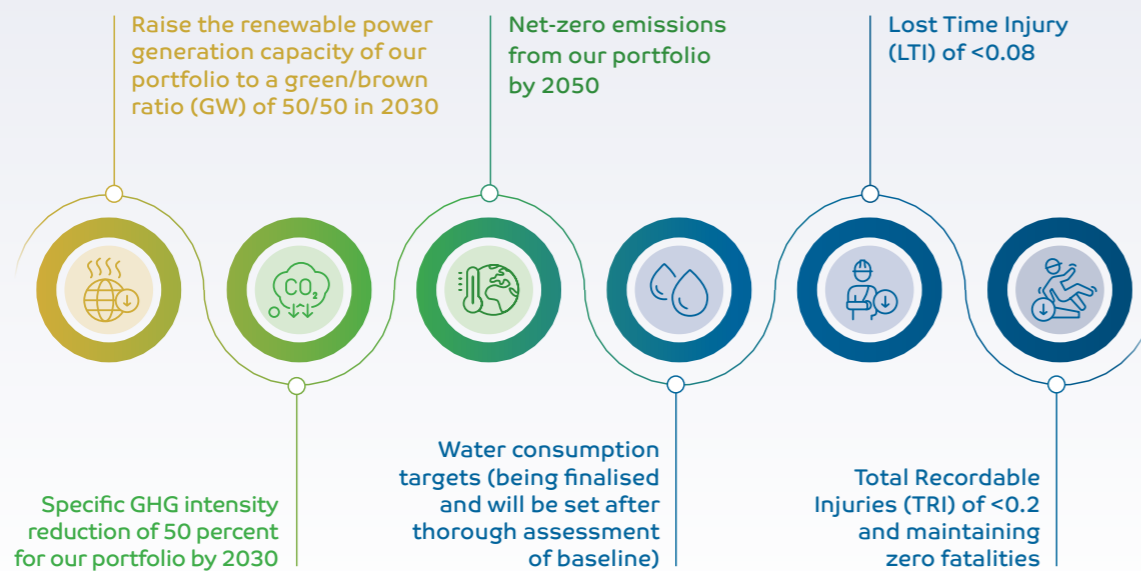


We formulated ESG goals and ambitions for the upcoming years and developed our ESG strategy.



## Targets for our most material ESG topics

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



In the coming year, we will set targets for water consumption by confirming our baseline and target-setting methodology. In the near future, we will be reporting quantifiable results on all ESG focus topics.

We are also finalising the reporting KPIs for all material ESG topics as well as developing their monitoring reporting frameworks.

## ESG flagship initiatives

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

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

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



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



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



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



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



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





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



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



**Taking the lead in the energy transition**

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

**Organisational change for ESG**

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

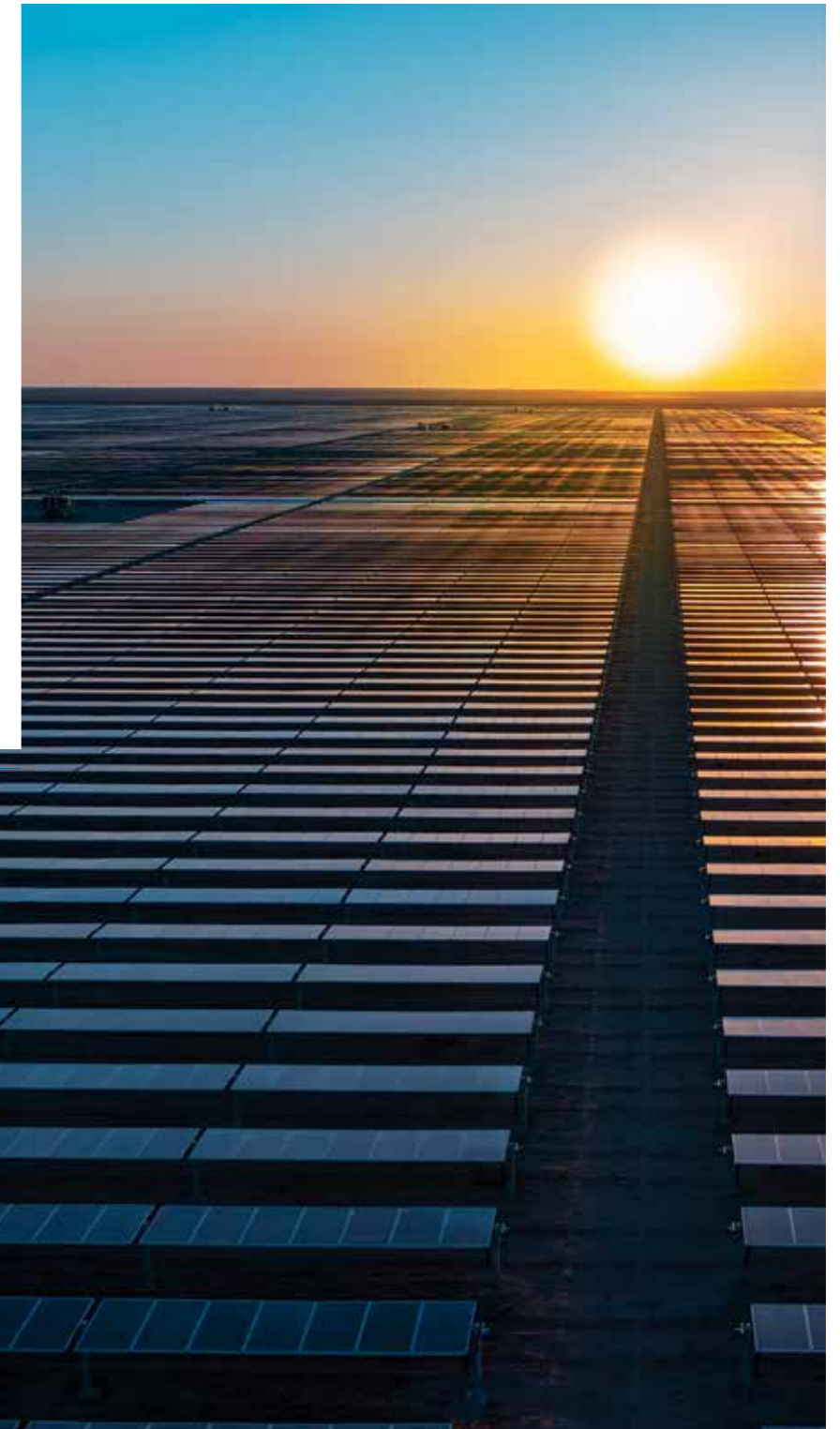
**A key contributor to the Kingdom's renewable energy ambitions**

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

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

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

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



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

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

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



**Notable accolades**

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

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



**50%**

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



Sakaka PV IPP, Saudi Arabia



# Our ESG approach

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

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



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

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

## Existing ESG values:

### 1 To support social development through our activities:

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



### 5 To embed corporate governance best practices:

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

### 2 To produce green energy and energy efficient desalinated water:

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

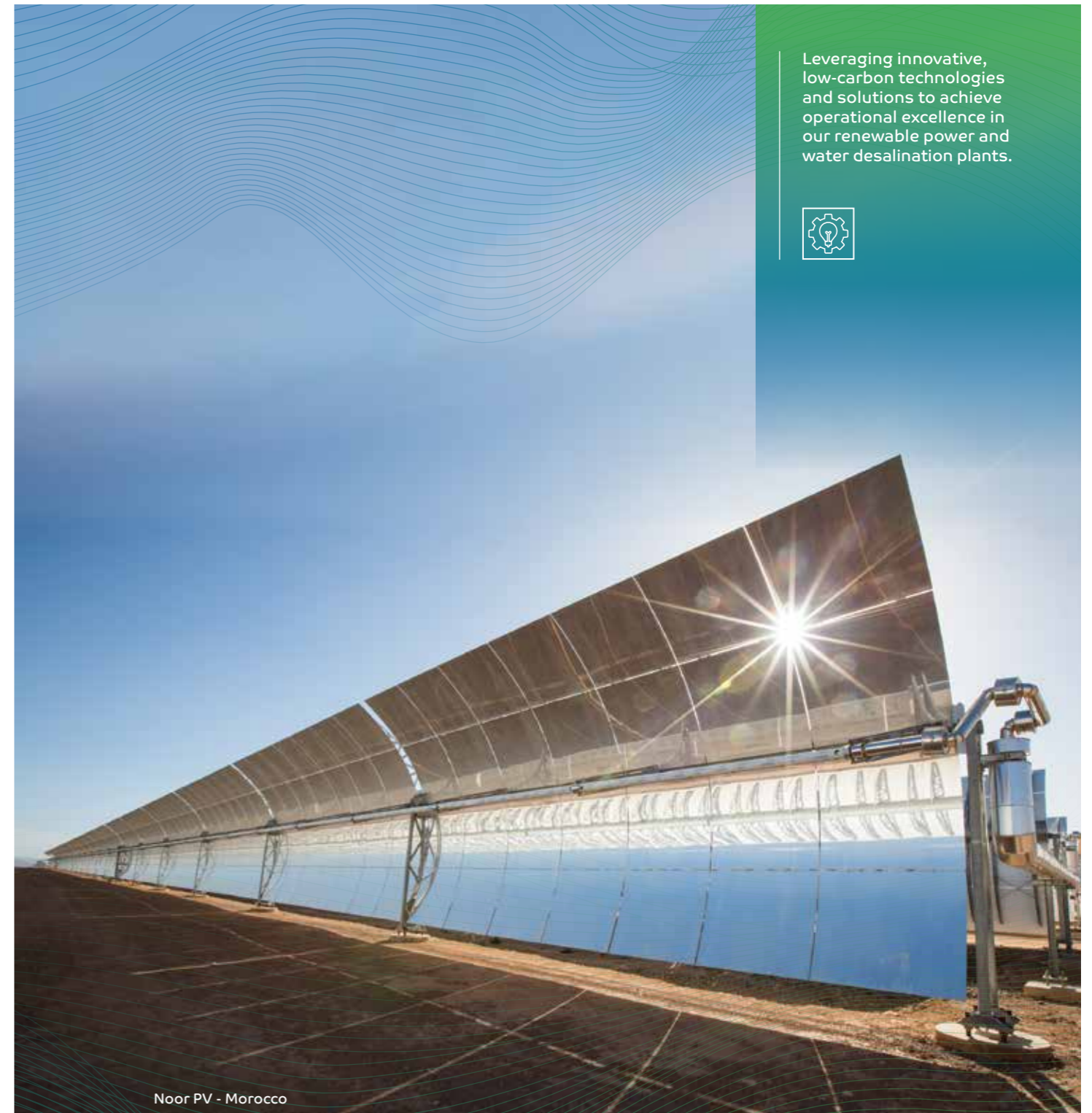
### 3 Human capital and knowledge development:

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

### 4 Health and safety:

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

Leveraging innovative, low-carbon technologies and solutions to achieve operational excellence in our renewable power and water desalination plants.



Noor PV - Morocco



We engage with a variety of key stakeholders on our ESG strategy.



**Our ESG strategy**

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

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

Our integrated strategy addresses key ESG issues, captured during a materiality assessment. However, for our ESG strategy to be implemented with impact, we are setting targets for our most material ESG topics. We aim to pursue the target-setting exercise in the coming year and report quantifiable results in the near future.

**ACWA Power's ESG Framework**

Our ESG strategy is shaped by our stakeholders' priorities.

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

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

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



These include:

**50/50**

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

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

Net-zero emissions from our portfolio by 2050

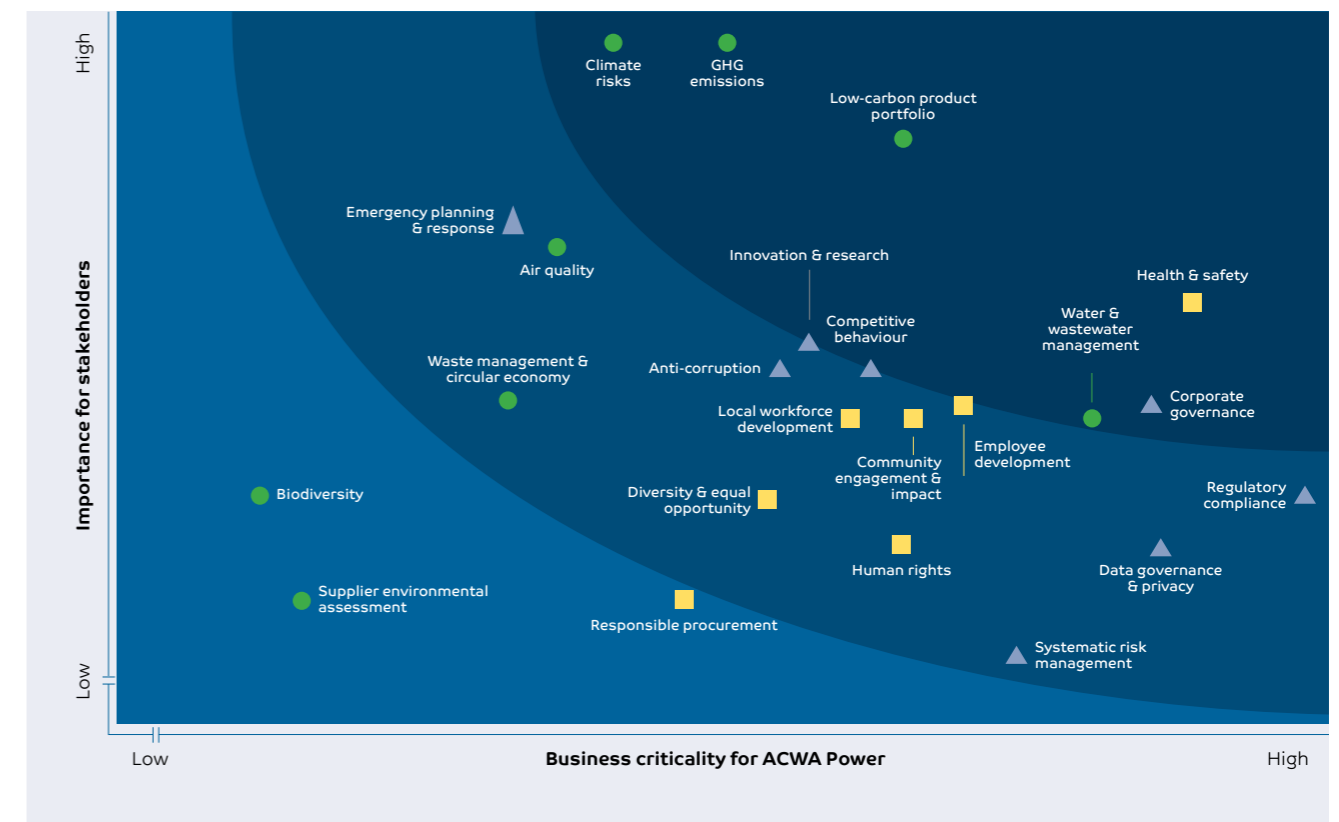
Water consumption targets (being finalised)

**<0.08**

Lost Time Injury (LTI) of <0.08

**<0.2**

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



● Environmental ■ Social ▲ Governance



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



# 11

Our 11 steering KPIs ensure focus on the most relevant aspects.



Marafiq IWPP, Saudi Arabia

### Steering and reporting KPIs

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

### Steering KPIs

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

🕒 Existing KPIs 🕒 Future introduced KPIs

#### Environmental indicators:-

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

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

##### To measure progress in achieving emission reduction targets:

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

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

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

- 🕒 Water consumption for power generation (l/kWh)
- 🕒 Specific power consumption for water desalination (kWh/m<sup>3</sup>)



#### Governance indicators:

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

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

#### Social indicators:

##### To demonstrate our HSE leadership:

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



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



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



**Reporting KPIs**

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

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

We are in the process of complementing the list to ensure a comprehensive coverage and finalising the reporting and monitoring framework that will enable us to report quantifiable results on our ESG focus topics in the near future.

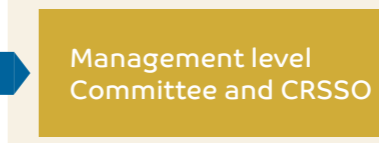
🕒 Existing KPIs   🕒 Future introduced KPIs

Environmental	
<b>6 water and wastewater management indicators</b>	<ul style="list-style-type: none"> <li>🕒 Water discharge to all areas (total and breakdown by area).</li> <li>🕒 Water discharge into fresh water vs. other waters.</li> <li>🕒 Water discharge to areas with water stress (total and breakdown by fresh water vs. other water).</li> <li>🕒 Water consumption from all areas (total).</li> <li>🕒 Water consumption from all areas with water stress (total).</li> <li>🕒 Change in water storage.</li> </ul>
Social	
<b>11 Health and safety indicators</b>	<ul style="list-style-type: none"> <li>🕒 Workers/employees covered by OHS1 system (total and percent).</li> <li>🕒 Fatalities and high-consequence recordable injuries – employees (total and rate).</li> <li>🕒 Fatalities and high-consequence recordable injuries – workers (total and rate).</li> <li>🕒 Fatalities because of and recorded cases of work-related ill-health – employees (total and percent).</li> <li>🕒 Fatalities because of and recorded cases of work-related ill-health – workers (total and percent).</li> <li>🕒 Statement of OHS management system implementation.</li> <li>🕒 Description of coverage of OHS management system.</li> <li>🕒 Description and explanation of how OHS requirements are met.</li> <li>🕒 Description of OHS training provided.</li> <li>🕒 Description of scope and access of non-occupational medical and healthcare service.</li> <li>🕒 Description of any voluntary health services and awareness programs.</li> </ul>
<b>1 Diversity and equal opportunity indicator</b>	<ul style="list-style-type: none"> <li>🕒 Ratio of women to men.</li> </ul>
<b>2 Community engagement and impact indicators</b>	<ul style="list-style-type: none"> <li>🕒 Operations with local community engagement and impact assessment.</li> <li>🕒 Significance and location of negative impacts of operations on local communities.</li> </ul>
Governance	
<b>3 Corporate governance indicators</b>	<ul style="list-style-type: none"> <li>🕒 Annual total compensation ratio.</li> <li>🕒 Highest governance body's role in managing risks and opportunities.</li> <li>🕒 Presence of stakeholder consultation to support highest governance body.</li> </ul>

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



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



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



**ESG governance and management processes**

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

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

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

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

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

**ESG performance metrics**

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

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

**ESG Data Management**

At ACWA Power, we aim for a continuous improvement in our ESG data management to further improve our reporting processes. With 63 projects across 13 different countries, it is essential that the monitoring of our ESG related KPIs are not only centralised, but also digitised for more efficient analysis and reporting.



ACWA Power is committed to implementing TCFD reporting and has started integrating the required climate risk disclosures in line with TCFD guidelines.



To fulfil this, we have been developing the digital ESG monitoring, reporting and analysis process and launched Synergi Life - using state-of-the-art tools and techniques and a big-data platform - to educate and disseminate information and monitor performance.

Deployed in 2020, the implementation of Synergi Life covered the Incident Management, Inspection Management and Audit Management modules and now gives employees an online facility to report incidents, near misses, HSE observations, and audit findings, to support and sustain a zero-harm culture.

As part of Phase 2, we will deploy the Environmental Management module to monitor the Environmental Performance Indicators, including Energy Consumption data, as well as waste generation records, emission records, and permit compliance tracking.

**ESG reporting process**

Our reporting process ensures that the improvement and communication of our ESG performance is ongoing. Our stakeholder partnerships are central to the journey towards excellence; we value stakeholder feedback as critical to improving our strategic goals and plans. Our aim is to understand the issues of concern and to respond openly and transparently to questions about our operations. Regular stakeholder engagement is an essential part of our approach to ESG.

It also underpins our engagement and collaboration with governments, civil society and others to achieve ‘transformational change’ – creating fundamental change to whole systems – not merely incremental improvements.

**Aligning to the Task Force for Climate-related Financial Disclosures (TCFD) to manage climate risks and opportunities**

ACWA Power is exposed to various types of ESG risks, which are dictated by the nature of its business and geographical distribution. Within the environmental dimension, there are physical risks due to shifts in climate; and transition risks associated with regulatory, political, legal, technological and market changes related to climate change.

ACWA Power is committed to implementing TCFD reporting and has started integrating the required climate risk disclosures in line with TCFD guidelines. Aligning to the TCFD recommendations represents a significant step for us to support preparedness in the transition to a low-carbon economy and against anticipated increases in the frequency or intensity of extreme climate events.

The Task Force’s recommendations on climate-related financial disclosures, listed below, are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management and metrics and targets.

**1. Governance**

Disclose ACWA Power’s governance around climate-related risks and opportunities.

**2. Strategy**

Disclose the actual and potential impacts of climate-related risks and opportunities on our strategy and financial planning where such information is material.

**3. Risk Management**

Disclose how we identify, assess and manage climate-related risks.

**4. Metrics and Targets**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Around these four thematic areas, ACWA Power is working towards establishing its reporting to integrate the disclosure around processes for identifying and assessing climate-related risks; processes for managing climate-related risks; and processes for identifying, assessing, and managing climate-related risks are integrated into our overall risk management.

Aligned with this, ACWA Power will use scenario analysis to assess climate-related risks and opportunities and report on the extent to which adequate governance, strategy, risk management and metrics and targets are in place to address climate issues. The adoption of these scenarios and their integration into corporate processes will take account of the TCFD guidelines and enable the assessment of the risks and opportunities connected to climate change.

By increasing transparency around the positioning of our total portfolio in respect of the transition to a lower-carbon energy supply, production and use, ACWA Power is committed to a business model that advances the objectives of the Paris Agreement (COP21) to contain the average increase in global temperature below 2°C compared with pre-industrial levels and to continue to limit this rise to 1.5°C.



Ibrahimiya Wind, Jordan

↓ 2°C

ACWA Power is committed to a business model that advances the objectives of the Paris Agreement (COP21) to contain the average increase in global temperature below 2°C.





# Championing the United Nations Sustainable Development Goals

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

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



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

In our own operations, we champion progress towards the UN SDGs and continue to support our host nations' advancement on the global goals and, ultimately, their national contributions to the Paris Agreement.

In turn, the SDGs represent a useful tool to measure and improve ESG performance.

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

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

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

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

## ACWA Power's core UN SDGs



### 6 Clean water and sanitation

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



### 7 Affordable and clean energy

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



### 8 Decent work and economic growth

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



### 13 Climate action

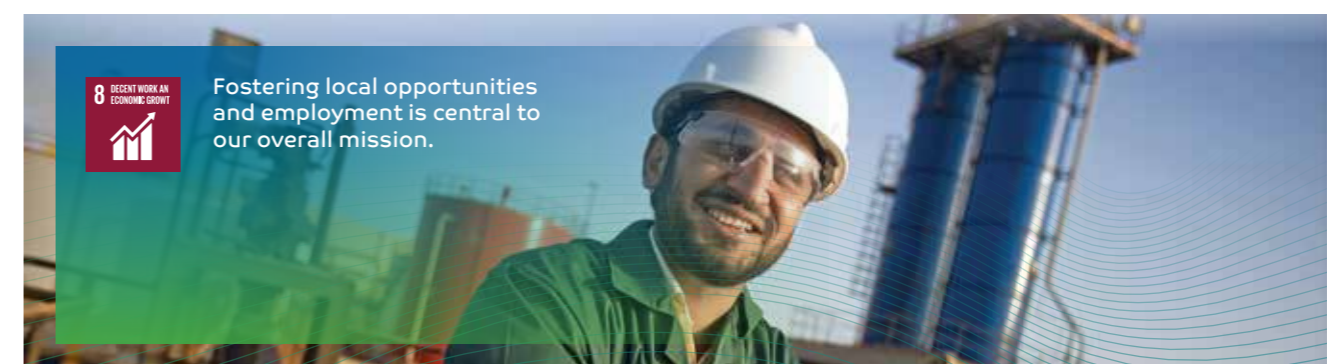
Prioritising climate action is essential. We are working towards this goal by mobilizing financial resources to help effective climate change-related planning and management in those countries where we operate. We are also committed to managing climate risks by reducing the carbon footprint of our water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



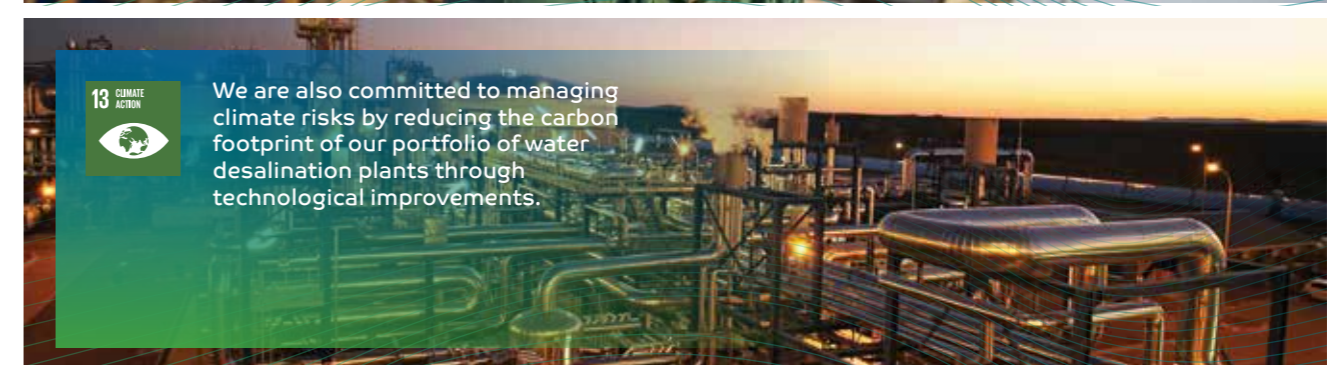
We are committed to continuously strengthening our water delivery system's reliability and efficiency as to ensure the availability and the sustainable management of our water resources.



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



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



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



ACWA Power's impact on the specific SDG targets

In addition to the core UN SDGs above, we have identified supportive UN SDGs linked to our ESG strategy. The supportive UN SDGs represent the UN SDGs where we can leverage our influence to help reach targets. By identifying each core and supportive SDG' indicators relevant to our operations, it enables us to monitor how ACWA Power is contributing to the specific targets on the Environmental, Social and Governance fronts.





The environmental areas of focus of ACWA Power directly supports the achievement of the following SDGs:



Our environmental focus areas also contributes to the following SDGs:



ACWA Power's ESG focus topics

How we contribute to specific SDG targets

**Low-carbon product portfolio**  
Building a portfolio of low-carbon products (e.g. renewables and other low-carbon products, such as green hydrogen) us topics



- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

**GHG emissions**  
Reduction of GHG emission intensity resulting from ACWA Power operations



- 7.3 By 2030, double the global rate of improvement in energy efficiency.
- 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

**Climate risks**  
Management of the climate risks (e.g. physical, transition risks) due to climate change and the low-carbon transition



- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 13.2 Integrate climate change measures into (national) policies, strategies and planning.
- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

**Water and wastewater management**  
Management of the availability, use and disposal of water & wastewater in ACWA Power operations



- 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping & minimising release of hazardous chemicals & materials, halving the proportion of untreated wastewater & substantially increasing recycling and safe reuse globally.
- 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
- 6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.



- 12.2 By 2030, achieve sustainable management & efficient use of natural resources.
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



The social areas of focus of ACWA Power directly supports the achievement of the following SDGs:



Our social focus areas also contributes to the following SDGs:



ACWA Power's ESG focus topics

How we contribute to specific SDG targets

**Health and Safety**

Provision of healthy and safe working conditions for employees of ACWA Power



- 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



- 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

**Employee recruiting and development**

Recruitment and development of ACWA Power's employees as well as talent management and employer branding



- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.



- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

**Community engagement and impact**

Engagement with local communities that are involved in or affected by ACWA Power's business operations



- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

- 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

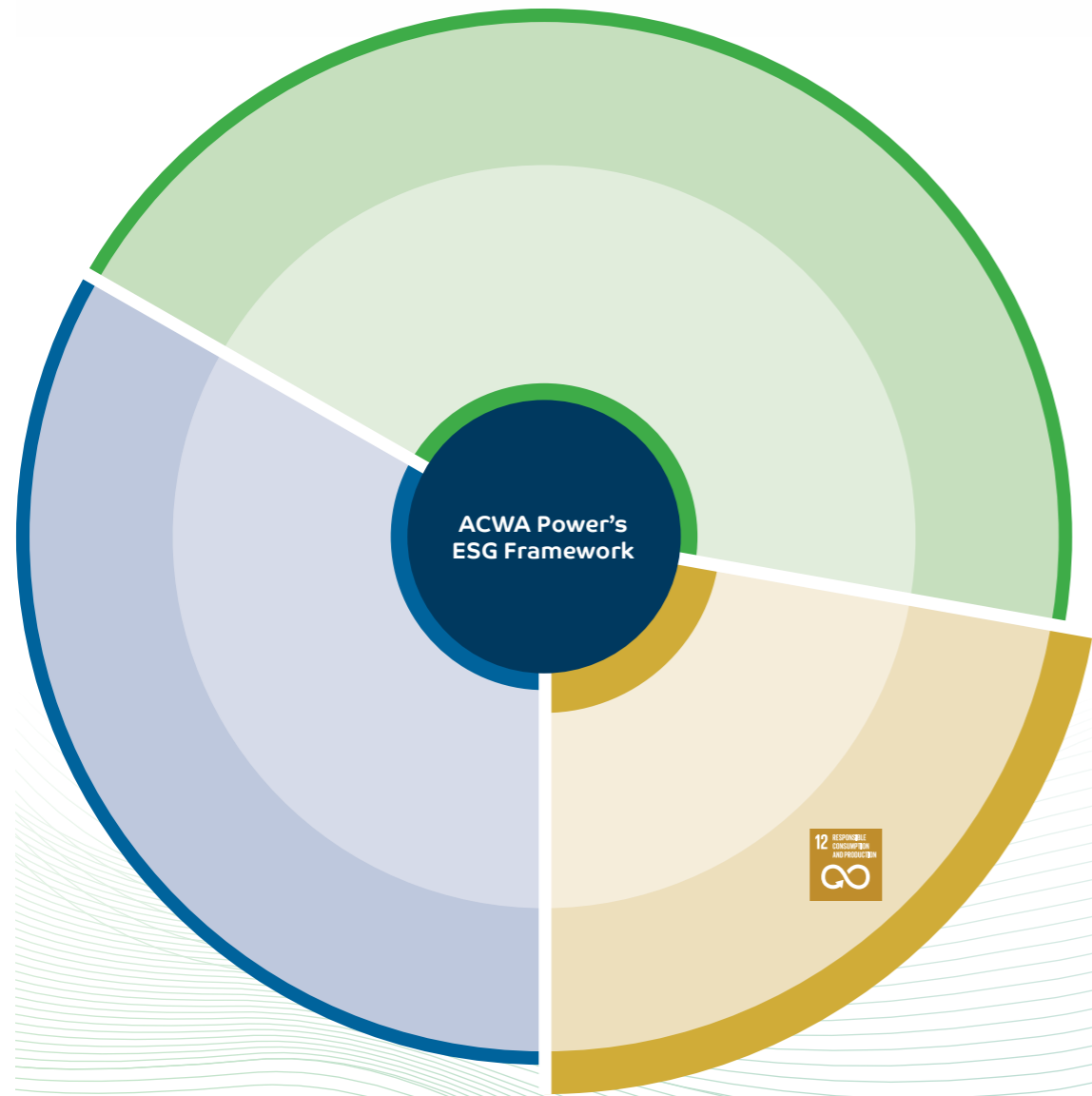


- 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

- 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



Our governance focus areas also to the following SDGs:



ACWA Power's ESG focus topics

**Corporate Governance**  
 Continuous development and adherence to rules, practices and processes set by ACWA Power



How we contribute to specific SDG targets

- 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.



NOORo III, Morocco



# The world's sustainability partner

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

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

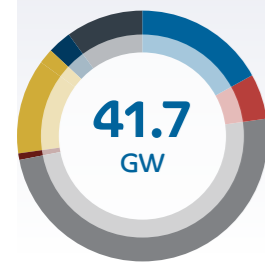
This mission is reflected in our decarbonisation efforts.

### ACWA Power's low-carbon portfolio

In 2020, 77 percent of the total gross capacity of our portfolio consisted of clean and low-carbon power technologies, including assets under construction or in advanced development.

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

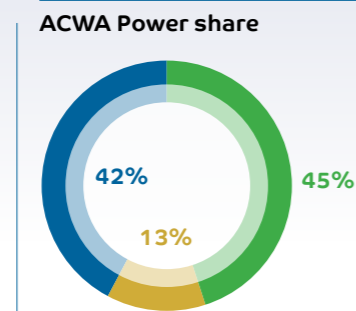
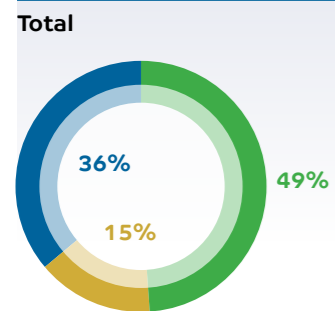
### Power capacity by technology (by gross capacity)



17% Oil	12% PV
6% Coal	2% CSP – parabolic
49% Natural gas	3% Wind
1% CSP Tower	10% Green Hydrogen (Wind + Solar)

### ACWA Power's total portfolio

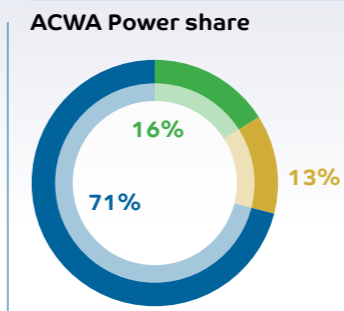
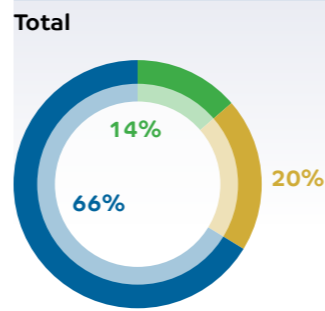
Project status	Total	ACWA Power share
In operation (MW)	20,273	7,952
Under construction (MW)	6,250	2,250
Advanced development phase (MW)	15,225	7,337
<b>Total (MW)</b>	<b>41,748</b>	<b>17,539</b>



■ In operation (MW)  
■ Under construction (MW)  
■ Advanced development phase (MW)

### ACWA Power's renewable portfolio

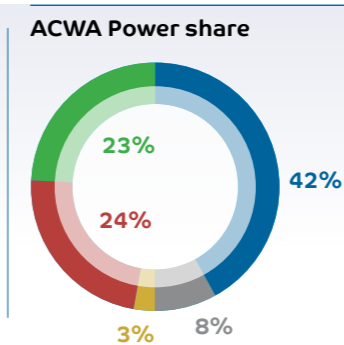
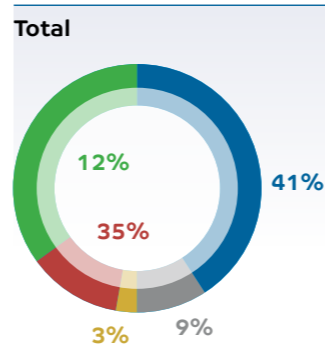
Project status	Total	ACWA Power share
In operation (MW)	1,576	897
Under construction (MW)	2,350	703
Advanced development phase (MW)	7,625	3,967
<b>Total (MW)</b>	<b>11,551</b>	<b>5,567</b>



■ In operation (MW)  
■ Under construction (MW)  
■ Advanced development phase (MW)

### Breakdown per technology of ACWA Power's renewable capacity

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



■ PV (MW) ■ Wind (MW)  
■ CSP parabolic (MW) ■ Green Hydrogen (MW)<sup>1</sup>  
■ CSP tower (MW)

<sup>1</sup> Includes solar and wind.

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



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





Remarkable renewable projects in 2020

During 2020, many countries, utility companies, and businesses continued to announce or pursue plans to transition towards renewable energy, despite the onset of the global pandemic. ACWA Power confirmed a 'global accelerator' role for the renewable energy transformation with projects that helped to significantly lower renewable energy tariff levels and better ensure operational efficiency.

Noor Energy 1 benefits from a power purchase agreement (PPA) with DEWA, characterised by the longest tenure in the world for a renewable IPP.



### Noor Energy 1 (950 MW/SAR 16.2 billion)

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

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

NOMAC provides the O&M services and brings to the table its unique experience of CSP plants with thermal energy storage



#### Project highlights

**950 MW**

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

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

**1.6 mn tons per year**

With estimated CO<sub>2</sub> savings of 1.6 million tons per year, the project supports Dubai's goal to increase its clean energy capacity by 25 percent by 2030.

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

**260 metre**

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

**24 hours a day**

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



Noor Energy 1, UAE



# 1,500 MW

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



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



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

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

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



### Green hydrogen – the next step in global energy transition

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

### NEOM Helios, the world's largest green hydrogen facility

The project consortium will set up the world's largest green hydrogen project to produce 650 tons per day of hydrogen by electrolysis, nitrogen by air separation and 1.2 million tons per year of green ammonia. This is expected to save an overall 3 million tons of CO<sub>2</sub> per year.

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

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

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

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




## Winners

### Green Hydrogen Project Award



NEOM | AIR PRODUCTS | ACWA POWER

## 650

Tons per day of carbon-free hydrogen.

The project consortium will be setting up the world's largest green hydrogen project to supply 650 tons per day of carbon-free hydrogen which is expected to save an overall 3 million tons of CO<sub>2</sub> per year.





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



**NEOM to become an energy transition hub**

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

**Sustainable multi-utility solution: The Red Sea Project**

The Red Sea Development Company (TRSDC) was established in 2018 as a standalone entity, wholly owned by PIF to spearhead the development of the Red Sea Project – one of the world's most ambitious tourism projects. It has awarded its highest value contract to date to a consortium led by ACWA Power to design, build, operate and transfer the Red Sea Project's utilities infrastructure. The contract marks a significant step forward for the project, establishing it as the region's first tourism destination powered solely by renewable energy. A project of this size has never been achieved on this scale anywhere in the world.

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

The Red Sea Project is committed to sustainable development, using renewable energy, environmental preservation and enhancement.

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

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

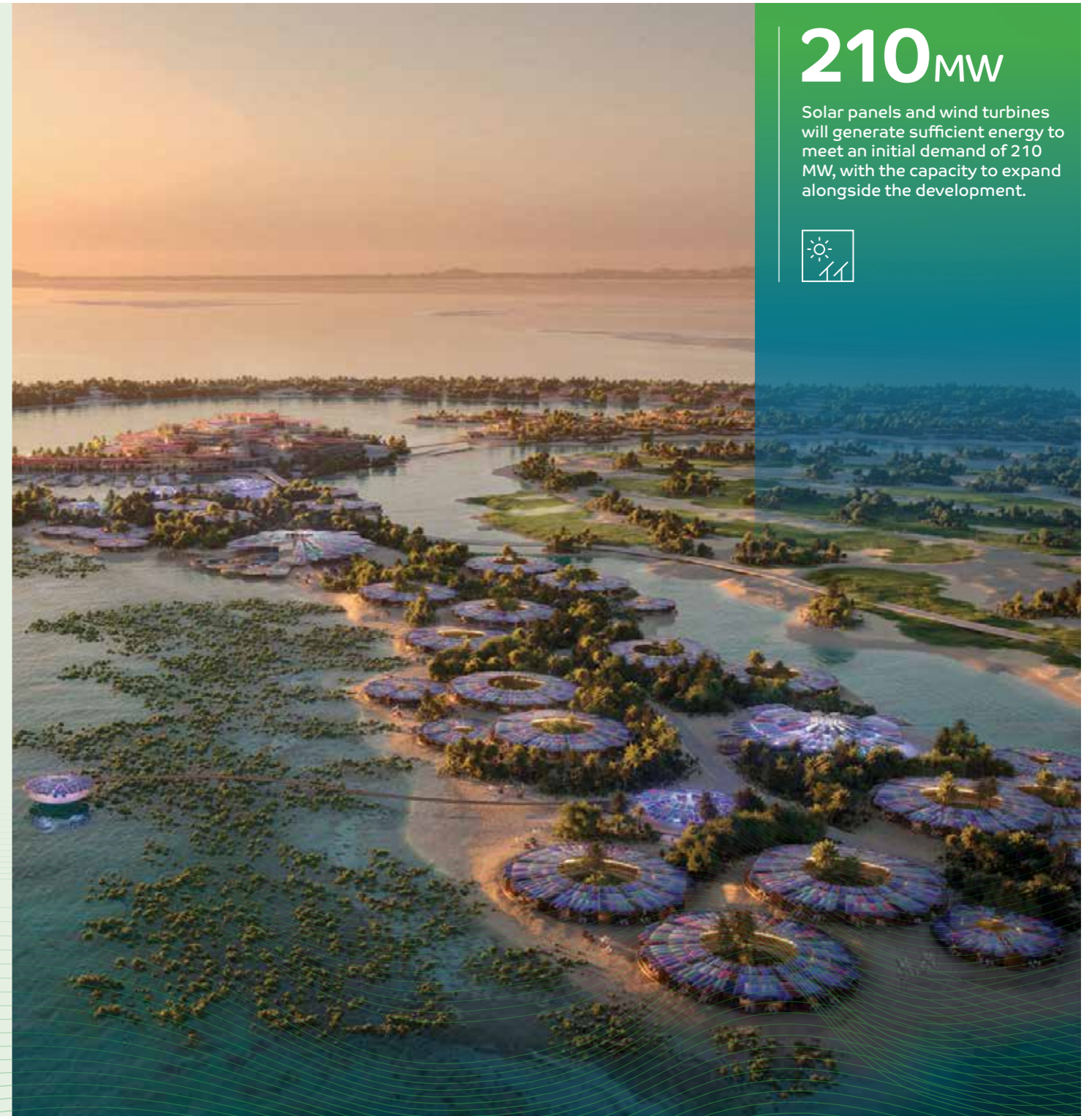
1. Free of single-use plastic
2. Carbon-neutral
3. Zero waste to landfill
4. 100 percent renewable energy, 24 hours a day
5. 30 percent net positive impact on biodiversity
6. Leadership in energy and environmental design – LEED Platinum Building standards

**Comprehensive utility packages awarded**

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

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

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



**210 MW**

Solar panels and wind turbines will generate sufficient energy to meet an initial demand of 210 MW, with the capacity to expand alongside the development.





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



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



**Sustainable water desalination**

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

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

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

Desalination plants worldwide emit an estimated 76 million tons of carbon dioxide per year. This is expected to triple by 2040. CO<sub>2</sub> emissions from desalination plants in the Kingdom represent about 3 percent of global emissions from desalination and are estimated to reach 6.5 million tons by 2040.

**Cost and technology leader**

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

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

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

**GCC's top desalination developer**

With 15 desalination assets, we led the Middle East Economic Digest (MEED)'s 2020 desalination developer ranking. We currently have an equity-share capacity of 2.7 million m<sup>3</sup> a day (cm/d) for a total operational capacity under management of 5.8 million cm/d.

**Pioneering sustainable large-scale water desalination plants through innovation**

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

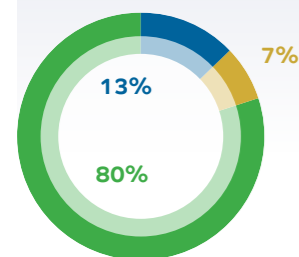
Since energy needs are central to all our design work, we have adopted an innovative approach to designing desalination plants. While the energy cost usually represents the largest portion of the tariff, our renewable energy expertise, combined with a big data approach to desalination, allows us to deliver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

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

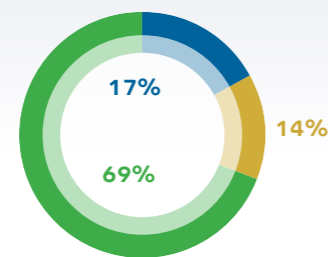
**ACWA Power's water desalination portfolio per type of technology**  
(capacity under management)

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

**Number of assets**



**'000 m<sup>3</sup>/day**



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

We are actively increasing the efficiency levels of our desalination plants and employing innovative technologies to reduce costs.



High water demand – driven by population growth and industrialisation – continues to put pressure on the existing supply infrastructure.



Shuqaiq IWPP, Saudi Arabia



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



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

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

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

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

**Promising patents to take it a step further**

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

The enhanced RO desalination system improves efficiency and eliminates the need for expensive industrial acids to acidify seawater. Instead, it injects CO<sub>2</sub> captured from power plant emissions, effectively reducing the RO process carbon footprint.

The dissolved CO<sub>2</sub> in seawater passes through the RO membranes. Consequently, the CO<sub>2</sub> addition also lowers the pH of the RO permeate and brine, which reduces the need for food-grade CO<sub>2</sub> in the post-treatment process.

Carbon capture utilisation and storage (CCUS) is a crucial technology for removing, reusing, and recycling CO<sub>2</sub> emissions and addresses multiple dimensions of the circular carbon economy model.



Rabigh 3, Saudi Arabia

**43.1 US cents**

With its 41.3 US cents per cubic metre tariff for the 600,000m<sup>3</sup>/d Jubail 3A IWP project, it has also set a new world benchmark for the lowest cost of desalinated water.





# Our low-carbon outlook

Towards a more decarbonised, cleaner future.

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



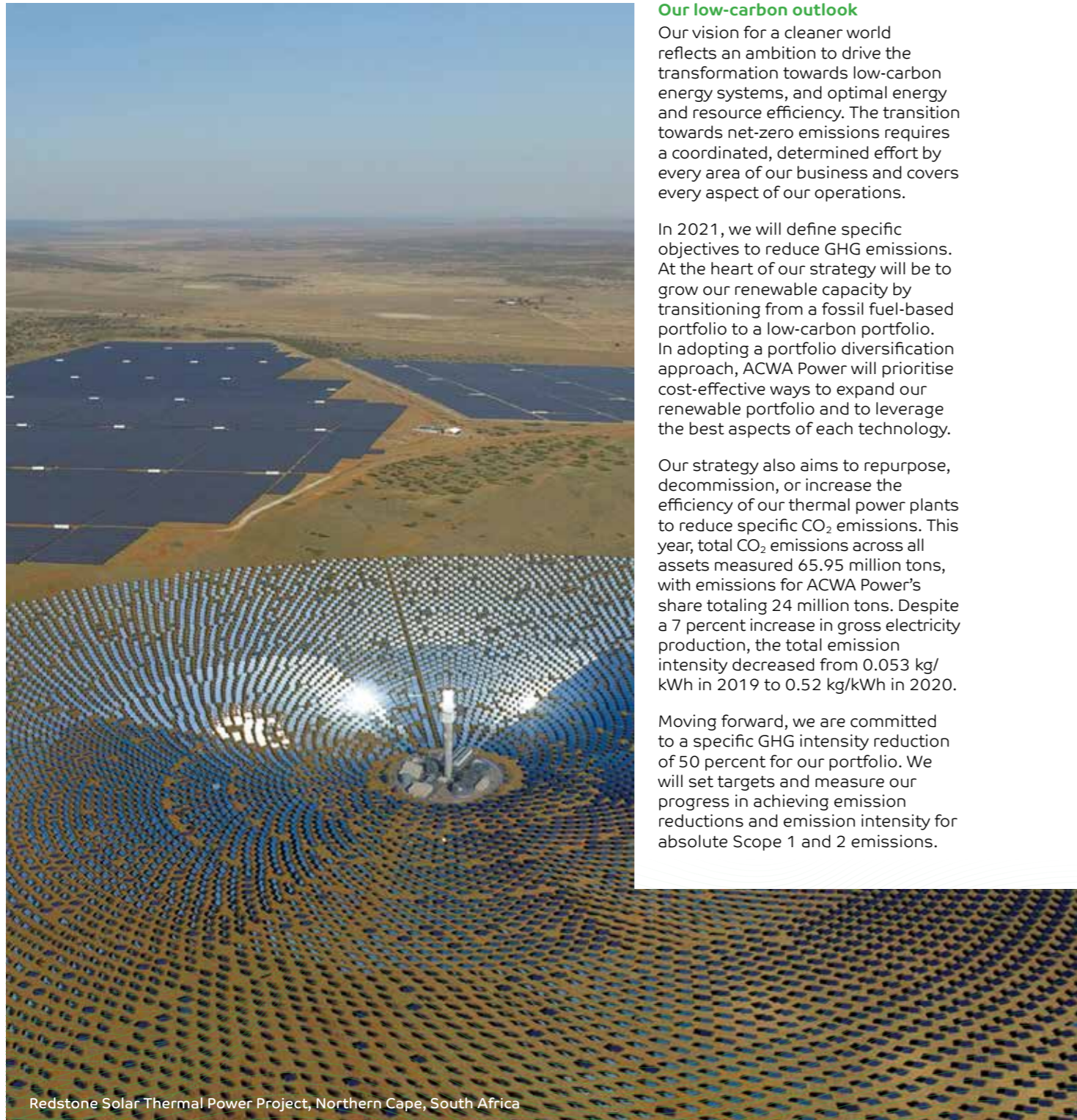
### Our low-carbon outlook

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

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

Our strategy also aims to repurpose, decommission, or increase the efficiency of our thermal power plants to reduce specific CO<sub>2</sub> emissions. This year, total CO<sub>2</sub> emissions across all assets measured 65.95 million tons, with emissions for ACWA Power's share totaling 24 million tons. Despite a 7 percent increase in gross electricity production, the total emission intensity decreased from 0.053 kg/kWh in 2019 to 0.52 kg/kWh in 2020.

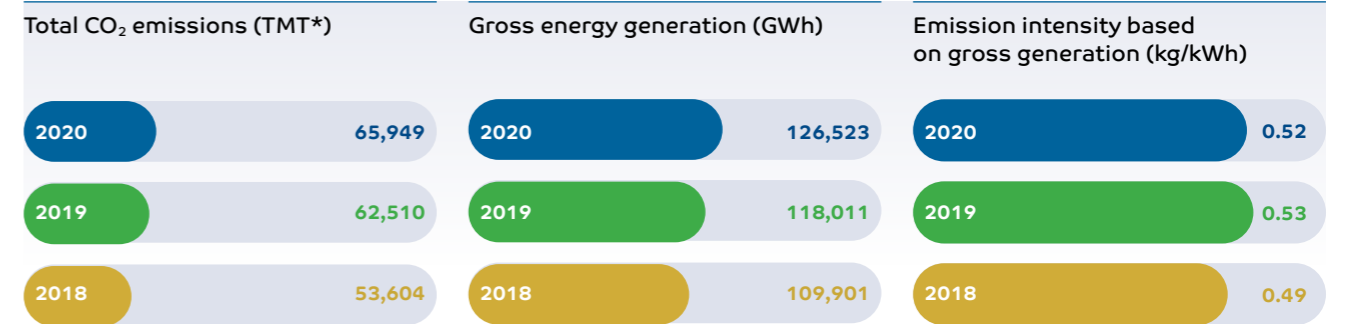
Moving forward, we are committed to a specific GHG intensity reduction of 50 percent for our portfolio. We will set targets and measure our progress in achieving emission reductions and emission intensity for absolute Scope 1 and 2 emissions.



Redstone Solar Thermal Power Project, Northern Cape, South Africa

### ACWA Power's CO<sub>2</sub> emissions

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



\*Thousand metric tonnes

**65,949**

Total CO<sub>2</sub> emissions (TMT\*)



**126,523**

Gross energy generation (GWh)



**0.52**

Emission intensity based on gross generation (kg/kWh)





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



In 2020, we reaffirmed our commitment to corporate governance through our policies and procedures.



**Environmental impact and risk**

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

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

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

**Health, Safety, Security & Environment (HSSE)**

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

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

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

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

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

**HSSE digitalisation initiative – Synergi Life**

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

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

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

Health and Safety Indicators	Calculation	2020	2019	2018	2017
<b>ACWA Power Total (Operational + Construction)</b>					
Hours worked	Total	62,108,382	52,099,964	49,117,140	50,564,992
Lost Time Incidents (LTI) – total	Total	10	12	12	11
LTI – employees	Total	1	1	1	2
LTI – contractors	Total	9	11	11	9
LTI rate	Average rate	0.03	0.05	0.05	0.04
Recordable incidents	Total	36	53	34	79
Recordable incident rate	Average rate	0.12	0.20	0.15	0.312
Fatality	Total	0	2	3	2
<b>Operational Projects</b>					
Hours worked	Total	13,150,816	14,151,058	11,982,577	10,287,236
LTI – total	Total	2	2	2	4
LTI – employees	Total	1	1	1	2
LTI – contractors	Total	1	1	1	2
LTI rate	Average rate	0.03	0.03	0.03	0.08
Recordable incidents	Total	10	13	11	36
Recordable incident rate	Average rate	0.15	0.18	0.18	0.6
Fatality Total	Total	0	0	0	1
<b>Construction Projects</b>					
Hours worked	Total	48,957,566	37,948,906	37,134,563	40,277,756
LTI – total	Total	8	10	10	7
LTI – employees	Total	0	0	0	0
LTI – contractors	Total	8	10	10	7
LTI rate	Average rate	0.03	0.06	0.05	0.03
Recordable incidents	Total	26	40	22	43
Recordable incident rate	Average rate	0.11	0.21	0.12	0.21
Fatality	Total	0	2	3	1

Health and Safety Compliance	Calculation	2020	2019	2018	2017
Percentage of operations for which health and safety impacts are assessed	Average	100%	100%	96%	100%
Incidents of non-compliance with national/global health and safety regulations resulting in a fine or penalty	Total	0	0	0	0



Please [click here](#) to access our environmental and social impact studies.



Please [click here](#) to read ACWA Power's Health, Safety, Security, Environment (HSSE) Policy Statement.



↙ 30%

The Republic has committed to reducing its GHG emissions by 35 percent by 2030 under the Paris Agreement and key public-private partnerships are fast-tracking its move towards harnessing its excellent sustainable wind energy resources.



**Taking sustainability to new markets**

**Azerbaijan**

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

The plant will help Azerbaijan achieve its target of 30 percent renewable energy capacity by 2030. Once complete, it will provide power to 300,000 households and reduce CO<sub>2</sub> emissions by 400,000 tons a year to support the country's green ambitions.

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

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

**Uzbekistan**

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

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

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

30%

The Azerbaijan wind power plant will help the country achieve its target of 30 percent renewable energy capacity by 2030.



9.4 SAR bn

We entered into a strategic agreement with the Uzbekistan Ministry of Energy to develop research programs and projects in hydrogen and renewable energy. The combined investment value will be ~SAR 9.4 billion with a capacity of 2,500 MW energy capacity by 2030.



Hofa Wind, Jordan



# Creating shared value for our people

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

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



### Employee wellbeing and development

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

### Diversity and Inclusion

In line with the United Nations' Sustainable Development Goal number 5: Gender Equality, we are now taking a more proactive role in building a truly diverse and inclusive workplace. For example, we have now introduced strong, number-driven internship and recruitment criteria to ensure equal representation and gender parity in new roles.

As a testament to our dedication in raising our performance standards in this area, we recently welcomed onboard a Head of Nationalisation and Diversity, who will assume responsibility for driving diversity across all the company's roles.

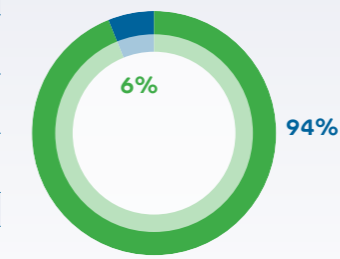
Our commitment to gender empowerment is not only limited to within the company, but extends into the communities where we operate.

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

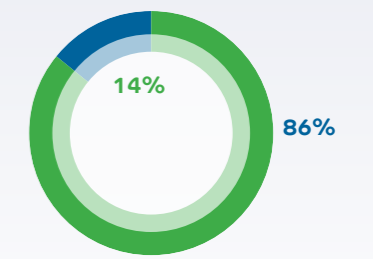


Human capital	2020
<b>FTEs (full time employees)</b>	
FTEs (full time employees) – men	3,334
FTEs (full time employees) – women	204
FTEs (full time employees) – Total	3,538
<b>Managers and directors</b>	
Managers and directors – men	338
Managers and directors – women	56

### FTEs (full time employees)



### Managers and directors



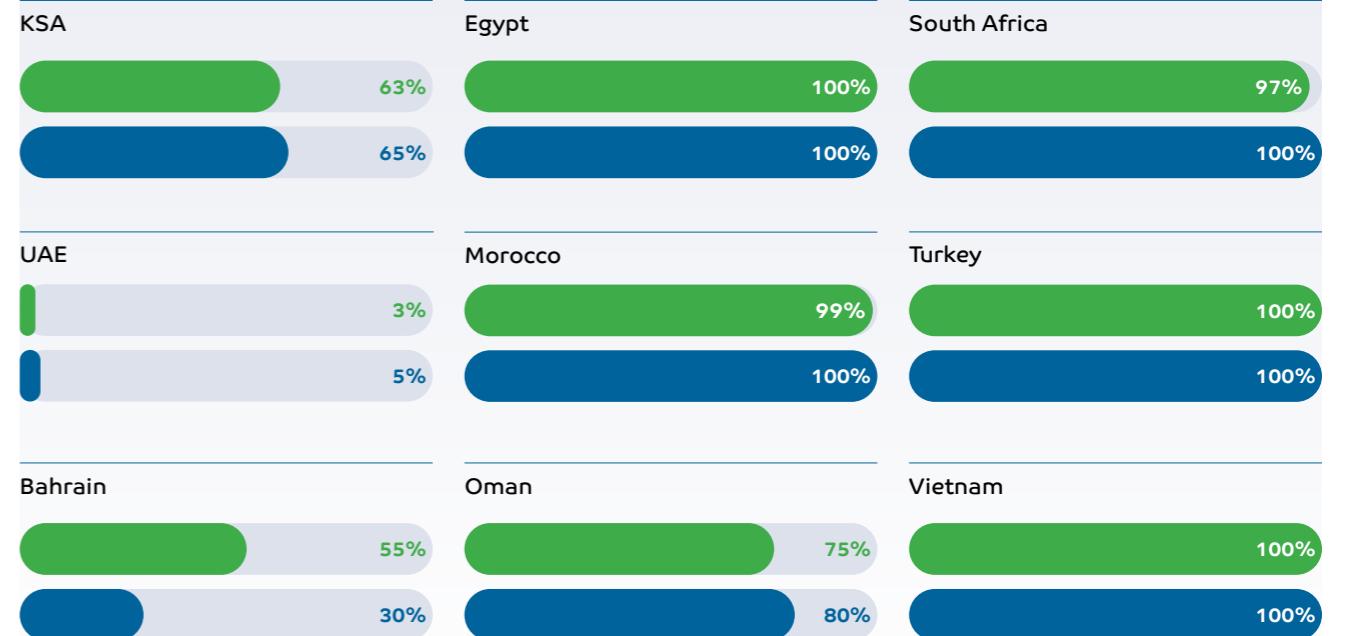
**120**  
Vacancies filled



**18%**  
Female hires



### Localisation percent for 2020



■ Actual  
■ Planned (as per internal targets)



ACWA Power is also a signatory to the Empower Alliance, a G20 global initiative, which drives meaningful measures that promote the advancement of women. Through our Empower Alliance G20 global initiative partnership, we support sharing best practices on women's empowerment and looking beyond ratios and targets to focus on meaningful measures aimed at equal opportunity, removal of bias and other behaviours that stand in the way of diversity.

The fierce competition for talent, and our commitment to positioning ACWA Power as an employer of choice, prompted the launch of several new, people-focused programmes. Our business model, which encompasses the entire lifecycle of a project that can often last for decades, presents an additional recruitment challenge in terms of attracting, developing and retaining people who can reliably staff these projects over extended periods of time.

Against this backdrop, and in line with international best practice, we updated our job architecture to promote internal parity and unlock career opportunities; established a new Performance Development Framework; and launched a Senior Leaders Development programme to ensure alignment of performance for the coherent implementation of our strategy and business plans.

Further, we have developed bespoke and partner-associated Learning & Development (L&D) programmes for a wider range of critical roles and future leaders. Our Leadership Development Programme for managers and senior managers was developed in partnership with PwC's Academy and typically lasts seven months. The learning journey is designed to help managers become the leaders of tomorrow and to support ACWA Power's growth sustainably. Some of the Programme's learning outcomes include:

- Improved management and leadership skills based on best international standards that are applicable in our region, with increased focus on the areas that are most appropriate to their roles and organisation.
- Awareness of leadership style, how it impacts others and how to improve it to meet changing needs.
- A better understanding of the various approaches to change management and how to initiate, plan and manage change.
- A clear understanding of the use of future foresight, innovative thinking and design thinking techniques.
- Improved knowledge of ACWA Power's business, and a better understanding of future challenges, opportunities and possible solutions.

Following the completion of the programme, participants go through 18 months of post-programme coaching to support their continued development as leaders.

### Supporting Local Content

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

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

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

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

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

### Sustainable Procurement

To further align with our localisation efforts, as well as in the context of Project Galvanize, ACWA Power conducted a comprehensive study to review and enhance its procurement approach. As such, we are working towards embedding ESG considerations into our procurement practices by incorporating several safeguards and checks in the procurement process to positively assist in areas such as environmental impact, local content and women's empowerment.

Our Procurement team carried out a diagnostic assessment to identify risks and vulnerabilities in the supply chain.

Its objective was to prioritise actions, and to improve social and environmental impact, in order to reduce adverse effects on health, social conditions and the environment, such as managing unnecessary consumption to reduce waste and engaging with suppliers to integrate environmental considerations.

The assessment uses the Chartered Institute of Procurement and Supply's (CIPS) Global Standard for Procurement Excellence framework. CIPS is the world's largest not-for-profit professional procurement body, helping procurement organisations across all industries, in both the public and private sectors, to improve standards at organisational level and to develop high standards of skill, ability and integrity among supply chain professionals.

CIPS represents an interlinked set of criteria for best practice, structured across five dimensions: Leadership and Organisation; Policy and Strategy; People; Processes and Performance Management.

The diagnostic phase involved carrying out a targeted analysis of the Procurement team, through conducting semi-structured stakeholder interviews, combined with a review of key documentation.

Based on the findings from the analysis, several improvement opportunities were identified.

In 2021, and as key takeaway from this exercise, ACWA Power will update its Procurement Strategy to include sustainability considerations by taking social and environmental factors into consideration, alongside financial factors, when making procurement-related decisions.

61%

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



ACWA Power conducted a comprehensive study to review and enhance its procurement approach.



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





**Supporting our workforce during COVID-19**

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

Part of our initial response was to align resources with potential scenarios, as well as to enforce the principles enshrined within our core values of ‘Safety, People, and Performance’.

Throughout the pandemic, we have attached the utmost importance to the health and safety of our employees, communities, and suppliers.

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

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

**Business Impacts Steering Committee**

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

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

**Health Risks Working Group**

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

**People Support Committee**

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

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

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

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

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

**COVID-19 measures and risk management highlights**

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



INFECTION RISK MANAGEMENT

DNV·GL

## Readiness Statement

MY CARE™

MY CARE - KEEPING YOU SAFE

This is to confirm that ACWA Power / National Operations & Maintenance Company (NOMAC) in the field of construction, operation and maintenance of power generation and desalinated water plants as assessed in Saudi Arabia, UAE, Oman, Bahrain, Jordan, Egypt, Vietnam, Morocco, South Africa, Turkey has been found to meet the requirements related to readiness level.

**Assessment summary**  
Relying on (i) documentation disclosed; (ii) declarations made during interviews; and (iii) adopted sampling criteria, DNV believes that the processes structured and implemented by the Organisation are in accordance with current available good practices and meet the requirements applicable to infection risk management in workplaces.

- > Statement No.: MYCARE-ARE-0001
- > Issuance date: 31/08/2020
- > Issued by: DNV Business Assurance Group AS Dubai Branch
- > Scope: Readiness Level

As provided for in the Assessment Agreement, DNV may suspend the statement if there are reasonable grounds to do so, in which case the statement will no longer be valid. The information on this page has been time-stamped and sealed on the VeChain public Blockchain. [View on VeChain](#)

**Assessment methodology**  
To assess how Organisations manage infection risk, DNV applies an infection risk management methodology framework utilising a maturity model based on six domains and five levels of maturity:

- > Actions
- > Strategy
- > Data analysis

- > Communications
- > Governance
- > Continuous improvement



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



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



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



**Workforce development**

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

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

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

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

**NOMAC's learning management system – Mishkaty**

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

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

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

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

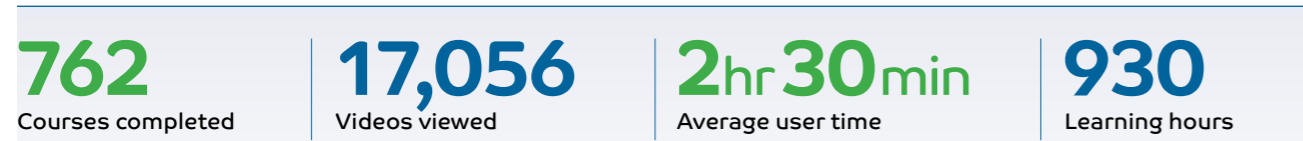
Looking ahead, we are building a broad performance management approach which builds on an integrated framework that fuels continuous development and informs key decisions on talent.

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

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

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

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



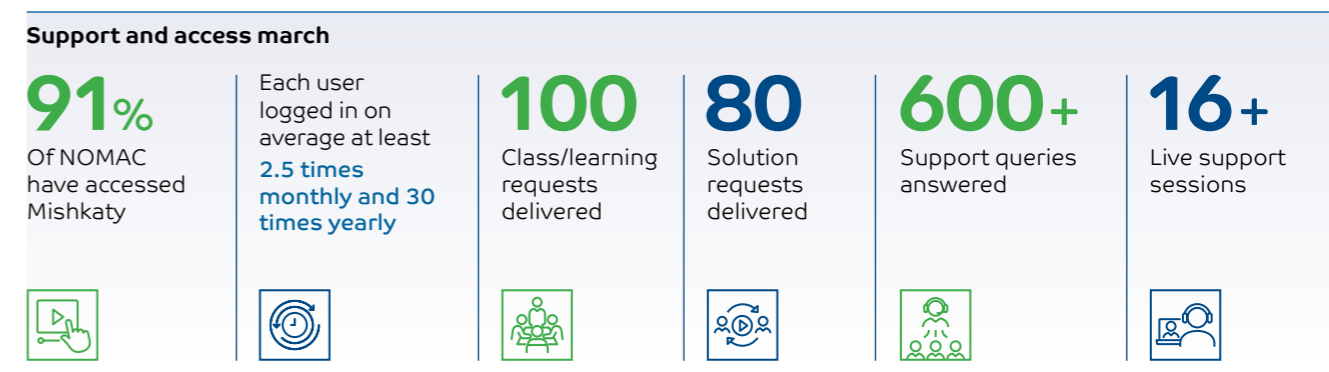
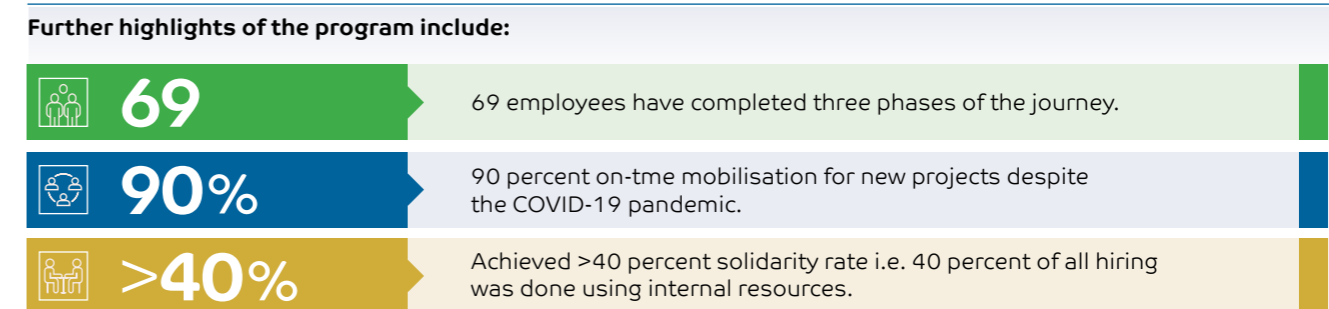
**LinkedIn Learning**

Bespoke compliance course

Ethics compliance

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

**PwC's Academy: 20 participants CMI accreditation**





# Driving community impact

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

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



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

The guidelines are built around three key considerations:

1. To improve the community living conditions using their own economic development potential.
2. To improve access to basic social services in accordance with national and international standards.
3. To address environmental challenges through the responsible and sustainable exploitation of natural resources.

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

In 2020, ACWA Power's CSR initiatives resulted in the allocation of more than SAR 21.4 million to support COVID-19 relief, education, health improvement, agriculture, and infrastructure and community development, as well as various environmental and social initiatives. In addition, we pledged a further 50 million SAR to support the government of Saudi Arabia in the fight against COVID-19, bringing our total investment to more than SAR 71.4 million.

## ACWA's approach to community development

As the majority owner and operator of more than 62 assets across 13 countries, with lifecycles typically ranging from 25-30 years, our impact on local communities can be felt for generations. It is our responsibility, therefore, to invest in transformative Corporate Social Responsibility (CSR) initiatives that offer lasting local value to current and future generations.

To best address local needs through CSR initiatives, we understand that community engagement, perspective and understanding must be incorporated and prioritised through all stages of our work.

This approach enables us to respond to the most critical issues facing our communities more effectively, with relevant and impactful programmes that yield measurable benefits to local communities.

## Our CSR governance

A robust local CSR governance is key to implementing mechanisms to monitor the effectiveness of our community development approach.

## CSR Charter and Committee

At project company level, and to ensure the implementation and management of CSR initiatives, ACWA Power's CSR governance structure consists of CSR Committees supported by CSR Charters.

Also at project company level, the CSR Charter and the CSR Plan are the basis of the CSR initiatives' management and implementation. As stated in CSR Charters, politics, religion or gender will not influence CSR initiatives.

The CSR committees' roles are to develop the local CSR Strategy and orientations, develop the annual action plans and to guide and monitor the execution of the action and its deliverables.

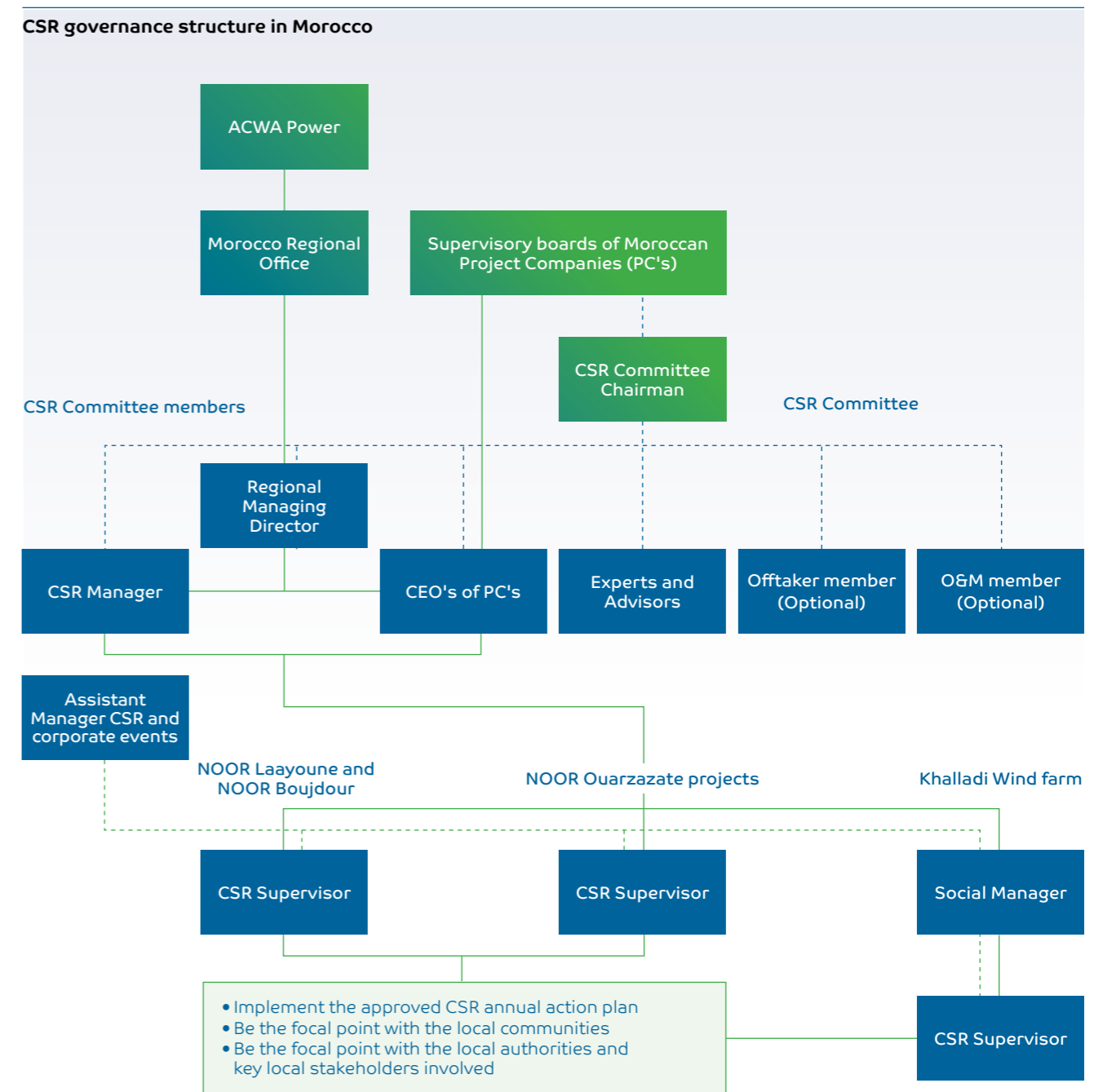
Meeting on a regular basis, the CSR committees identify areas of improvement with associative corrective actions. The committees are also responsible for assessing and evaluating the impact of the CSR initiatives.

## Our community initiative in Morocco: a long-lasting legacy

Since 2012, ACWA Power has had an ongoing strategic partnership with the Moroccan Agency For Sustainable Energy (MASEN), a key player in Morocco's national strategy for solar energy.

The below is the CSR governance structure currently in place in Morocco, and it is a good representation of how ACWA Power organises its CSR initiatives at the project company level.

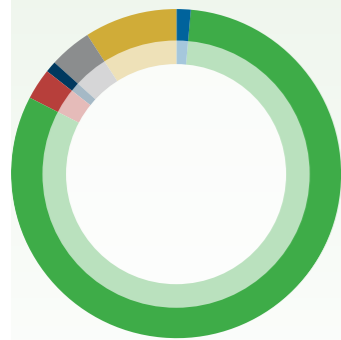
We are determined to mobilise the means required to implement the 2030 Agenda and the UN SDGs. In 2021, we will conduct a review of best practice, both within ACWA Power as well as externally, to help us refine and update our CSR approach.





# CSR expenditure in the MENA region

## Percentage per type of activity



**21.4 SAR mn**

Total CSR expenditure

- Education **1.5%**
- Health **81.1%**
- Agriculture **3.2%**
- Infrastructure **1.1%**
- Environmental and social initiatives **4.2%**
- People of determination **CSR support**
- Other CSR Supportive Activities **8.9%**

**50.0 SAR mn**

Additional pledge to support national health endeavours and efforts in the Kingdom of Saudi Arabia.

**71.4 SAR mn**

Total committed CSR expenditure, which includes CSR expenditure of SAR 21.4 million, plus an additional pledge of SAR 50.0 million to support national health endeavours and efforts in the Kingdom of Saudi Arabia.

### Saudi Arabia

**14.3 SAR mn**

Total CSR expenditure



### Oman

**0.9 SAR mn**

Total CSR expenditure



### Jordan

**1.1 SAR mn**

Total CSR expenditure



### UAE

**CSR support**



### Morocco

**4.8 SAR mn**

Total CSR expenditure



### Turkey

**0.2 SAR mn**

Total CSR expenditure



Summer Camp, Morocco



Agriculture and Breeding Operation, Morocco



71 SAR mn

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

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



**Supporting our communities during COVID-19**

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

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

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

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

**Nujood Medical Center**

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

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

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

**Fighting COVID-19 in Egypt**

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

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

**Putting our employees and communities first**

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



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





# Corporate excellence

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

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



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



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

### Our good governance approach

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

### Project Galvanize

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

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

5. Reinforce construction support for **project execution**.
6. Strengthen transversal **enabling functions**, with matrixed managers also reporting to the different business units, thereby enhancing collaboration and transparency.

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

### The management of risk

At ACWA Power, the identification and management of risks is central to achieving our strategic business and ESG objectives. Accordingly, we are committed to implementing risk management best practices by means of adopting sound Enterprise Risk Management (ERM) principles, and frameworks, which allow us to manage organisational risks to provide reasonable assurance of achieving company objectives, which ultimately hinge on creating value for shareholders.

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

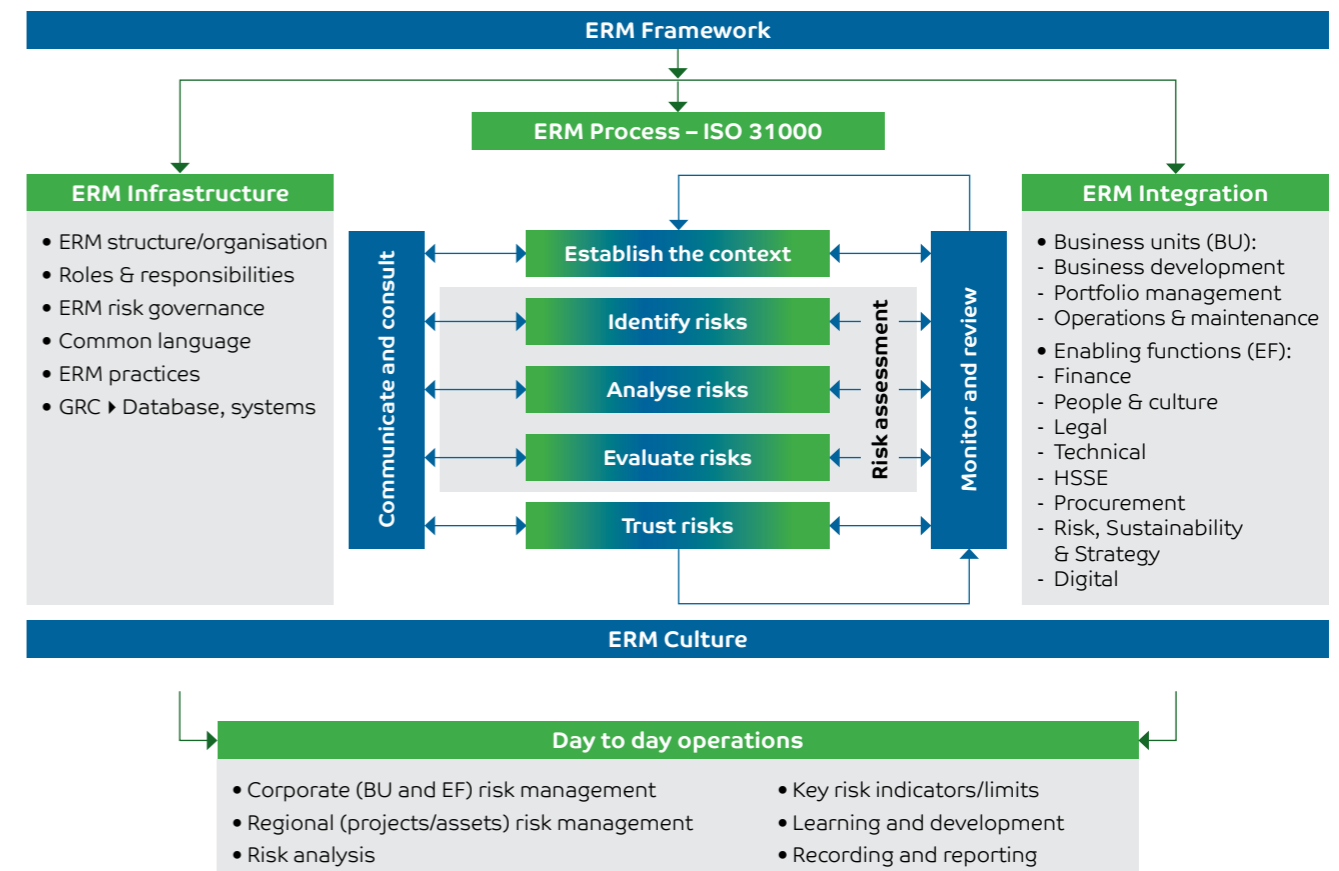
The Group's robust and dynamic risk management framework (depicted in the summary chart below) aims to identify, communicate and manage, and mitigate risks.

Our comprehensive ERM approach follows the principles and methodology of the ISO 31000 guidance standard (also depicted in the summary chart below):

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

- Reliable and responsible delivery of power, desalinated water and green hydrogen at low cost

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





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



Risk management is deemed a core factor for business competitiveness and our ERM Framework supports us in improving the decision-making process to select the best investment opportunities, as well as decisions around project development and construction.

Some of ACWA Power's main risk areas include risks associated with project development, such as increasing competition, challenges created by the fast pace of growth and the creditworthiness of equity partners. As for risks associated with project construction, these include risks around project delays, cost overruns and quality of workmanship issues. Turning to project financing, risks include delays in achieving the financial close of a project and risks around making projects bankable.

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

**Risk governance and oversight**

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

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

The risks are identified and managed at each level of the organisation (from projects level up to corporate) with the appropriate level of granularity. They are reported on a regular basis to the appropriate management level and, ultimately, to the Board Risk and Compliance Committee (BRCC).

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

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

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

**Managing climate-related risks**

In addition to the environmental, operational and financial risks to our businesses, climate-related risk is increasingly set to become a core element of our risk management framework.

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

While doing this, we are also evaluating the different climate-related policies enacted by the governments of the countries in which we are present. Assessing the impact of these policies on our risk mitigation action plans is critical to maintaining the sustainability of our operations in the decades ahead, as well as to adjusting and adapting our future investment strategy.

Since ESG strategy is integral to the Company's overall strategy, we have elected to combine sustainability with risk and strategy in one single function, led by a senior C-level executive with a seat on the Management Committee. This should facilitate determining the right accountability for managing ESG strategy and execution and monitoring and reporting identified initiatives.

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



Since ESG strategy is integral to the Company's overall strategy, we have elected to combine sustainability with risk and strategy in one single function, led by a senior C-level executive with a seat on the Management Committee.





There are two main macro-categories of risks/opportunities: those connected with developments in physical variables and those linked to the evolution of the transition scenarios.



As set out in the Code, we are committed to conducting business ethically and in compliance with the applicable laws and regulations in force wherever we operate.



**The identification and management of risks connected with climate change**

Climate change and the energy transition will impact ACWA Power's activities in a variety of ways. ESG and climate risks, as well as risks linked to mitigation challenges such as society's transition to a low-carbon economy (transition risks), are covered in our overall approach to risk management.

To identify the main types of risk and opportunity, and their impact on the relevant business in a structured manner consistent with the TCFD, we are developing a framework that explicitly represents the main relationships between scenario variables and types of risk and opportunity, specifying the strategic and operational approaches to managing them, comprising mitigation and adaptation measures.

There are two main macro-categories of risks/opportunities: those connected with developments in physical variables and those linked to the evolution of the transition scenarios. Physical risks are divided in turn between acute (i.e. extreme events) and chronic, with the former linked to extremely intense meteorological conditions and the latter to more gradual, but structural changes in climate conditions.

Energy transition towards a more sustainable model, characterised by a gradual reduction of CO<sub>2</sub> emissions, has risks and opportunities connected with changes in the regulatory and legal context, and trends in technology development and consequent market developments.

Between 2020 and 2030, the transition trends will become visible in response to the evolution of the context: ACWA Power has decided to facilitate the transition and is therefore ready to seize all the opportunities that may arise from an acceleration in that transition. As discussed previously, our strategic choices, which are already strongly oriented towards energy transition, enable us to incorporate risk mitigation and maximise opportunities. The strategic choices are accompanied by the operating best practice adopted by ACWA Power.

BRCC will continue to refine its approach to identifying and evaluating ESG and climate-related risks so ACWA Power can remain competitive in these areas.

**Transparency around climate risks and opportunities**

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

**Integrity and transparency**

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

The Code is a forward-looking document designed to align all employees in the ongoing implementation of business principles. It establishes non-negotiable standards of behaviour in key areas.

The Code is further supported by the Code of Conduct policy, which benchmarks correct behaviour and outlines the ethical responsibilities that will help grow our organisation, reputation and business.

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

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

**Anti-bribery and anti-corruption commitments**

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

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

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

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

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

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

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

**Digitalisation for increased information security and data privacy**

Our everyday efforts are directed towards finding new relevant digital opportunities that will standardise our processes, all the while ensuring information security, increasing our efficiency and improving our lives.

The use of data, open platforms, easy infrastructure cloud-driven environments and the collaboration of multiple ecosystems is critical to these efforts.

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

With these goals in sight, ACWA Power's Digital team is already engaged in instituting our foundational targets.

These include defining our architecture landscape for the future; characterising value-driven project prioritisation; drafting roadmaps for the specific initiative undertakings; and establishing the governance framework for the digitalisation and transformation of the Company into a data-driven enterprise.

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

While doing this, ACWA Power aims to apply the highest international standards. In 2020, we set out to attain the ISO/IEC 27001:2013 Certificate accredited by the International Organization for Standardization.

Our objective here is to ensure that the management system operates in line with the requirements of the Certificate and, supported by a programme of ongoing improvement, that processes and controls remain effective over time.



# Forging ahead with ambition

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

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

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



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

### ESG reporting

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

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

### Corporate Social Responsibility framework and policy

The choices we make affect our financial results, the communities in which we operate, the environment and, more generally, wider society. That's why we are committed to adopting an ambitious CSR approach and strive for innovation and steady progress.

Our comprehensive transformation during 2020 calls for a strong Corporate Social Responsibility (CSR) framework, but tailored to the new challenges facing society. In 2021, we will update our policy to reflect our CSR priorities and commitments with a view to generating shared value and achieving the UN's Sustainable Development Goals.

To further harmonise our CSR objectives with the interests of our stakeholders, including the communities in which we operate, we will continue to identify the issues that are both a source of value creation for ACWA Power and a priority for our stakeholders.

By integrating our SDG impact areas in our CSR policy, as well as reflecting them in our CSR project framework criteria, we aim to foster the creation of shared and sustainable value in a tangible and measurable way.

### Net-zero commitment

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

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

### Task Force on Climate-related Financial Disclosures

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

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

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

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

It will also help us better demonstrate our responsibility and foresight when considering climate issues. This, in turn, will lead to smarter allocation of capital and help smooth the transition to a more sustainable, low-carbon economy. In actively reducing our emissions in line with TCFD recommendations, we will be able to anticipate the physical impact of climate change, assess the financial consequences and analyse how best to adapt.

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

### About the TCFD

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

The TCFD recommendations aim to:

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

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

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





# Sustainability data and relevant disclosures

## Environmental Data

	2020	2019	2018	2017
<b>GRI 305: Emissions 2016</b>				
<b>Air Emissions</b>				
<b>CO<sub>2</sub> Emissions</b>				
CO <sub>2</sub> ('000 tonne)	65,949	62,510	53,604	54,173
CO <sub>2</sub> ACWA Power share ('000 tonne)	24,084	26,200	18,650	16,191
CO <sub>2</sub> intensity (kg/kwh)	0.52	0.53	0.49	0.59
<b>SO<sub>2</sub> Emissions</b>				
SO <sub>2</sub> (tonne)	201,225.63	200,866.45	186,555	217,302
SO <sub>2</sub> ACWA Power share (tonne)	102,472.53	107,179.01	73,477	86,879
SO <sub>2</sub> (kg/kwh)	0.002	0.002	0.002	0.002
<b>NOx Emissions</b>				
NO <sub>2</sub> (tonne)	52,426.20	50,450.58	40,049	44,668
NO <sub>2</sub> ACWA Power share (tonne)	20,850.18	20,836.33	15,135	16,032
NO <sub>2</sub> (kg/kwh)	0.0004	0.0004	0.0004	0.0004
<b>GRI 306: Waste 2020</b>				
<b>Waste Generated</b>				
Hazardous waste (tonne)	1,665	2,142	2,546	404
Fly ash (tonne)	12,001	16,246	38,516	14,272
Non-hazardous waste (tonne)	3,126	2,394	314,107	260,026
<b>Spillage</b>				
Number of incidents	7	11	5	7
Quantity of spillage (m <sup>3</sup> )	6	12	5	5
<b>GRI 302: Energy 2016</b>				
<b>Production</b>				
Electricity gross gen (MWh)	126,522,726	118,010,698	109,901,496	92,340,402
Electricity net export (MWh)	118,090,713	111,272,021	102,586,604	85,192,551
<b>Renewable Energy Electricity Generation</b>				
Renewable energy electricity generation capacity (MW)		4,600	1,115	460
<b>GRI 204: Procurement Practices 2016</b>				
<b>Procurement Practices</b>				
Percentage of procurement budget spent on local suppliers (Local suppliers defined as national suppliers)	50%	50%	50%	37%
<b>GRI 308: Supplier Environmental Assessment 2016</b>				

	2020	2019	2018	2017
<b>GRI 205: Anti-corruption 2016</b>				
<b>Anti-Corruption</b>				
<b>Operations assessed for risks related to corruption</b>				
	Internal audits performed to investigate intent of corruption	Internal audits performed to investigate intent of corruption	Internal audits performed to investigate intent of corruption	Internal audits performed to investigate intent of corruption
Total number and percentage of operations assessed for risks related to corruption				
Significant risks related to corruption identified through the risk assessment	No corruption cases identified	No corruption cases identified	No corruption cases identified	No corruption cases
<b>Communication and training about anti-corruption policies and procedures</b>				
Percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to	100%	100%	30%	100%
Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to	100%	100%	30%	100%
Percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to	17%	17%	17%	100%
Percentage of governance body members that have received training on anti-corruption	17%	17%	17%	100%
Percentage of employees that have received training on anti-corruption	17%	17%	17%	0%
Total number of confirmed incidents of corruption	0	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period	0	0	0	0
<b>Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices</b>				
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	0	0	0
<b>GRI 206: Anti-competitive Behavior 2016</b>				
<b>Anti-Competitive Behaviour</b>				
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation	0	0	0	0



Social Data

	2020	2109	2018	2017
<b>Human Capital</b>				
<b>Full-Time Employees</b>				
Men	3334	1244	95.10%	95.40%
Women	204	159	4.90%	4.60%
<b>Total</b>	<b>3538</b>	<b>1403</b>	<b>3500</b>	<b>3216</b>
<b>Managers and Directors</b>				
Men	338	185	90.00%	93.60%
Women	56	48	10.00%	6.40%
<b>Total</b>	<b>394</b>	<b>233</b>		
<b>Local Nationals</b>				
Men	2041	773	95.30%	95.90%
Women	110	95	4.70%	4.10%
total number of nationals	2151	868		
% of entity	61%	62%	66.50%	64.00%
<b>Local Directors/Managers</b>				
Men	178	79	92.50%	92.50%
Women	22	19	7.50%	7.50%
<b>Total</b>	<b>200</b>	<b>98</b>		
<b>Age Distribution</b>				
<25	190	20	5.10%	3.50%
25-40	1967	576	53.70%	53.10%
40-60	1350	361	40.10%	42.70%
>60	31	20	1.10%	0.80%
<b>GRI 401: Employment 2016</b>				
<b>Recruitment and Turnover</b>				
New employees: men	392	#	449	229
New employees: women	44	#	78	13
Employees leaving: men	269	#	370	69
Employees leaving: women	15	#	49	2
<b>Training</b>				
Average number of hours per employee	40	40	40	40
<b>Appraisals</b>				
Percentage of employees receiving regular performance and career development reviews	100%	100%	70%	74%

	2020	2109	2018	2017
<b>Grievances</b>				
Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	0	0	0	0
Total number of incidents of discrimination	0	0	0	0
<b>Collective Bargaining</b>				
Number of employees affiliated with a formal Labour Union	-	665	665	748
Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	0	0	0	0
<b>Child Labour</b>				
Identified risk for incidents of child labour	0	0	0	0
Reported cases of child labour	0	0	0	0
<b>Forced and Compulsory Labour</b>				
Identified risk for incidents of forced or compulsory labour	0	0	0	0
Reported cases of forced or compulsory labour	0	0	0	0
<b>Security Practices</b>				
Percentage of security personnel who have received formal training in human rights policies and procedures	30%	30%	30%	8%
<b>Indigenous Peoples</b>				
Number of incidents of violations involving rights of indigenous peoples	0	0	0	0
<b>Local Communities</b>				
Percentage of operations with implemented local community engagement and development programmes	100%	100%	100%	100%
Total CSR budget (Mn SAR)			12.96	11.3
Operations with significant actual and potential negative impacts on local communities	0	0	0	0
<b>Non-Discrimination</b>				
Total number of incidents of discrimination	0	0	0	0
<b>Socioeconomic Compliance</b>				
Cases of non-compliance with laws and regulations in the social and economic area	0	0	0	0
Total monetary value of significant fines	0	0	0	0
Total number of non-monetary sanctions	0	0	0	0



**Health and Safety Data**

Health and Safety Indicators	Calculation	2020	2019	2018	2017
<b>ACWA Power Total (Operational + Construction)</b>					
Hours worked	Total	62,108,382	52,099,964	49,117,140	50,564,992
Lost Time Incidents (LTI) – total	Total	10	12	12	11
LTI – employees	Total	1	1	1	2
LTI – contractors	Total	9	11	11	9
LTI rate	Average rate	0.03	0.05	0.05	0.04
Recordable incidents	Total	36	53	34	79
Recordable incident rate	Average rate	0.12	0.20	0.15	0.312
Fatality	Total	0	2	3	2
<b>Operational Projects</b>					
Hours worked	Total	13,150,816	14,151,058	11,982,577	10,287,236
LTI – total	Total	2	2	2	4
LTI – employees	Total	1	1	1	2
LTI – contractors	Total	1	1	1	2
LTI rate	Average rate	0.03	0.03	0.03	0.08
Recordable incidents	Total	10	13	11	36
Recordable incident rate	Average rate	0.15	0.18	0.18	0.6
Fatality Total	Total	0	0	0	1
<b>Construction Projects</b>					
Hours worked	Total	48,957,566	37,948,906	37,134,563	40,277,756
LTI – total	Total	8	10	10	7
LTI – employees	Total	0	0	0	0
LTI – contractors	Total	8	10	10	7
LTI rate	Average rate	0.03	0.06	0.05	0.03
Recordable incidents	Total	26	40	22	43
Recordable incident rate	Average rate	0.11	0.21	0.12	0.21
Fatality	Total	0	2	3	1
<b>Health and Safety Compliance</b>					
Percentage of operations for which health and safety impacts are assessed	Average	100%	100%	96%	100%
Incidents of non-compliance with national/global health and safety regulations resulting in a fine or penalty	Total	0	0	0	0



