

At the heart of our operations

This review provides a snapshot of our 2021 sustainability and ESG performance, as well as updates on our commitments for the years ahead. These commitments are supported by our ESG strategy, developed in 2020 and rolled out in 2021.

Empowering women

Launching Women's Initiative for Networking and Global Solutions (WINGS) – an initiative focusing on sustainable female empowerment and inclusion, while simultaneously ensuring that female leaders are given opportunities to progress in the Company.

Facilitating the inclusion of climate-related risks into our decision-making

Combining sustainability with risk and strategy in one single function, led by a senior C-level executive with a seat on the Management Committee, and facilitating the inclusion of climate-related risks in our decision-making processes.



Improving people management

Updated and harmonised several HR policies to enhance performance, follow best practice and ensure consistency; improved our people management processes, including talent acquisition, performance management, learning and development and remuneration.



Improving ESG data management

Striving for an ongoing improvement in our ESG data management by strengthening our internal reporting systems and processes and adopting Synergi Life to educate and disseminate information and monitor the performance of HSSE and environmental indicators.



New strategy for localisation

Initiating the development of a clear localisation strategy and remaining committed to achieving our Saudisation targets in the Kingdom, as well as other localisation targets in our countries of operation.



Continuous improvement of emission reporting

Adopting the GHG Protocol Corporate Accounting and Reporting Standard, the most relevant and internationally recognised GHG accounting and reporting standard for calculating and reporting emissions.



Centre of Excellence launched

Ongoing collaboration with the University of Science and Technology (KAUST) to pursue goal-oriented research aimed at achieving further cost efficiencies in desalinated water production and solar power generation. Established Master Research Agreement (MRA) with KAUST to officially launch the ACWA Power Centre of Excellence for Desalination and Solar Power (KAPCOE).



Global award for procurement excellence

First power and water company in the region to achieve the CIPS Procurement Excellence Programme (PEP) Standard, a globally-recognised award presented to organisations demonstrating excellence in their procurement and supply chain activities.



Sustainability at ACWA Power

66

Enabling the low-carbon transition

80

Contributing to our communities

100

Embodying corporate excellence

70

Creating shared value for our people and communities

92

Sustainability at ACWA Power

The corner stone of our ESG approach and strategy is centred on the energy transition, low-carbon product leadership, water management, health and safety and corporate governance.

ACWA Power’s ESG strategy

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.

This became even more crucial in 2021 when ACWA Power shares debuted on the Saudi Exchange’s main market. The Saudi Exchange is a partner exchange which supports the UN Sustainable Stock Exchanges Initiative. It promotes ESG awareness, initiatives and encourages sustainable investment, in collaboration with market participants such as issuers and investors.

Against this backdrop, we refined our ESG strategy in 2020 and set ESG goals for the coming years. Building on our existing ESG values, we initiated the development of a comprehensive long-term strategy to help shape our ESG priorities.

The cornerstone of our ESG approach and strategy is centred on energy transition; low-carbon product leadership; water management; health and safety; and corporate governance.

In 2021, we focused on supporting the implementation of our ESG strategy. While we continued to work towards our ESG goals, we also refined our approach and systems for improved data monitoring, including for our water use indicators.

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 shift to a low-carbon economy, while capturing growing business opportunities in energy transition.

This strategy also enables the investment community to assess our performance against ESG-related indicators, and it demonstrates transparency and the effective management of our priorities.

For our ESG strategy to be implemented with impact, it is supported by an ESG framework which includes set targets for our most material ESG topics.

ACWA Power’s ESG framework

Our ESG strategy is shaped by our stakeholders’ priorities and, as such, we engaged with a variety of key stakeholders, including employees, off-takers, partners, shareholders and suppliers, in formulating our ESG strategy.

Last year, we conducted an extensive stakeholder survey to produce a comprehensive materiality assessment which helped us identify the most material topics and will be updated every two to three years. We supplemented our initial materiality assessment by referencing it against the GRI reporting standards, as well as industry best practices. The materiality assessment helped us to identify our core ESG focus topics and indicators, which include climate change, water, health and safety, and governance, and to develop our ESG framework accordingly.

In 2021, we made progress on the following:

<p>In setting our medium- to long-term strategy, we consider our low-carbon portfolio targets and aim to raise our renewable portfolio, working towards achieving net zero emissions from our portfolio by reducing our GHG emission intensity.</p>	<p>We initiated a comprehensive GHG inventory exercise, which will provide for a solid baseline from which we can work towards achieving our GHG emission intensity targets. We aim to complete the exercise in the first quarter of 2022.</p>	<p>We continue to work towards embedding best practices across all elements of corporate governance and aspire to reflect the highest corporate governance excellence. As such, we updated our corporate policies and procedures to ensure they align with the requirements of the Saudi Exchange.</p>	<p>In working towards effective management and disclosure, we are gradually starting to post relevant desalination and water consumption KPIs as part of our operational monitoring processes.</p>
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For our ESG strategy to be implemented with impact, it is supported by an ESG framework which includes set targets for our most material ESG topics.



ACWA Power's ESG strategy is part of our business strategy – we see it as a source of long-term value creation.



Our highest-ranking sustainability officer is the Chief Risk, Strategy and Sustainability Officer (CRSSO), who is a member of the Management Committee, sets ESG strategy, goals and initiatives, and takes the key decisions on prioritisation, targets, budgets and resources.

We see materiality as dynamic and want to ensure agility in our ESG strategy and framework development.

It was important to ensure we had dedicated experts working towards implementing the framework with cross-functional working teams set up to implement the initiatives.

Progressing towards our ESG targets

In 2021, we identified a set of flagship initiatives to start the process of meeting our ESG targets. To fulfil our ESG commitments, we will report our progress in an annual ESG review, as part of our Annual Report. Additionally, we will regularly update our main indicators on the ACWA Power website.

Our ESG governance

Last year, we updated our governance and management processes in the context of our ESG strategy. We demonstrated further commitment to sustainability this year with ESG now overseen at Board level. The Board makes overall strategic recommendations and guides direction, as well as oversees progress on sustainability and ESG targets. It ensures alignment with overall corporate strategy and vision.

With 64 projects across 12 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

64

64 projects



12

12 countries



NOORo III CSP IPP, Morocco

We continue to strengthen internal reporting systems and processes and strive for the ongoing improvement of our ESG data management.



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



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

In 2021, ACWA Power's dedicated sustainability and CSR function (reporting to the CRSSO) continued to drive overall ESG strategy, as well as reporting to external and internal stakeholders. The sustainability function will continue to enable the implementation of ESG and sustainability initiatives by:

- Developing frameworks and procedures relating to GHG inventory and ESG monitoring.
- Developing the CSR framework and monitoring its implementation at corporate and local level.
- Organising a company-wide 'sustainability network' to foster commitment to sustainability and cascading it down to asset-level to enhance the impact of our sustainability efforts.

Our ESG reporting

Our public listing in 2021 heightened our commitment to disclosure on ESG related topics. ACWA Power is committed to demonstrating transparency and effective management to enhance our ability to attract long-term capital and favourable financing terms.

By reporting regularly on our ESG KPIs, we are aiming to unlock the relevant information that key stakeholders need to make informed decisions about our ability to create value in the short, medium and longer term.

ESG performance metrics

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 Management Committee and the Board and become a reference against which to develop future strategies to achieve our targets and improve performance.

ESG data management

We continue to strengthen internal reporting systems and processes and strive for the ongoing improvement of our ESG data management. 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.

To fulfil this, we implemented a digital monitoring, reporting and analysis process and adopted Synergi Life – using state-of-the-art tools and techniques and a big-data platform – to educate and disseminate information and monitor the performance of HSSE and Environmental indicators.

After the successful initial adoption of Synergi Life, we are considering expanding its scope to include the monitoring and reporting of additional ESG-related KPIs.

Our ESG reporting process

ACWA Power's reporting process ensures that the improvement and communication of our ESG performance is ongoing. Our stakeholder partnerships are central to the journey towards excellence and, as such, we value stakeholder feedback as a critical resource for improving our strategic goals and plans. Our aim is to understand any 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, since the process underpins our engagement and collaboration with governments, civil society, local communities and others to achieve 'transformational change' – creating fundamental change to whole systems – not merely incremental improvements.

As a part of ACWA Power's Annual Report, this ESG review will provide insights and updates on our most material ESG issues and topics.

Our corporate governance approach

Our corporate governance approach guides our actions in our endeavour to uphold the highest professional and ethical business standards to build the environment of trust, transparency and accountability necessary for fostering long-term sustainable growth.

Our corporate governance structure is built around the Board of Directors, elected by the ordinary general assembly.



Supported by a robust framework designed to enhance accountability through the recognition and management of all risk areas, our comprehensive corporate governance structure specifies the distribution of roles and responsibilities among various stakeholders within the organisation, including our Board of Directors and its four functional board committees, our senior management and our employees. Kindly refer the Governance Report on Page 104 of this Annual Report for further details.

Governance body

Our corporate governance structure is built around the Board of Directors, elected by the ordinary general assembly, in accordance with the Company's Bylaws, the Company's four functional Board Committees - each of which have their respective charters that stipulate the respective committees' roles and responsibilities and delegated powers within the context of their specific expertise. The Board Committees conduct voting decisions of their own on various matters and provide quarterly updates and reporting to the Board of Directors for information, guidance and/or approvals, as applicable.

Subsequent event

The Extraordinary General Assembly meeting of the Company held on 5 January 2022 elected new members of the Board of Directors of the Company for its new term, which began on 5 January 2022 for a period of three years ending on 4 January 2025.

Pursuant to the resolution of the Board of Directors, dated 19 January 2022, the Related Party Transaction & Conflict of Interest Committee (RPTC) was dissolved on 11 October 2021 (Company's Listing Date) whereby the RPTC's role and responsibilities was transferred to the Board Audit Committee, in line with the CMA's Corporate Governance Regulation.

To obtain a comprehensive, integrated picture of the combined skills of the Board of Directors, the key areas of expertise of its members were mapped.

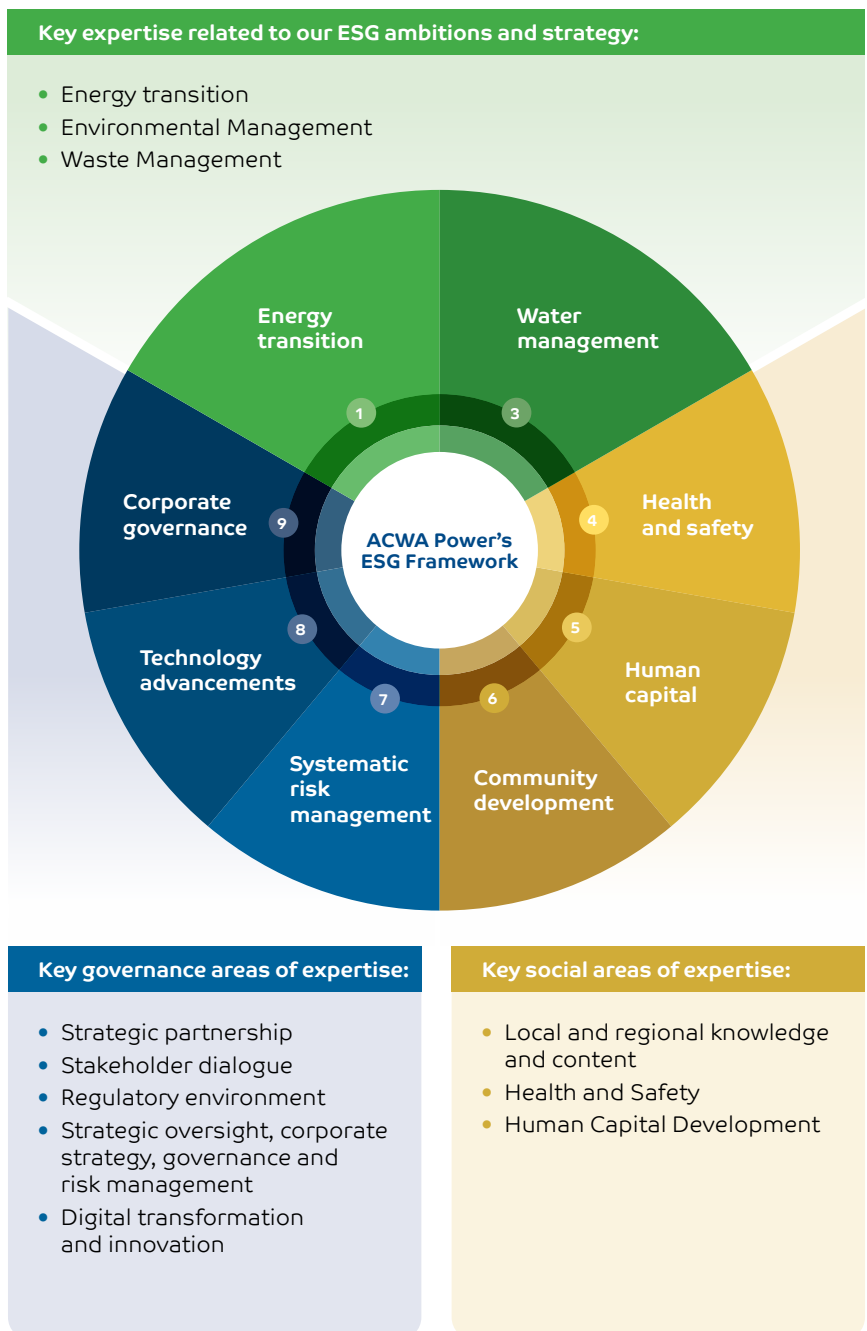


The new Board of Directors have also formed its Board Committees in accordance with the approved duties and responsibilities, appointed the Board Secretary and the Representatives of the Company in front of the Capital Market Authority and the Saudi Stock Exchange (Tadawul). Please refer the Governance Report on page 104 for further details.

Our Board of Directors

The Board of Directors of ACWA Power offers wide-ranging and complementary knowledge, skills and experience enabling it to take into account the interests of all its stakeholders, including its shareholders, and meet the environmental, social and governance related issues and challenges of today and tomorrow, specifically those relevant to the energy and water desalination industries.

The composition of the Board of Director captures a breadth of dimensions critical to governance, with its members amounting on average between 25 and 30 years of experience in, but not limited to, corporate governance, risk management, legal and compliance, strategy, technology and finance. In order to obtain a comprehensive, integrated picture of the combined skills of the Board of Directors, the key areas of expertise of its members were mapped. The mapping demonstrates that the skill sets brought to the table are balanced and comprehensive, in line with the ACWA Power's strategic ambitions.



ACWA Power promotes alignment between pay, other incentive practices and its corporate strategy.

The Board Risk Management Committee (RMC) consists of five members serving for a period not exceeding the term of the Board membership.



General areas of expertise:

- Finance, Strategy Internal Control, Risk Management
- Corporate governance and ESG
- Legal, Ethics and Compliance
- Operational management of large/multinational corporations/financial institutions
- Knowledge of the energy sector
- Information technologies

The Board of Directors of ACWA Power assumes the responsibility of providing direction, guidance and leadership on strategy, operations, and business expansion, while assessing opportunities, challenges, risks and associated mitigative measures and ensures its implementation, including commitments in terms of environmental, social and governance responsibilities.

The Board of Directors encompasses a wide variety of ESG competencies.

Key expertise related to our ESG ambitions and strategy:

Key environmental areas of expertise:

- Energy transition
- Environmental Management
- Waste Management

Key social areas of expertise:

- Local and regional knowledge and content
- Health and Safety
- Human Capital Development

Key governance areas of expertise:

- Strategic partnership
- Stakeholder dialogue
- Regulatory environment
- Strategic oversight, corporate strategy, governance and risk management
- Digital transformation and innovation

The full composition of the Board of Director is set out in the Governance Report, part of our Annual Report, and on the company website.

Board Committees

Board Executive Committee

The Board Executive Committee (BEC) comprised five (5) members, appointed by the Board of Directors for a period not exceeding the term of the Board membership, exclusively consisting of members of the Board of Directors. The Chairman of the Board of Directors chairs the Board Executive Committee. The Board Executive Committee assists the Board in its responsibility to oversee ACWA Power's business and investment operations by analysing investment policies, strategies, transactions, opportunities and the performance of the Company. The Board Executive Committee enables the Board to act between full board meetings by reviewing, monitoring, and approving key financial and non-financial business, and taking operational decisions for the Company, within the authority defined by the Board in line with the Company's bylaws. Specifically, the BEC is responsible, among other things, for evaluating and approving proposals submitted to it from, and recommended by the Executive Management, regarding any project or investment/ divestment opportunities and deciding on whether the Company will execute or participate in the proposed project of the proposed investment/divestment opportunity.

The Chairman of the BAC presents quarterly updates to the Board of Directors on the committee's discussions and recommendations/endorsements.



In line with the CMA Corporate Governance regulation, none of the Nomination and Remuneration Committee (NRC) members exercise any executive function or make any administrative decisions in the Company.



Board Audit Committee

The Board Audit Committee (BAC) comprised five (5) members, appointed by the Ordinary General Assembly for a period not exceeding the term of the Board membership. The Chairman of the BAC is an independent member. In addition, in line with regulation, there is one (1) independent Board member serving on the committee. The Board Audit Committee assists and provide insight to the Board in fulfilling its fiduciary responsibilities by providing an independent assurance on the integrity and effectiveness of the reports, financial statements and internal control systems. In addition, the Committee reviews and monitors the Company's Compliance system and endorses related party transactions prior to submittal to the Board for endorsement and General Assembly for approval. The Chairman of the BAC presents quarterly updates to the Board of Directors on the committee's discussions and recommendations/endorsements.

Board Risk Management Committee

The Board Risk Management Committee (RMC) consists of five (5) members, serving for a period not exceeding the term of the Board membership. The Board Risk Management Committee assists the Board in discharging its oversight responsibility in respect of the risk management practices of the Company. Accordingly, the RMC advises the Board on the Company's risk appetite, monitors the Company's principal strategic, financial, operational, business, and reputational risks or exposures, advise and recommend actions to minimise such risks, and provide oversight and guidance as to the overall risk management functions within the Company.

In addition, the Committee provides the Board with independent advice and guidance regarding the adequacy and effectiveness of Management's practices and potential improvements to those practices. Nevertheless, the RMC provides an oversight and supervisory role and none of its committee members exercise any executive function or make any administrative decisions in the Company. The Chairman of the RMC presents quarterly updates to the Board of Directors on the committee's discussions and recommendations/endorsements.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five (5) members, serving for a period not exceeding the term of the Board membership. In line with the CMA Corporate Governance Regulation, as of 31 December 2021, the NRC Chairman is an Independent Board member. The Nomination and Remuneration Committee is responsible, amongst other things, to assist and provide insight to the Board in fulfilling its fiduciary responsibilities by providing independent advice and assurance that the leadership and human capital resources required for the Company to achieve its purpose and strategic objectives are met. Accordingly, the NRC periodically reviews and endorsed for the Board's review and approval the following: (i) the respective Selection Policy and the Remuneration Policy of the Board of Directors, Board Committees and Executive Management; (ii) the appropriate skills and qualifications required for the Board, Board Committees and Executive Management; (iii) the structure of the Board of Directors and Executive

Management; (iv) the development of the Code of Corporate Governance; and (v) Any other tasks which the Board of Directors may entrust to the Committee, within the scope of its activities, the framework of these rules and the directives of the Board. The Chairman of the Nomination and Remuneration Committee presents quarterly updates to the Board of Directors on the committee's discussions and recommendations/endorsements. In line with the CMA Corporate Governance regulation, none of the NRC members exercise any executive function or make any administrative decisions in the Company.

Other corporate governance mechanisms

Tax transparency: ACWA Power is transparent in its revenue reporting, which can be found in the financial report section. Furthermore, the 2021 Board of Director's Report highlights the Group's consolidated financial results, including its Zakat and tax contributions. ACWA Power was not involved in any tax-related controversies in 2021.

Pay: ACWA Power promotes alignment between pay, other incentive practices and its corporate strategy.

Ownership & Control: ACWA Power's majority shareholder is the Public Investment Fund (PIF). ACWA Power has publicly listed approximately 11.67 percent of its share capital on the Saudi Stock Exchange, Tadawul. We align to the CMA when addressing shareholder rights and the interests of investors.

Detailed information on the composition of each Board Committee can be found in the Governance Report, part of this Report.



One of the most important factors for the success of any organisation is its compliance with laws, rules and regulations.



Accounting: The 2021 Board of Director's Report reviews the year's performance and key achievements, in addition to the consolidated financial statements and auditor's report for the year ended on 31 December 2021. The Board Audit Committee ('BAC') provides independent assurance, and of the integrity and effectiveness of the reports, financial statements, and internal control systems. Details of our financial results are presented in the audited consolidated financial statements and accompanying notes.

Our corporate behaviour

In addition to adhering to and promoting good corporate governance, ACWA Power supports exemplary corporate behaviour by adopting a stringent compliance approach to ensure that we adopt the highest standards of ethics, conduct business with reputable third parties and comply with international best practice.

Our compliance approach

One of the most important factors for the success of any organisation is its compliance with laws, rules and regulations. Compliance protects the Company's reputation and credibility, serves shareholders' interests, ensures customer satisfaction and reduces litigation. Compliance is a comprehensive and multi-aspect responsibility involving all parties in a company: it starts with the Board of Directors and senior management and ends with all employees and contractors, each according to the authority and responsibilities entrusted to them.

Training Name	Completion % for employees	Completion % for MC members
Making Ethical Decisions	93	82
Code of Ethics	92	82



ACWA Power has accomplished high standards of ethics and integrity in all aspects of our business conduct.



ACWA Power strives to offer a secure and positive work environment to encourage its employees to work to the very best of their abilities.

ACWA Power has accomplished high standards of ethics and integrity in all aspects of our business conduct. We are committed to complying with the applicable legislation and obligations in force in the countries where we operate. To facilitate this objective, the Company has developed and implemented a Compliance Management Framework, which is intended to demonstrate the Company's commitment, in the clearest possible terms, as follows:

- Highest standards of ethics and compliance with all applicable laws, regulations, rules and policies;
- Detecting and swiftly correcting identified compliance gaps; and
- Eliminating misconduct and other wrongdoing.

The Compliance Management Framework lays down the policy guidelines and the detailed compliance practices to be implemented.

Our Code of Conduct

ACWA Power strives to offer a secure and positive work environment to encourage its employees to work to the very best of their abilities but, at the same time, expects employees to portray certain ethical and cultural values and to project an image of integrity and professionalism.

The Company has implemented a Code of Conduct and Ethics (the Code), which sets down key guidelines and compliance practices which all employees are expected to observe, wherever they are located or operate. The Code is a forward-looking document and outlines the ethical responsibilities that will grow our organisation, reputation and business.



ACWA Power has accomplished high standards of ethics and integrity in all aspects of our business conduct. We are committed to complying with the applicable legislation and obligations in force in the countries where we operate.

It aims to provide guidance on general conduct in order to maintain harmonious working relations internally, with clients and other stakeholders, in line with the laws of the relevant jurisdiction and ACWA Power's values, ethics and corporate policies.

To help foster awareness of the Code, we have 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 the Code and so adhere to the highest ethical standards.

The above training is ongoing and is mandatory for all employees to complete before the end of the first quarter of 2022.

Engaging with trusted partners

With business regulations worldwide becoming increasingly complex, it is essential for ACWA Power to entertain business exclusively with partners of good repute, to ensure that third-party risk can be mitigated.

In view of our global expansion, we have implemented a thorough Know Your Customer (KYC) process, so risk-based due diligence on third parties can be conducted before agreements are entered into. The process helps reduce potential risks such as fraud, corruption, bribery, money laundering and similar malpractices.

Being a responsible global corporate citizen

ACWA Power is committed to conducting its business ethically and in compliance with all applicable domestic and foreign anti-money laundering, counter terrorist financing, anti-bribery and anti-corruption laws and regulations.

Our policies in this regard help to meet the following objectives:

- Ensure that employees are aware of their obligations and the need to remain vigilant in the fight against bribery, corruption, money laundering and terrorist financing;
- Set out the scope, processes and controls required to mitigate any risk related to bribery, corruption, money laundering and terrorist financing within the Company;
- Set out the responsibilities of ACWA Power, and those who work for the Company, in observing and upholding our position on bribery, corruption, money laundering and terrorist financing;
- Provide information and guidance on how to recognise and deal with bribery, corruption, money laundering and terrorist financing related issues and assist stakeholders in reporting same.

Our whistleblowing programme

At ACWA Power, our commitment to integrity and transparency extends to implementing an efficient and confidential whistleblowing programme, which enables any employee or third party to report concerns through dedicated channels.

A dedicated Compliance line provides a mechanism for the confidential and anonymous submission of concerns through an independent third party, Ethics Point, which is accessible at any time.

Our commitment to human rights

ACWA Power places great emphasis on treating employees and individuals in the communities in which we operate and throughout our supply chain with dignity and respect. Where we don't have managerial control, we expect and require compliance with this policy. We regularly review and update our policies and procedures proactively to identify, address and respond to unfavorable human rights issues with which we are possibly involved. We are dedicated to complying with the pertinent laws and implement controls wherever we operate. Where national law and international human rights standards differ, we adopt the higher standard.

Among the broader human rights issues identified, we consider the following as crucial and non-negotiable:

- Providing access to grievance mechanisms
- Supporting access to water and sanitation
- Preventing child labour, modern slavery, forced labour and human trafficking
- Ensuring a decent living wage and income
- Ensuring safety and health
- Empowering and supporting women

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In view of our global expansion, we have implemented a thorough Know Your Customer (KYC) process, so risk-based due diligence on third parties can be conducted before agreements are entered into.



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.

Our disclosure and transparency approach

ACWA Power's commitment to transparency is long-standing and weaved into our fabric. Since our listing on the Kingdom's main stock exchange, Tadawul, last year, we must also comply with Capital Market Authority laws and regulations.

We have implemented a disclosure and transparency mechanism to identify, assess and, if needed, disclose to the public, any material development originating as part of our business that might affect the Company's financial position, its ESG rating or evaluation. This is in compliance with the specific provisions set out in the Rules on the Offer of Securities and Continuing Obligation.

Risk management strategy and principles

Another of our core objectives is to optimise how we manage risk.

We are committed to increasing long-term shareholder value by fostering a culture that balances growth with effective, disciplined and proactive risk management.

The following section highlights some of the main components of our risk approach. For a detailed overview, please refer to page 56.

Risk and opportunity management

ACWA Power operates in a fast-changing and highly competitive environment that can give rise to a host of risks across its value chain, which could have a materially adverse effect on its business, financial position, operations and reputation.

We recognise that the identification and management of these risks is central to achieving our strategic business and ESG objectives.

Risk and opportunity oversight

The Board Risk Management Committee (RMC) 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. These include 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.

Risk appetite

To ensure a confident response to risks, effective risk management should support informed decision-making in line with a set risk appetite, reflecting the type and amount of risk that the Company is willing to accept to achieve its business objectives. ACWA Power's risk appetite is modelled on objectives, including ESG considerations, outlined in the Risk Appetite Statement, providing a framework which enables us to make informed management decisions. The Risk Appetite Statement considers and requires compliance with all Company-wide guidelines on strategic, financial and non-financial risk categories, approved by the Board.

Any non-compliance with these guidelines is considered a breach of the Risk Appetite level and needs Board approval.

Any deviation from the principles and limits defined in the Risk Appetite Statement will be reported to, and require the approval of, the Board.

ESG and 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.

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 executing, monitoring and reporting identified initiatives.

We believe in ensuring transparency around climate-related risks and opportunities and are working towards integrating the voluntary recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

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.



We are committed to increasing long-term shareholder value by fostering a culture that balances growth with effective, disciplined and proactive risk management.



Considering the possible impact of climate change all the while preserving the long-term financial resilience of the Company.

We have zero tolerance for any knowing or intentional acts that may have negative consequences on the environment or on natural resources.

We will seek to minimise and to keep as low as reasonably possible all the risks that can have a detrimental impact on the environment or on the local communities where we operate.

We develop and implement an ESG strategy and we assess the risks arising from climate change.



Provide a safe and fair work environment for the employees while operating in a fair, safe and sustainable way.

We have zero-tolerance approach to health, safety and security risks. We do not tolerate any risk that may lead to fatalities or injury to our employees, clients, subcontractors or suppliers, or threaten the safety of the general public.

We seek to attract, retain, motivate and develop high performing people, by offering them a safe and fair work environment, with zero tolerance for discrimination, unethical behaviour and unfair treatment.



Uphold the highest ethical standards of conduct and maintain a robust governance.

We have zero-tolerance approach to fraud, corruption and conflict of interest.

We aim to conduct business with honesty and integrity and strive to promote an organisational culture that endorses ethical conduct.

Enabling the low-carbon transition

At the heart of our strategy lies our publicly declared target to reduce our portfolio’s specific GHG intensity by 50 percent by 2030, largely facilitated by a rapidly rising share of renewables generation capacity reaching a 50/50 green-brown ratio by 2030. We are also committed to reaching net zero emissions from our portfolio by 2050.

Our commitment to tackling climate change reflects an ambition to lead and drive the transformation towards low-carbon energy systems, provide reliable energy and enhance resource efficiency. At the heart of our strategy lies our publicly declared target to reduce our portfolio’s specific GHG intensity by 50 percent by 2030, largely facilitated by a rapidly rising share of renewables generation capacity reaching a 50/50 green-brown ratio by 2030. We are also committed to reaching net zero emissions from our portfolio by 2050.

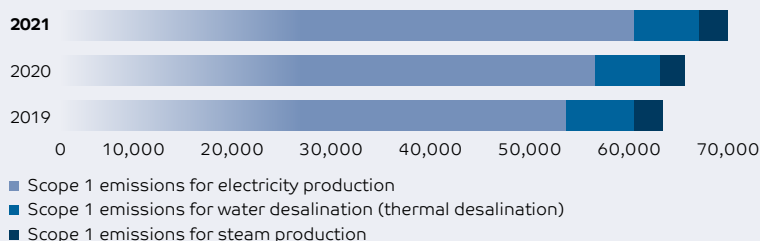
Our emissions

More than a year ago, we announced our commitment to a specific GHG intensity reduction of 50 percent in our portfolio by 2030 from where it stood at the end of 2020. We believe we will achieve this target by focusing our investments on renewables and transitional low CO₂ emitting assets, including capturing viable fuel-switch opportunities and increasing and optimising the energy efficiency of our portfolio.

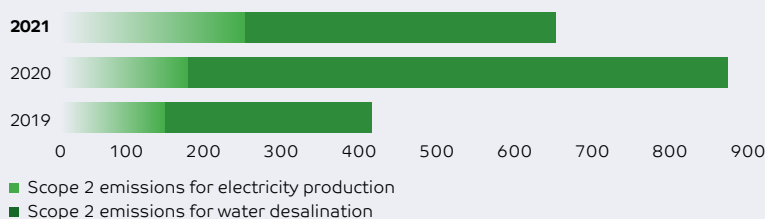
We monitor, measure and report, and will continue to do so, our portfolio’s absolute Scope 1 and 2 emissions and the emission intensity. While our targets are based on ACWA Power’s equity share in our projects, we will never lose sight of the total portfolio metrics and will continue to report them.

GRI 305: Emissions of the total portfolio ('000 tCO ₂)	2019	2020	2021
Total CO₂ Emissions – Scope 1 and 2	63,421	67,083	70,532
CO₂ emissions (TMT) – Scope 1	63,015	66,209	69,882
Scope 1 emissions for electricity production	52,884	55,992	60,063
Scope 1 emissions for water desalination (thermal desalination)	7,189	6,810	6,792
Scope 1 emissions for steam production	2,942	2,601	3,027
CO₂ emissions (TMT) – Scope 2	406	873	651
Scope 2 emissions for electricity production	138	170	243
Scope 2 emissions for water desalination	269	703	408

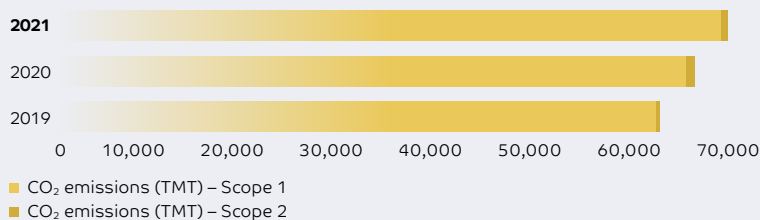
CO₂ emissions of the total portfolio ('000 tCO₂) – Scope 1



CO₂ emissions of the total portfolio ('000 tCO₂) – Scope 2



Total CO₂ emissions ('000 tCO₂) – Scope 1 and 2



More than a year ago, we announced our commitment to a specific GHG intensity reduction of 50 percent in our portfolio by 2030 from where it stood at the end of 2020.

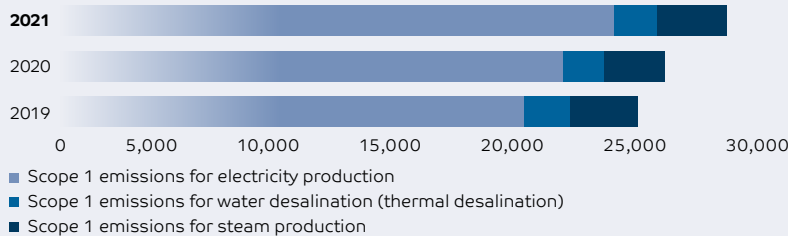


We monitor, measure and report, and will continue to do so, our portfolio's absolute Scope 1 and 2 emissions and the emission intensity.

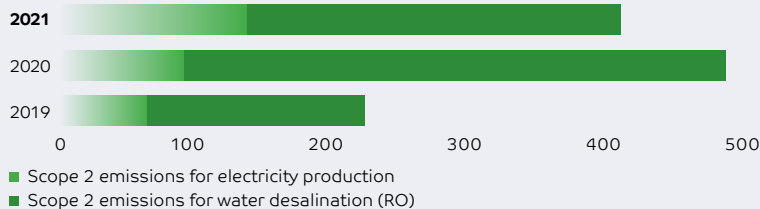


GRI 305: Emissions from ACWA Power's equity share of the portfolio ('000 tCO ₂)	2019	2020	2021
Total CO₂ Emissions – Scope 1 and 2	24,976	26,979	28,987
CO₂ emissions (TMT) – Scope 1	24,748	26,492	28,578
Scope 1 emissions for electricity production	19,926	21,561	23,754
Scope 1 emissions for water desalination (thermal desalination)	1,910	1,806	1,827
Scope 1 emissions for steam production	2,912	2,575	2,997
CO₂ emissions (TMT) – Scope 2	228	487	409
Scope 2 emissions for electricity production	66	93	135
Scope 2 emissions for water desalination (RO)	158	392	274

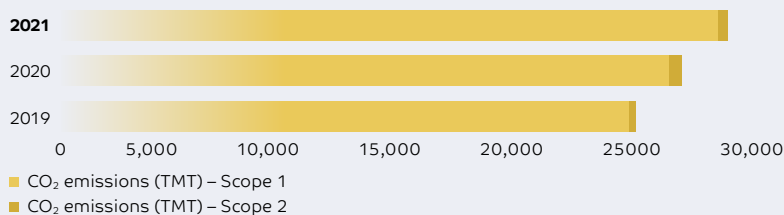
CO₂ emissions from ACWA Power's equity share of the portfolio ('000 tCO₂) – Scope 1



CO₂ emissions from ACWA Power's equity share of the portfolio ('000 tCO₂) – Scope 2



TOTAL CO₂ Emissions from ACWA Power's share of the portfolio ('000 tCO₂) – Scope 1 and 2



In conducting our emission calculations for 2021, we aligned with the most relevant internationally recognised GHG accounting and reporting standard for calculating and reporting emissions:

- GHG Protocol Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004)
- GHG Protocol Scope 2 Guidance (WBCSD & WRI, 2015)

ACWA Power's footprint is based on the equity share consolidation approach, including under Scope 1 & 2 emissions from assets based on the company's share of equity. ACWA Power's 2021 carbon footprint covers all our 32 assets globally, excluding offices, and includes applicable emission sources that account for more than 5 percent of the total emissions.

ACWA Power's Scope 1 emissions include direct emissions from stationary fuel combustion from our assets. Fuels include natural gas, fuel oil, coal and diesel. ACWA Power's Scope 2 emissions include indirect emissions from grid-supplied electricity consumption from our assets.

We excluded the scope 1 emissions from owned fleet (mobile fuel combustion emissions). Also excluded are the scope 1 emissions from fuel consumption and the scope 2 emissions from grid-supplied electricity and district heating/cooling consumption, both from owned offices. These emissions are expected to represent less than 5 percent of total Scope 1 and 2 emissions. However, ACWA Power will work towards estimating these emissions in the future.

In 2021, we continued to lead the transition to green electricity and low-carbon water in terms of cost and technology.

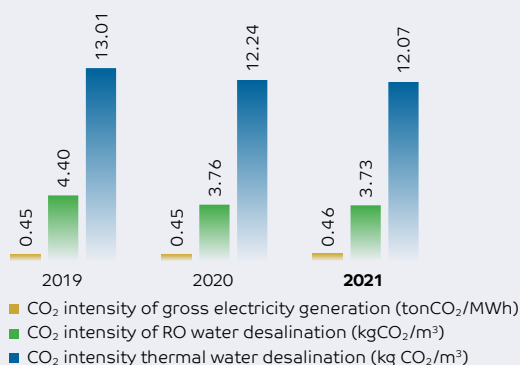
In 2021, the total (Scope 1 and 2) CO₂ emissions across all assets measured 70.5 million tons, of which ACWA Power's share was 29 million tons.

Since 2021, we have calculated the CO₂ emission intensity of our gross electricity generation by including Scope 1 and Scope 2 emissions from electricity production. We have calculated the CO₂ intensity figure retrospectively for 2020 and 2019 using this same approach. We also calculate the CO₂ emission intensity of Reverse Osmosis (RO) water desalination as well as of thermal water desalination.

The introduction of coal drove much of the increase in emissions in 2021. Since ACWA Power has made the decision to transition to a low-carbon and coal-free portfolio, this increase is provisional.

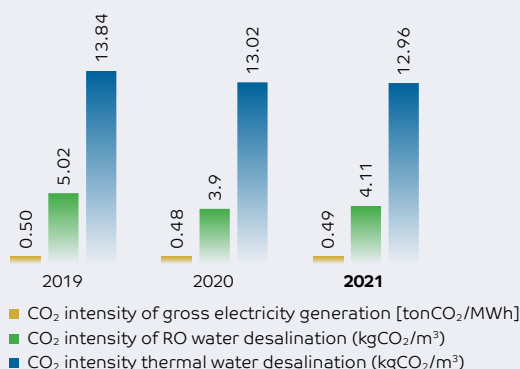
ACWA Power CO ₂ emission intensity of the total portfolio	2019	2020	2021
CO ₂ intensity of gross electricity generation [tonCO ₂ /MWh]	0.45	0.45	0.46
CO ₂ intensity of RO water desalination (kg CO ₂ /m ³)	4.40	3.76	3.73
CO ₂ intensity thermal water desalination (kg CO ₂ /m ³)	13.01	12.24	12.07

ACWA Power CO₂ emission intensity of the total portfolio



CO ₂ emission intensity of ACWA Power's equity share of the portfolio	2019	2020	2021
CO ₂ intensity of gross electricity generation [ton CO ₂ /MWh]	0.50	0.48	0.49
CO ₂ intensity of RO water desalination (kg CO ₂ /m ³)	5.02	3.9	4.11
CO ₂ intensity thermal water desalination (kg CO ₂ /m ³)	13.84	13.02	12.96

CO₂ emission intensity of ACWA Power's equity share of the portfolio



The introduction of coal drove much of the increase in emissions in 2021. Since ACWA Power has made the decision to transition to a low-carbon and coal-free portfolio, this increase is provisional.



70.5 mn tons

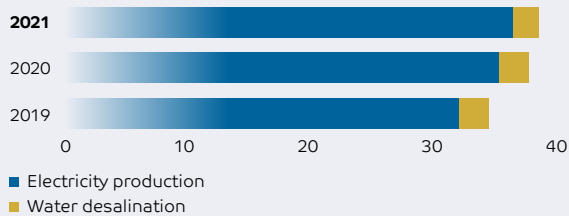
In 2021, the total (Scope 1 and 2) CO₂ emissions across all assets measured 70.5 million tons, of which ACWA Power's share was 29 million tons.



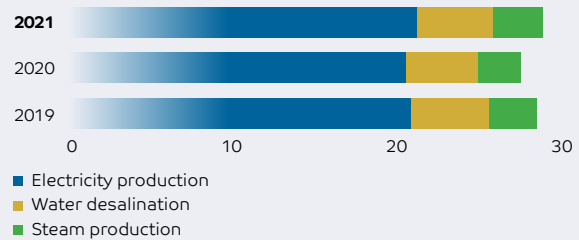
Breakdown of Scope 1 CO₂ emissions per fuel type

	2019	2020	2021
Natural gas			
Electricity production	34,509,443	37,681,471	38,534,587
Water desalination	2,507,221	2,396,548	2,113,943
Heavy fuel oil			
Electricity production	28,489,231	28,510,794	28,842,706
Water desalination	20,869,672	20,502,034	21,138,695
Steam production	4,678,759	4,412,917	4,676,902
Coal			
Electricity production	-	12,019	2,462,010
Diesel			
	12,570	5,193	42,650

Natural gas (million)



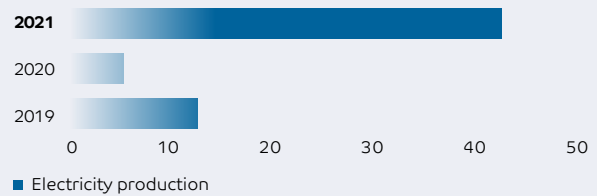
Heavy fuel oil (million)



Coal (million)



Diesel (thousand)





To support our ESG strategy, and in line with our decarbonisation efforts, we are shifting our portfolio to renewables and other low-carbon technologies.



50/50

We are doing this by increasing the share of renewables generation capacity to achieve a green/brown capacity ratio of 50/50 by 2030.



ACWA Power's low-carbon portfolio

To support our ESG strategy, and in line with our decarbonisation efforts, we are shifting our portfolio to renewables and other low-carbon technologies. We are doing this by increasing the share of renewables generation capacity to achieve a green/brown capacity ratio of 50/50 by 2030. Additionally, we have made the decision not to develop or invest in new coal or oil-fired power projects.

ACWA Power halted its participation in the development of the coal-fired Nam Dinh 1 plant (1,200 MW) during the year. Although we are withdrawing from this project, we remain committed to Vietnam's electricity sector and look forward to expanding the renewable energy footprint we have established with the Vinh Hao 50MW PV power plant, which is already dispatching energy to the Vietnamese grid.

The 2,400MW Hassyan IPP in Dubai converted from clean coal to natural gas. This step supports the Dubai Clean Energy Strategy 2050 and Dubai's carbon neutrality strategy 2050 which aims to provide 100 percent of the energy production capacity from clean energy sources by 2050.

Upcoming power capacity by technology (MW)

Under construction		
Oil 0	Coal 0	Natural Gas 5,400
CSP 800	PV 3,690	Wind 0
Advanced development		
Oil 0	Coal 0	Natural Gas 0
CSP 0	PV 3,140	Wind 5,940



2,400 MW

The 2,400 MW Hassyan IPP in Dubai converted from clean coal to natural gas.



Bokpoort CSP IPP, South Africa

35%

In 2021, 35 percent of the total gross capacity of our portfolio consisted of renewable technologies, including assets under construction or in advanced development. This represents 42 percent of ACWA Power's net share of the gross capacity.



In 2021, we continued to lead the transition to green electricity and low-carbon water in terms of cost and technology. Some of the highlights included:

- The inauguration of the 300 MW first stage of the 900 MW Shuaa Energy 3 PSC, the fifth phase of the Mohammed bin Rashid Al Maktoum Solar Park in Dubai.
- Achieving the financial close for the 1,500 MW Sudair Solar plant, a key project under the Public Investment Fund (PIF) renewable energy programme.
- Egypt 1,100 MW Wind IPP was added to projects in advanced development, following the Council of Ministers of the Government of Egypt's approval to sign a PPA.
- ACWA Power finalised the project agreements for the 100 MW Nukus wind project in the Republic of Uzbekistan, supporting our commitment to Uzbekistan's energy future and a major step towards diversifying the country's energy mix and, in line with recent strategic reforms, increasing its renewable energy capacity.
- Announcing the start of construction on the 100 MW Redstone concentrated solar power (CSP) plant following financial close. Redstone is the largest renewable energy investment in South Africa to date.

In 2021, 35 percent of the total gross capacity of our portfolio consisted of renewable technologies, including assets under construction or in advanced development. This represents 42 percent of ACWA Power's net share of the gross capacity.

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



The Taweelah SWRO integrates renewable energy to the project, to reduce CO₂ emissions.



Renewable capacity in 2021

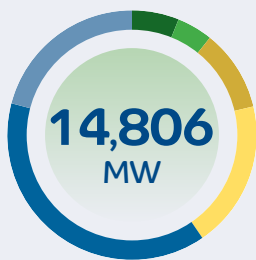
Project phase	Total portfolio gross capacity (MW)	ACWA Power's net share (MW)
In operation	1,576	894
Under construction	4,490	1,551
Advanced development phase	8,740	5,673
Total	14,806	8,119

Breakdown of operational and under-construction renewable projects per technology for 2021

Renewable energy technologies	Total portfolio gross capacity (MW)	ACWA Power's net share (MW)
PV	4,586	1,913
CSP Parabolic	410	277
CSP Tower	950	225
Wind	120	31

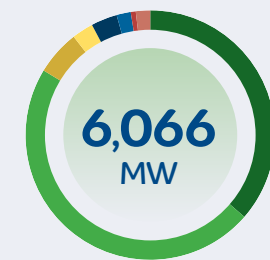
Renewable technologies account for 35 percent of the total investment costs and 46 percent of our invested equity share, including assets under construction or in advanced development.

Renewable capacity in 2021



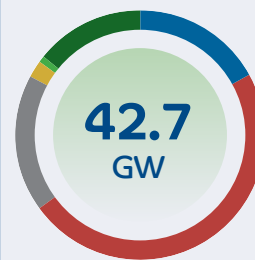
- ACWA Power's net share (MW)**
- In operation
 - Under construction
 - Advanced development phase
- Total portfolio gross capacity (MW)**
- + In operation
 - + Under construction
 - + Advanced development phase

Breakdown of operational and under-construction renewable projects per technology for 2021



- ACWA Power's net share (MW)**
- PV
 - CSP Parabolic
 - CSP Tower
 - Wind
- Total portfolio gross capacity (MW)**
- + PV
 - + CSP Parabolic
 - + CSP Tower
 - + Wind

Power split (MW) by technology (%)



- Oil 17
- Natural Gas 48
- PV 18
- CSP - Parabolic 2
- CSP - Tower 1
- Wind 14



90%

This includes the Gulf, one of the highest impacted regions, where water desalination contributes to more than 90 percent of daily water requirements.



66%

More than two thirds of our desalination plants use world-class energy-efficient technology, namely seawater reverse osmosis (SWRO).



Sustainable water management

We operate in water-scarce regions, where global issues such as climate change, population growth, industrialisation and water waste are likely to increase water scarcity in the future.

This includes the Gulf, one of the highest impacted regions, where water desalination contributes to more than 90 percent of daily water requirements. But heavy dependence on desalination poses sustainability risks in itself, with cost and environmental impact remaining key concerns.

To address these challenges, more than two thirds of our desalination plants use world-class energy-efficient technology, namely seawater reverse osmosis (SWRO). As we grow our capacity, SWRO will be the sole technology used in our desalination plants. The choice of SWRO water desalination technology will play a critical part in significantly reducing water production costs and contribute to our sustainability and ESG goals.

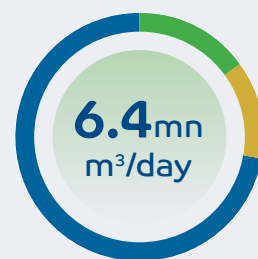
In 2021, ACWA Power successfully launched the Taweelah SWRO, the world's largest standalone sea water reverse osmosis plant, and delivered its first water into the Abu Dhabi network. The Taweelah Desalination Company opened the valve, connecting the plant with the distribution network and began exporting the first 230,000m³/day of the planned 909,200m³/day of water. The Taweelah SWRO integrates renewable energy to the project, to reduce CO₂ emissions.

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

Desalination technology	'000 m ³ /day	Number of assets
Multi-stage Flash distillation (MSF)	971	2
Multiple effect distillation (MED)	800	1
Seawater reverse osmosis (SWRO)	4,634	13

GRI 303: Water and Effluents	2019	2020	2021
Water export (m ³)	790,241,825	828,278,300	890,230,937
Sea water intake (m ³)	6,622,328,827	13,548,405,950	15,210,258,604
Sea water discharge (m ³) - estimate	6,195,354,935	12,682,995,995	13,972,263,195
Sweet/River water intake (m ³)	-	-	7,522,278
Sweet/River water discharge (m ³)	-	-	1,411,707
Specific electricity consumption for RO based water desalination [kWh/m ³]	5.85	5.3	5.23

Desalination technology



Multi-stage Flash distillation (MSF)	15%
Multiple effect distillation (MED)	13%
Seawater reverse osmosis (SWRO)	72%

Number of assets



Multi-stage Flash distillation (MSF)	2
Multiple effect distillation (MED)	1
Seawater reverse osmosis (SWRO)	13



The ideal way to reduce the stress on disposal systems is to reduce the amount of waste that is produced, so our emphasis is on reduction, reuse and recovery before disposal.



We continue to actively increase the efficiency of our desalination plants and employ innovative technologies to reduce costs. This is undertaken while simultaneously mitigating the environmental impact for our customers, our stakeholders and our planet.

To further our technological improvements in water desalination, ACWA Power collaborates with the King Abdullah University of Science and Technology (KAUST). The partnership aims to prioritise research in water quality monitoring and system performance modelling using several KAUST research centres.

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

We continue to improve the measuring and reporting of our water performance by integrating internal reporting systems for water metrics.

Green Hydrogen, the next step in the 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. 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.

Together with NEOM and Air Products, ACWA Power is to develop a world-scale green hydrogen production facility in the Kingdom of Saudi Arabia.

650 tons per day

1.2 mn tons per year

The world's largest green hydrogen facility and it is estimated to produce 650 tons per day of hydrogen by electrolysis, nitrogen by air separation and 1.2 million tons per year of green ammonia.

The facility will be entirely powered by renewable electricity, NEOM Helios, will be the world's largest green hydrogen facility and estimated 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 three million tons of CO₂ per year.

NEOM is an ideal location for the project because of its unique 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.

Sustainable waste management

ACWA Power implements an integrated waste management procedure to manage hazardous and non-hazardous waste. This ensures minimal impact on the environment and that local and international regulatory requirements are satisfied. The ideal way to reduce the stress on disposal systems is to reduce the amount of waste that is produced, so our emphasis is on reduction, reuse and recovery before disposal.

To develop our integrated waste management system, we identified the level or levels at which the highest values of individual and collective materials can be recovered, thereby saving material production, resource cost and energy.

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



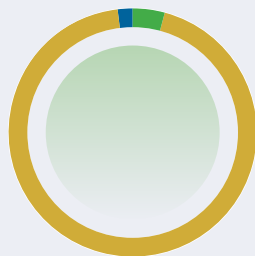
ACWA Power is committed to operating with minimal environmental risk and impact, not only to safeguard the health and safety of our workforce and communities, but also to reduce our impact on the environment.



Waste Generated in 2021	Reused/Recycled	Disposed
Hazardous waste (tonne)	246	2,435
Fly ash (tonne)	5,529	9,030
Non-hazardous waste (tonne)	110	6,133
Impact of spills on environment	No major impact	
Number of spills	9	
Quantity of spillage (m ³)	5.85	

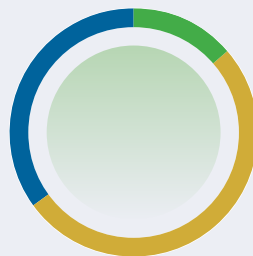
Waste Generated in 2021

Reused/Recycled



■ Hazardous waste (tonne)	246
■ Fly ash (tonne)	5,529
■ Non-hazardous waste (tonne)	110

Disposed



■ Hazardous waste (tonne)	2,435
■ Fly ash (tonne)	9,030
■ Non-hazardous waste (tonne)	6,133

Management of environmental impact and risk

ACWA Power is committed to operating with minimal environmental risk and impact, not only to safeguard the health and safety of our workforce and communities, but also to reduce our impact on the environment. We actively prioritise efficiency across our operations to ensure that any environmental impact and risk is managed responsibly. As a testament to this, environmental issues are the responsibility of the Board or at managerial level.

In 2021, we developed an Environmental and Social Management System manual, with guidelines on the key environmental and social aspects, to ensure consistency across all ACWA Power projects. This initiative supports our aim to ensure that our Environmental & Social Management Systems (ESMS) are standardised and aligned to give prospective lenders and regulators the assurance that project-level structures are sound and systematic.

Environmental and Social Impact Assessments (ESIA)

For all new assets, we commission independent consultants to conduct Environmental and Social Impact Assessments (ESIA) during the feasibility assessment, development and acquisition phases to ensure minimal environmental and social impact. ESIA identify and assess potential environmental impact as an after effect of the project's construction and ongoing operational activities.



Shuqaiq IWPP, Saudi Arabia



We are the first power and water company in the region to achieve this PEP Standard, a globally-recognised award presented to organisations demonstrating excellence in their procurement and supply chain activities.



Actionable mitigation and management measures are implemented based on ESIA's to avoid or minimise environmental impact. Our ESIA scope includes air quality; marine water; sediment and ecology; waste management; soil and groundwater; terrestrial ecology; noise; traffic; cultural heritage; community health; safety & security; workers' conditions; and occupational health and safety.

Since 2010, ACWA Power has implemented an Environmental Management System (EMS) that meets the requirements of the ISO 14001:2015 standard, which has been certified to the OHSAS 18001 standard, an occupational health and safety standard designed to enable organisations to control risks and improve operational health and safety performance.

Compliance with these standards is regularly monitored and supervised by independent environmental consultants.

Sustainable procurement

We consider the environmental, social and economic consequences of our procurement practices and raw material sourcing. Our Procurement Policy and the supporting procedures set out how the procurement process operates, its application standards and clarifies the roles and responsibilities of those involved in procurement.

In addition, the Policy extends to any third-party organisations spending ACWA Power funds, ensuring that any organisations with which we collaborate, such as contractors, also consider their environmental, social and economic impact in their procurement practices.

Achievement of the CIPS Procurement Excellence Programme (PEP) Award

In 2021, ACWA Power partnered with the Chartered Institute of Procurement & Supply (CIPS) on the Procurement Excellence Programme to enhance and develop our procurement governance and to align with the CIPS Global Standard.

We underwent a 12-month assessment and evaluation to determine if our procurement and supply practices were up to global excellence standards, particularly following the pandemic, which had significantly impacted supply chains around the globe. The accreditation awarded to ACWA Power was a stamp of approval on supplier diversity, supplier relationship management, risk mitigation and sustainable procurement.

The 12-month evaluation was split into four phases:



Phase 1

Diagnostics, carrying out a targeted analysis of the procurement function through conducting semi-structured stakeholder interviews.



Phase 2

Process improvement, creating and modifying current procurement policies, strategies, procedures, processes and supporting documentation to develop complete documentation.



Phase 3

Implementation and organisational development, focused on communicating, training and embedding all new policies and procedures.



Phase 4

Final award submission, assessment by CIPS reviewers and independent verifiers to confirm that ACWA Power's procurement meets the CIPS Standard Procurement Excellence.

Since 2019, ACWA Power has partnered with KAUST to pursue goal-oriented research aimed at achieving further cost efficiencies in producing desalinated water and generating solar power.



We are the first power and water company in the region to achieve this PEP Standard, a globally recognised award presented to organisations demonstrating excellence in their procurement and supply chain activities. The award drives regular improvements and value across supply chains and highlights procurement's role as a fundamental component of an organisation's strategy and growth.

Green technology and innovation

We continued to prioritise green technology and innovation as key to unlocking growth.

Cooperation with King Abdullah University of Science and Technology (KAUST)

Since 2019, ACWA Power has partnered with KAUST to pursue goal-oriented research aimed at achieving further cost efficiencies in producing desalinated water and generating solar power. In 2021, a Master Research Agreement (MRA) between ACWA Power and KAUST was signed to officially launch the ACWA Power Centre of Excellence for Desalination and Solar Power (KAPCOE).

The MRA provides the necessary foundation for the long-term research, development and innovation by the ACWA Power and KAUST partnership. The Centre aims to accelerate the adoption of emerging technologies by providing a platform for testing water treatment processes – ultimately aimed at developing best-in-industry plant optimisation tools – and pursuing goal-oriented research on sustainability and cost efficiencies in desalination.

Under this collaboration, the first pilot plants to improve the desalination process are already up and running, while a solar PV pilot plant is under construction.

As part of its remit, the Centre will also explore new cutting-edge technologies, such as world-class plant optimisation tools, biofouling, sensor development and evaluation, and processes to reduce carbon footprint. The Centre will further prioritise research in water quality monitoring and system performance modelling.

While creating synergies through KAUST's theoretical knowledge and ACWA Power's market expertise, the Centre will also invite other strategic industry partners to participate in the future.

In 2021, our green technology accomplishments included:

Leading the consortium to power The Red Sea Project with 100 percent renewable energy.



In the UAE, the world's largest CSP plant and lowest tariff.



World's largest RO plant and lowest desalinated water tariff in Saudi Arabia.



Largest PV plant in Saudi Arabia and one of the world's largest single-contracted PV plants.



World's lowest PV tariff in Saudi Arabia, breaking our own record set in 2020.



Largest wind farm in central Asia, in Uzbekistan.



Early mover in Green Hydrogen; Saudi Arabia project to be powered by ~4GW of renewable energy.



Creating shared value for our people and communities

ACWA Power is committed to creating a safe work environment which supports the growth of every one of our employees.

Protecting and growing our people

In 2021, safety remained our highest priority, as we sought new ways to instil a safe, secure, healthy and environmentally-friendly workplace. Some of our milestones include crossing 50 million safe manhours worked without an LTI (Lost Time Injury) and zero LTI recorded for the first time in BU O&M history.

We also continued to ensure the well-being of our people and to support their growth. In 2021, we updated and harmonised several HR policies to improve performance, ensure consistency and follow best practice. The exercise was also designed to improve our people management processes, including talent acquisition, performance management, learning and development, and remuneration.

The policies updated included our Paid Time Off Policy, End of Service Policy, International Mobility Policy, Talent Acquisition Policy and Workplace Policy. We will incorporate these into an employee friendly handbook, which will share the ‘One ACWA Power’ vision, during the coming year.

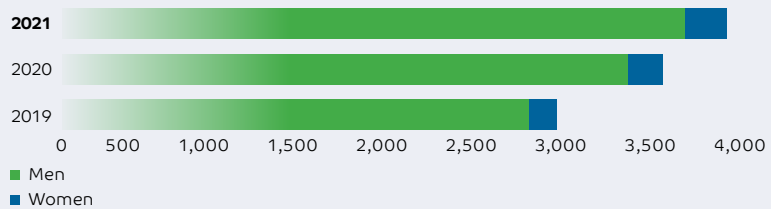
Despite our best efforts in upholding such high standards, however, it is with great sorrow that we must bear the loss of two lives in separate accidents on our construction sites. These tragedies affected the entire ACWA Power family and are still keenly felt.

There will never be any alternative to achieving zero casualties other than to strive for excellence in safety. This is the mission that motivates us every single day.

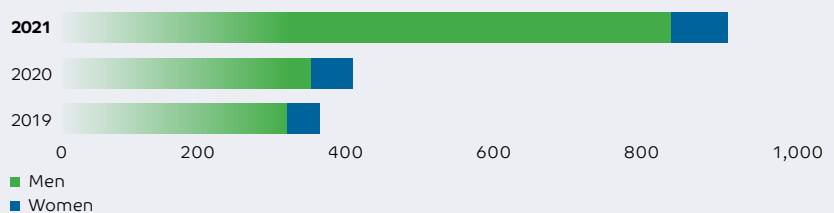
Full-Time Employees	2019	2020	2021
Men	2,748	3,334	3,672
Women	167	204	248
% of women in total workforce	5.70	5.70	6
Total	2,915	3,538	3,920

Managers and Directors	2019	2020	2021
Men	306	338	827
Women	44	56	76
% of managerial or director-level positions filled by women	13	14	8
Total	350	394	903

Full-Time Employees



Managers and Directors



In 2021, we updated and harmonised several HR policies to improve performance, ensure consistency and follow best practice.



60%

Our commitment to supporting local workforces was reflected in our employment of 2,369 local employees, representing 60 percent of the total workforce.



Employment

In 2021, our workforce consisted of 3,920 employees in the 12 countries where we operate, with female employees comprising 6 percent of the total. In 2021, 8 percent of manager and director-level roles were occupied by female employees.

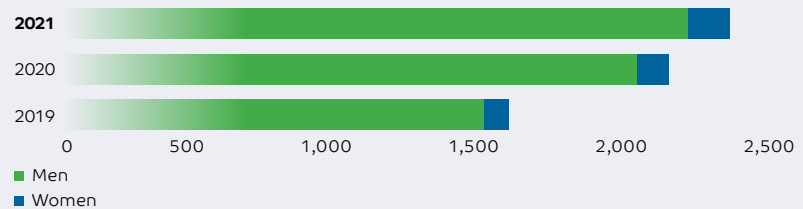
We initiated the development of a clear localisation strategy and remain dedicated to achieving our Saudisation targets in the Kingdom, as well as other localisation targets in our countries of operation. Our commitment to supporting local workforces was reflected in our employment of 2,369 local employees, representing 60 percent of the total workforce.

The company has worked on strengthening its schemes to attract, retain and develop careers to address the expectations of new hires and to build a high-performance workplace and culture.

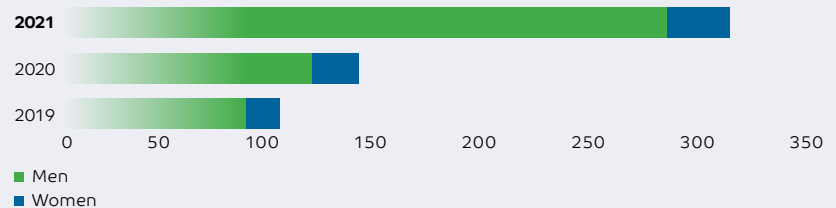
Local Nationals	2019	2020	2021
Men	1,496	2,041	2,222
Women	86	110	147
Total number of nationals	1,582	2,151	2,369
% of total employees that are local nationals	54	61	60

Local Directors/Managers	2019	2020	2021
Men	86	117	285
Women	16	22	30
Total	102	139	315
% of total Directors/Managers that are local	29	35	35

Local Nationals



Local Directors/Managers





Another vital objective in building gender equality is to create development opportunities for women. In 2021, we launched Women’s Initiative for Networking and Global Solutions (WINGS).



Diversity and inclusion

To achieve our goals for energy transition, we rely on a range of talent that reflects the diverse nature of how and where we operate. To enable us to better serve the communities where we have a presence, our aim is to create an inclusive culture in which employees have a sense of belonging and feel valued.

Another vital objective in building gender equality is to create development opportunities for women. In 2021, we launched Women’s Initiative for Networking and Global Solutions (WINGS) – an initiative focusing on sustainable female empowerment and inclusion, while simultaneously ensuring that female leaders are given opportunities to progress in the Company. Additionally, an all-women forum reviews feedback from surveys to drive and implement three top priorities: workplace, benefits and career growth.

Performance management

In performance management, we have started the shift from conventional, rating-based assessment to a talent management framework which aims to fuel performance and yield insights on talent. We encourage regular conversations between employees and line managers and ensure that set goals are reviewed periodically. While formal performance evaluations take place at year end, the guidance, support and development of people is ongoing.

Talent reviews and succession planning for the Management Committee, Executive Managing Officers and Plant General Managers:

We established an Annual Talent Review and Succession planning process for the Management Committee (MC), N-2s and the rest of the organisation. In partnership with a global consultant, we successfully identified successors for our main leadership roles, based on their future readiness.

We completed Talent Reviews for 54 N-2s and their organisations, and we identified successors for critical and pivotal roles in Corporate and Projects, prioritising localisation, diversity and inclusion.

Assessment and personal development for the Management Committee and N-2s:

All Management Committee (MC) members completed their individual assessment. Based on their development areas, Individual Development Plans with specific business requirements built in were drawn up and formalised.

A similar exercise involved 124 N-2s, including 39 EMOs and 31 PGMs, to prepare them for future career moves.

In 2021, we developed a framework for diversity and inclusion by categorising our approach into four strategic areas:

<p>Workplace</p> <p>Create a work environment where all employees experience a clear sense of belonging.</p> 	<p>Talent force</p> <p>We aim to attract, recruit, promote and retain the best talent and maintain diversity at all levels and areas of our organisation.</p> 	<p>Localisation</p> <p>Develop local talent in our home and overseas markets with a view to representing the diverse communities we serve.</p> 	<p>Gender equality</p> <p>Build equitable representation across all levels, positions and geographies, using gender equality programmes and goal setting.</p> 
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13%

In 2021, the use of our LinkedIn based Learning programme increased by 13 percent.



Training and development

Employee development is essential in meeting the needs of a high-performance driven culture. To achieve this, we offer employees a wide range of learning and development opportunities, which include online learning resources and interactive learning experiences designed to increase personal and professional effectiveness.

Our partnership with LinkedIn provides us with more than 15,000+ digital learning resources on numerous topics, including business and leadership skills, operations management, financial management and compliance training and tools. Mishkaty, our O&M Learning Management System Platform, offers more than 1,600 learning resources covering technical, HSSE and behavioral topics.

Lastly, we focus on developing the next generation of leaders through the Leadership Development Programme (LDP) and the Executive Managing Officer (EMO) Accelerator, a new programme designed to ready high calibre in-house talent for leadership roles at project company level.

E-learning with LinkedIn and Mishkaty

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

Our partnership with LinkedIn Learning has laid the foundations for digital learning and enables us to run several development programmes at different levels of the organisation, from C-level to young managers. In 2021, the use of our LinkedIn-based Learning programme increased by 13 percent. More than 90 employees undertook 39 external courses, or online learning modules, achieving a cumulative 22,507 learning hours.

In response to the changing workplace, we transformed our in-person development training into interactive virtual learning experiences. We increased the number of bespoke courses by 50 percent more than 2020.

Through Mishkaty, our Business Unit O&M learning management system, users accessed performance management upskilling sessions and technical competence assurance programmes, achieving a cumulative 11,656 learning hours during the year.

Developing the next generation of leaders

With our industry evolving rapidly, the need to develop the next generation of leaders is more important than ever. We strive to identify future leaders early in their careers and to create the right opportunities for them to acquire expertise and experience. We run multiple initiatives simultaneously for this purpose, including one of our most successful programmes in partnership with PwC's Academy, to facilitate the Leadership Development Programme (LDP), from which 16 participants graduated in 2021.

The new EMO Accelerator programme, in collaboration with HULT EF Corporate Education, is a two-year bespoke programme for developing business and leadership skills. From more than 200 nominations, we selected 15 candidates following a rigorous selection process to participate.



50%

We increased the number of bespoke courses by 50 percent more than 2020.



Health & safety and employee well-being

The health, safety and well-being of our people, partners and communities is ACWA Power's chief priority.

Supporting our People's well-being

In 2021, we gave our corporate employees the flexibility to work from home and in their home countries, but we made digital collaboration tools available to maintain efficiency and productivity.

To enable people to manage changes to the way they lived and worked, we hosted more than 30 webinars with external experts on a range of issues, including mental health, fitness and stress management. Our global emergency assistance programme, in collaboration with ISOS, provided 24/7 confidential medical and travel support service to our people and their families.

We have built wellness into our revised HR policies and included wellness and occupational health in our medical insurance benefits. Survey results showed 96 percent of respondents were satisfied with the support received and 99 percent were aware of pandemic-related safety protocols.



Ensuring standardisation and alignment of HSSE management across all ACWA Power projects

In our quest for an excellent safety record, we introduced a Construction Project HSSE Management System Manual to ensure standardisation and alignment of HSSE management across all ACWA Power construction projects. This document is intended to provide guidance at construction projects to ensure an effective, standard approach to HSSE performance management over the project's complete life cycle.

Crossing 50 million safe manhours without an LTI (Lost time Injury) for the first time in our history

ACWA Power crossed 50 million safe manhours without an LTI (Lost time Injury) for the first time in its history, with more than 30,000 workers involved at our 64 assets (construction and operational sites) across our global operations.

A survey of views summarised our employees' understanding and experience of safety culture and will enable ACWA Power to make targeted improvements to achieve safety excellence.

Achieving zero LTI in BU O&M

Additionally, we achieved zero LTI in BU O&M, a strong indication of a safe workplace. This was achieved by ensuring engagement with routine safety walkthroughs, high-level safety committee meetings, digital tools and best processes and systems.

The overall LTI rate decreased to 0.01 from 0.03, and incident rates decreased to 0.05 from 0.12, compared to 2020. This was achieved by adopting industry best practice, advanced monitoring tools like Synergi Life, compliance assurance programmes (such as OHSE and process safety audits), sharing of lessons learned and ongoing HSSE training and development.

Two incidents resulted in the tragic loss of two people at our under-construction projects. These fatalities were unfortunate and unacceptable low points of 2021. As a result, we have engaged an independent third party to conduct a rigorous, 360-degree review of our health & safety procedures, practices and systems at our construction projects. We have also engaged a third-party to design and implement a due diligence process for assessing worker welfare management at construction projects.

Safety remains our highest priority.

Carrying out a Safety Culture Maturity Assessment

To further enhance HSSE management, we commissioned a third-party to conduct a Safety Culture Maturity Assessment throughout the organisation, including stakeholders on our construction projects. This is the first exercise we have conducted to understand opinion on HSSE management and the current organisational culture. The Assessment will highlight good practices that we can build on, as well as areas for focus and improvement.

We also conducted a 'Safety Climate Maturity Survey' in BU O&M, using the UK's Health & Safety Laboratory (HSL) online Safety Climate Tool (SCT) to measure workforce attitudes to HSSE and how it is perceived. A survey of views summarised our employees' understanding and experience of safety culture and will enable ACWA Power to make targeted improvements to achieve safety excellence.

Welfare Management

ACWA Power engaged a third-party to design and implement a due diligence process to assess welfare management at construction projects. This was established as a pilot programme in Taweelah and Um Al Quwain and covered a comprehensive assessment of welfare management, including labour rights and well-being, compliance with local regulations and other project-specific requirements, internationally approved standards and/or good practices (e.g. IFC standards).

The data acquired during the due diligence will be used to design the ACWA Power Welfare Management System for the development of future projects.

Enhancing Process Safety Maturity in 2021

A process safety management (PSM) system identifies potential hazards in day-to-day operations and puts measures in place to prevent major incidents occurring. To build greater awareness of process safety, and to ensure its effective implementation, we developed a process safety video and delivered training to O&M projects on PSM.



0.01

The overall LTI rate decreased to 0.01 from 0.03, and incident rates decreased to 0.05 from 0.12, compared to 2020.



104mn

Total number of operational and construction hours worked.



0

Average LTI rates across Operational Projects.



0.01

Average LTI rates across Construction Projects.



ACWA Power Total (Operational + Construction)		
Hours worked	Total	104 million
Lost Time Incidents (LTIs)	Total	2
- LTI – employees	Total	0
- LTI – contractors	Total	2
- LTI rate	Average rate	0.01
Recordable incidents rate (TRI)	Total	26
Recordable incidents rate (TRI)	Average rate	0.05
Fatality	Total	2
Operational Projects		
Hours worked	Total	13 million
LTI – total	Total	0
LTI – employees	Total	0
LTI – contractors	Total	0
LTI rate	Average rate	0
Recordable incidents	Total	12
Recordable incidents rate	Average rate	0.18
Fatality	Total	0
Construction Projects		
Hours worked	Total	91 million
LTI – total	Total	2
LTI – employees	Total	0
LTI – contractors	Total	2
LTI rate	Average rate	0.01
Recordable incidents	Total	14
Recordable incidents rate	Average rate	0.03
Fatality	Total	2
Health and Safety Compliance		
Percentage of operations for which health and safety impacts are assessed	Total	100%
Incidents of non-compliance with national/global health and safety regulations resulting in a fine or penalty	Total	Zero

Contributing to our communities

ACWA Power contributes to the communities in which it operates by encouraging and developing local service providers, suppliers and the local workforce to stimulate national talent and assist in developing solutions that contribute to energy transition initiatives in those countries.



ACWA Power has always considered itself to be an integral member of the communities in which it operates.



Amplifying the Kingdom's next generation of innovators

We continue to support the immense potential of Saudi youth to originate progressive and sustainable ideas. To highlight the efforts of the next generation of innovators, 'The Power is Within You' is an initiative which includes an incubation programme designed to help develop winning ideas, using a dedicated training and mentoring process.

The programme empowers youth in the Kingdom to create, ideate and innovate three specific categories in the power and water sectors. It is inspired by ACWA Power's commitment to playing a major role in achieving the renewable energy goals set out in Vision 2030 and its successful track record of utilising cutting-edge technology to transform operations.

In 2021, a judging panel of senior leaders from ACWA Power and our flagship institute, The Higher Institute for Water and Power Technologies (HIWPT), selected three of the most innovative ideas for 90 days of incubation and development support, following an extensive screening and selection process of online entries and virtual presentations from shortlisted applicants.

Driving community impact

ACWA Power has always considered itself to be an integral member of the communities in which it operates. We prioritise community engagement and address the most pressing issues our communities face with relevant CSR programmes. We are fully committed to community development, social responsibility and supporting sustainable livelihoods.

We channel resources to CSR initiatives wherever we operate – whether mandated by the terms of our agreements or not – and encourage our business units operating in diverse geographies to factor CSR considerations into their operations. When launching CSR initiatives, due consideration is given to the diversity of regional cultures, values and customs. In 2021, most of our CSR support was allocated to supporting various social and environmental initiatives in the Kingdom of Saudi Arabia, Morocco and South Africa.

16.5 SAR mn

In 2021, our total CSR contribution amounted to over SAR 16.5 million and supported a range of initiatives.



We continue to support the immense potential of Saudi youth to originate progressive and sustainable ideas.



In 2021, our total CSR contribution amounted to over SAR 16.5 million and supported a range of initiatives:

Types of initiatives	% of total CSR spending in 2021
Education	15
Health	5
Agriculture	5
Infrastructure	16
Environmental and social initiatives	53
People of determination	3
Other CSR activities	3

Our regions of operation	% of total CSR spending in 2021
Red Sea	50
Gulf	5
Middle East and Asia	4
Africa	41

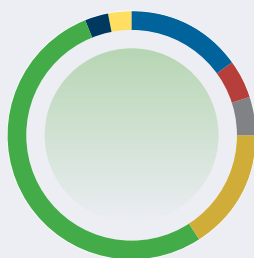
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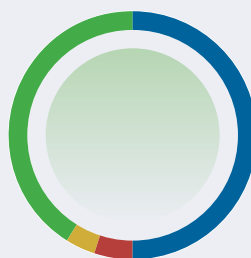


Types of initiatives (%)



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Health	5
Agriculture	5
Infrastructure	16
Environmental and social initiatives	53
People of determination	3
Other CSR activities	3

Our regions of operation (%)



Red Sea	50
Gulf	5
Middle East and Asia	4
Africa	41



Some of our key CSR initiatives in 2021 included:



Supporting the development of Saudi technicians

Kingdom of Saudi Arabia, RAWEC

The programme’s main objective is to develop the skills and employability of Saudi youth. We provided training to five Saudi students, who were then hired by the Emad Ba Wazier construction company, which supplies young Saudi technicians to the market.

Supporting local development of the Al Madinah AlMunawara region

Kingdom of Saudi Arabia, Al Madinah AlMunawara region

Namaa AlMunawara, the implementation arm for Waqf Al Munawara (Al Munawara Endowment), enables sustainable socio-economic development in the Al Madinah AlMunawara region by supporting small and medium enterprises (SMEs), which are considered to be one of the most vibrant and important sectors in the Kingdom because they generate work opportunities and drive the economy.

Namaa Al Munawara’s initiatives include the Industrial City initiative for supporting retail sales; another for supporting Madinah-made products; manufacturing and creativity labs – comprising fully integrated workplaces dedicated to the women of Madinah – for nurturing women’s employment and creative capabilities; and the One-Stop Shop, which provides the various governmental and consultancy services that entrepreneurs may need under one roof.



Supporting local development through agriculture

Ouarzazate, Morocco

The almond plantation initiative in Ouarzazate has rehabilitated and treated more than 120,000 trees since 2015 and helped local farmers by doubling production and boosting sales. Treatment of the trees was carried out by the plot owners, who were equipped, trained and paid to work their own plantations.

The initiative is typical of ACWA Power’s long-term and sustainable approach:

- Farmers are hired to work their own land
- Long-term income for farmers
- An automated almond crushing unit has been built and handed over to the local union
- ACWA Power financed a working capital facility so the union can buy almonds from the farmers



Supporting local development through the improvement of infrastructure

Benban, Egypt

The Benban Market Renovation Project is enhancing community living standards by improving the market's infrastructure such as shades, toilets and barricades. It supports vendors and encourages local employment and economic growth.



Supporting environmental and social initiatives

Hassyan, UAE

The Marine Conservation Initiative, with Hassyan Clean Coal and the Emirates Marine Environmental Group (EMEG), is improving marine coastline protection and monitoring, as well as boosting environmental awareness:

- Monitoring of fauna
- Coral reef rehabilitation
- Turtle nesting season and turtle release event for students and community members
- Mangrove tree planting
- Beach cleaning
- Supporting local leisure and cultural activities

