ACWA POWER
كـــوا بـــاور

ENERGY TRANSITION TAKES INGENUITY

INTEGRATED ANNUAL REPORT 2022

بسم الله الرحمن الرحيم

In The Name Of Allah

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

His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud
Crown Prince and Prime Minister

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CHAIRMAN'S MESSAGE

> "A key element in ACWA Power's energy transition, for the benefit of the planet, is the **ingenuity** of our 4,000+ strong people"

Mohammad Abunayyan
Chairman of the Board of Directors

Dear stakeholders,

I welcome you all and thank you for your interest and investment in ACWA Power.

ACWA Power's overall strategy is to be at the forefront of the energy transition with the mission to deliver power, desalinated water, and green hydrogen reliably and responsibly for the benefit of all the communities we serve. At the foundation of this strategy, we will always seek to maintain a balanced portfolio, adhere to our winning business model, and ensure robust financial strength, while at the same time we continue to embed best practice across all elements of corporate governance, environmental stewardship, and social responsibility.

In a year surrounded by geopolitical, economic and supply chain challenges, the resilience of our Develop, Invest, Operate and Optimise business model ensured our unwavering focus to deliver value to all our stakeholders, underlined by a strong set of financial results for the year 2022.

The robust growth in our financial indicators reflects our philosophy of generating returns while focusing on developing solutions that serve people and the planet. Our earnings per share to equity holders of the parent was SAR 2.11 in 2022, more than doubling compared to the previous year. On 26 January 2023, the Board of Directors declared a cash dividend of SAR 606.8 million (SAR 0.83 per share) for the year 2022 that is 8% higher than last year.

We are delighted to observe the strong investor confidence — institutional and retail, Saudi and international — that we believe reflects conviction in our strong fundamentals and growth potential as well as the strength of our business model and people.

The energy transition

A key element in ACWA Power's energy transition, for the benefit of the planet, is the ingenuity of our 4,000+ strong people. This runs right through our business and operations and through the four stages of our business model and not just in the technological arena, where our engineers and EPC partners are applying technology to increase our competitive advantage in power generation, water desalination and green hydrogen production.

Our ingenuity applies equally to the way we conceive and structure our project partnerships. Our inhouse commercial, finance and legal teams demonstrate time and again their inventive thinking in constructing enduring relationships with our new partners that enable us to execute long-term, large-scale projects.

We now have 68 projects in 12 countries with 42 in operation, 13 under construction and 13 in advanced development. Total investment cost of our portfolio has reached SAR 270 billion, with 39% of our power generation capacity in renewable technologies. This is a testament to our dedication to lead the energy transition as well as the confidence of both the Saudi Arabian and foreign governments and offtakers in our agility, expertise, and capability to help them transform their energy mix for the economic development of their countries in a sustainable and responsible way for the benefit of many generations to come.

As we look to the future, we will continue to rely on the ingenuity of our people, strong relationships with our business partners across our stakeholder domain, and the technical and institutional knowledge we have developed over nearly 20 years of operations to grow our business, while creating a greener future for all.

A responsible enabler for the Kingdom's Vision 2030

As the Kingdom of Saudi Arabia continues to accelerate its ambitious plans for diversifying its energy mix to include renewable energy under the guidance of our visionary leadership and the Ministry of Energy (MOE), ACWA Power remains committed to play its role as key enabler in delivering on these plans as a national champion in the energy space. Aspiring to achieve net zero by 2050, ten years ahead of the Kingdom's target date, we believe we will continue to lead the energy transition at home. The 5.6 GW of solar PV projects of ACWA Power currently in operation, under construction or in advanced development in the Kingdom, both under the strategic framework agreement with the Public Investment Fund (PIF) and the competitive MOE bidding programmes, are a testament to our commitment in this mission.

Additionally, the USD 8.5 billion, 4 GW world's largest at-scale green hydrogen production facility is well into construction in NEOM, following the successful financial close of USD 6.3 billion of non-recourse project finance debt, giving us the confidence to move forward with our ambition to develop other at-scale green hydrogen projects in the Kingdom and beyond.

In another equally iconic project and having achieved its financial close earlier in 2022, we are on track to develop the Red Sea multi-utilities project. The first of its kind in the region, the project relies entirely on renewable energy for power generation, water production, wastewater treatment and district cooling to the very exacting zero carbon emission, zero waste and zero plastic standards.

Another milestone was our coordinated action with our offtaker, towards the Kingdom's ambition to reduce dependency on liquid

رؤيـــة VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

100 million people

we are contributing to the standard of living of over 100 million people

4,000+ people

work in the ACWA Power family and their belief in our mission continues to drive this company beyond all expectations

fuels as an energy source, to decommission and convert the Shuaibah 3 Independent Water and Power Project (IWPP) from an energy-intensive power generation and thermal desalination facility to a greenfield seawater reverse osmosis (SWRO) desalination plant. Representing ACWA Power's first conversion action, the project will be partially powered by photovoltaic solar energy and offset 22 million barrels of heavy fuel oil and save 9.5 million tonnes of CO_2 per year.

To unlock value and sustain the Kingdom's ambitious growth plan, we remain committed to developing local capabilities in technology, supply chain, and talent and ensure they are realised to their fullest potential.

Beyond the Kingdom

As we expand globally, our mission to provide reliable, responsible, and affordable power and water requires the support of strategic anchor investors to partner with us on our journey to ensure fast and reliable development of energy infrastructure of nations that ultimately benefits the communities and enables robust socio-economic progress.

To this end, we are committed to partnering with nations in their energy mix diversification endeavours and during the year we continued to sign agreements that will provide an ample growth pipeline for us in the near- to mid-term future.

In December 2022, we signed a series of memorandum of understanding (MOU) agreements with nine renowned Chinese entities to collaborate on clean and renewable energy projects.

ACWA Power's solid and growing relationship with major Chinese entities has contributed to our leading position in driving the global energy transition and reflects the valuable ties between Saudi Arabia and China. To date, Chinese organisations have a hand in 47 projects within ACWA Power's portfolio, spread across 12 countries.

Leveraging our first mover advantage in the green hydrogen space, we are already working with governments to develop similar at-scale green hydrogen projects. We have signed MOU agreements representing billions of dollars with the governments of countries including Uzbekistan and Egypt for exploring opportunities to develop new green hydrogen projects in addition to starting long-term contract discussions with hydrogen offtakers in Austria, Korea, and Indonesia.

Uzbekistan today is at the forefront of energy transition in central Asia and we are proud to play a vital role in supporting the nation's decarbonisation efforts, stemming from the strong international cooperation between Saudi Arabia and Uzbekistan under their visionary leadership. Following the signing of agreements with the government of the Republic of Uzbekistan in August 2022 for the joint development of gas-to-power, renewable energy and green hydrogen projects including the largest single-site onshore wind plant in Central Asia, I am glad to report that in March 2023, we signed three power purchase agreements (PPA) with the National Electric Grid of Uzbekistan for the development of three solar PV projects facilities at a total combined capacity of 1.4 GW and a battery energy storage system (BESS) with a combined total capacity of 1.5 GWh of additional battery storage capacity.

In Azerbaijan, ACWA Power's new MOU with the Azerbaijan Ministry of Energy entails the development of a battery energy storage system, together with implementation agreements for onshore and offshore wind. Our partnership with the Azerbaijan government also involves water desalination in support of the Republic's sustainability targets as well as collaboration and exploration in the field of green hydrogen.

Serving local communities

Power and water are fundamental to life, and we believe strongly that our resources should be applied to providing affordable energy and water to people in a responsible manner. ACWA Power is engaged in an important, in fact vital, service and we are contributing to the standard of living of over 100 million people.

Our projects become part of the essential infrastructure within the communities we serve and so have a long term and humanitarian impact. More reason for us to make sure that they are truly sustainable — that is why we are moving fast with the energy transition from carbon-based energy to renewables.

We have always considered ourselves to be an integral member of the communities in which we operate. We prioritise community engagement and address the most pressing issues our communities face with relevant CSR programmes. We are fully committed towards community development, social responsibility, and sustainable livelihoods. Our CSR programme supports a wide range of educational, health, agricultural, infrastructure, environmental and social initiatives.

Of particular note, the Higher Institute for Water and Power Technologies (HIWPT) has made remarkable progress by offering high-level training initiatives and a proper training ground for the Saudi youth in line with the government of Saudi Arabia's ambitions. During 2022, HIWPT started the first training programme for women, in the field of reverse osmosis (RO) desalination, with 15 trainees. In March 2023, we welcomed another 60 female trainees as HIWPT launched the Renewable Energy and Occupational Safety Programme, the first of its kind in the Kingdom, focused on training women in technical disciplines related to renewable energy and water desalination.

THE INGENUITY

TO LEAD THE DEVELOPMENT OF THE NEOM GREEN HYDROGEN PROJECT, THE LARGEST OF ITS KIND IN THE WORLD

The Neom Green Hydrogen Company (NGHC) USD 8.5 billion mega-plant will integrate 4 GW of solar and wind energy to produce up to 600 tonnes per day of carbon-free hydrogen from 2026, to then convert to liquid green-ammonia equivalent to 1.2 million tonnes per year. When complete, the project will mitigate the impact of 5 million tonnes per year of carbon emissions.

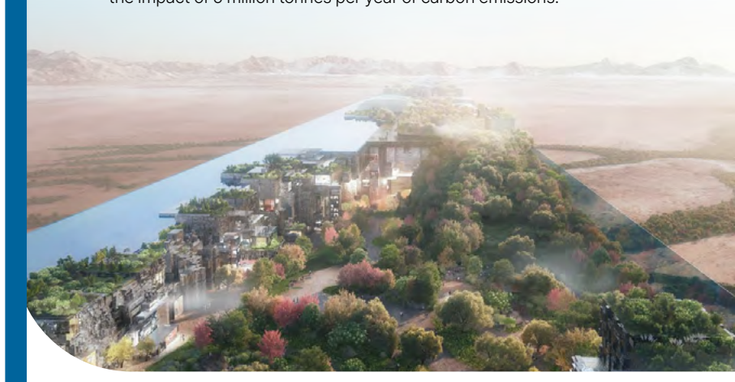


Photo: Neom

CHAIRMAN'S MESSAGE

Health and safety

Health and safety is of primary importance and we place the greatest emphasis on the safety of our people and plants towards creating a zero-harm culture.

To review and improve our safety procedures across the whole business in 2022 we set up an Executive Safety Committee, comprising C-suite executives as well as a Head of Safety and commissioned an independent third party. We are also investing more in training our staff to be more conscientious about their safety and that of their colleagues in the workplace, always.

Governance

We started 2022 with a new Board of Directors, following their election at the Extraordinary General Assembly (EGA) held on 5 January 2022. Subsequently on the EGA held on 12 February 2023, when it was approved to increase the Board size from 11 to 12 members, Raad E Al-Saady was elected as the new Vice-Chairman of the Board and Managing Director of the Company. On behalf of the Board of Directors, I would like to welcome Raad, a strategic management veteran, who brings with him broad commercial experience as a board member of several prominent Saudi companies. As ACWA Power keeps growing as a key partner to the public authorities and governments in bringing power and water to millions of people around the world, I have no doubt that Raad will significantly contribute to our mission.

On 20 March 2023, ACWA Power announced that Paddy Padmanathan has retired and stepped down from his executive role of President and CEO of ACWA Power.

To the person I consider a partner and a co-founder of ACWA Power, on behalf of all our stakeholders, I would like to take this opportunity to express our immense gratitude for being an inspiration to all of us for his unwavering commitment, dedication, and leadership.

His outstanding legacy will no doubt endure for many years to come, and we wish him a happy and healthy retirement. He will, however, remain as a member of the Board as a Non-Executive Director.

Concurrently, I am also delighted to welcome Marco Arcelli as our new CEO, succeeding Paddy. Marco is an energy leader with over 20 years of experience and as we continue to evolve and grow, I am confident that Marco will carry on the legacy of his predecessor and steer ACWA Power towards greater heights of success.

On behalf of my fellow Board members, I would like to thank the 4,000+ deeply dedicated and hardworking women and men of the ACWA Power family whose belief in our mission continues to drive this company beyond all expectations.

I would also like to express our gratitude to the government of the Kingdom of Saudi Arabia, the 11 host governments in the countries we operate in, all our partners and shareholders, customers, suppliers, and the operational and financial partners for their unwavering support and trust.

Outlook

Looking ahead, we at ACWA Power are committed to maintaining our leading position at the forefront of the energy transition by consistently delivering competitive tariffs in all the markets we serve in addition to working with governments as the lead anchor developer for the development of new projects. As a proud national champion, we are passionately committed to deliver on Saudi Arabia's Vision 2030, driving towards a cleaner future at home and contributing to the efforts of other nations to improve their energy mix in favour of cleaner renewable-energy-sourced power and water. And we are dedicated to working with governments to advance the welfare and futures of all our stakeholders including our own team, our contractors, the households we provide with water and power, and all the communities we serve.

Mohammad Abunayyan
Chairman of the Board of Directors

AT A GLANCE

WHO WE ARE

ACWA Power is a developer, investor and operator of power generation, desalinated water and green hydrogen production plants with 68 projects in operation, construction or advanced development across 12 countries in the Middle East, Africa and Asia.

We employ more than 4,000 people, with 60% local employment. Our portfolio has a total investment cost of SAR 270 billion and a total capacity of 44.4 GW of electricity and 6.2 million m^3/day of water, of which 25.2 GW of electricity and 4.1 million m^3/day of water are operational.

We're committed to the energy transition from carbon-based fuels to renewables and apply ingenuity across all our activities and operations to achieve net zero emissions by 2050.

President & CEO:
Paddy Padmanathan

Chairman:
Mohammad Abunayyan

Our vision

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

Our mission

Reliably and responsibly delivering power and desalinated water at low cost.

Our values

Safety

- We put safety first! We are committed to protecting the well-being of our employees, partners, plants and the communities in which we operate.
- We find sustainable solutions for our business to protect the environment for generations to come.

"Our goal is zero workplace accidents and injuries although we have not yet achieved this; we have set up an Executive Safety Committee and have re-doubled our efforts to achieve our goal."

Kashif Rana
Chief Portfolio Management Officer

People

- We treat our employees and partners with respect and professionalism, fostering a working environment where people can contribute, innovate and excel.
- We work together in collaborative and inclusive teams, showing support for each other to achieve client, personal and company goals.
- We embrace integrity and transparency by practising the highest professional and ethical standards towards our clients, communities and one another.

"We regard our 4,000+ colleagues as one family with a common culture and set of goals."

Faisal Jadu
Chief People, Culture and Communications Officer

Performance

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

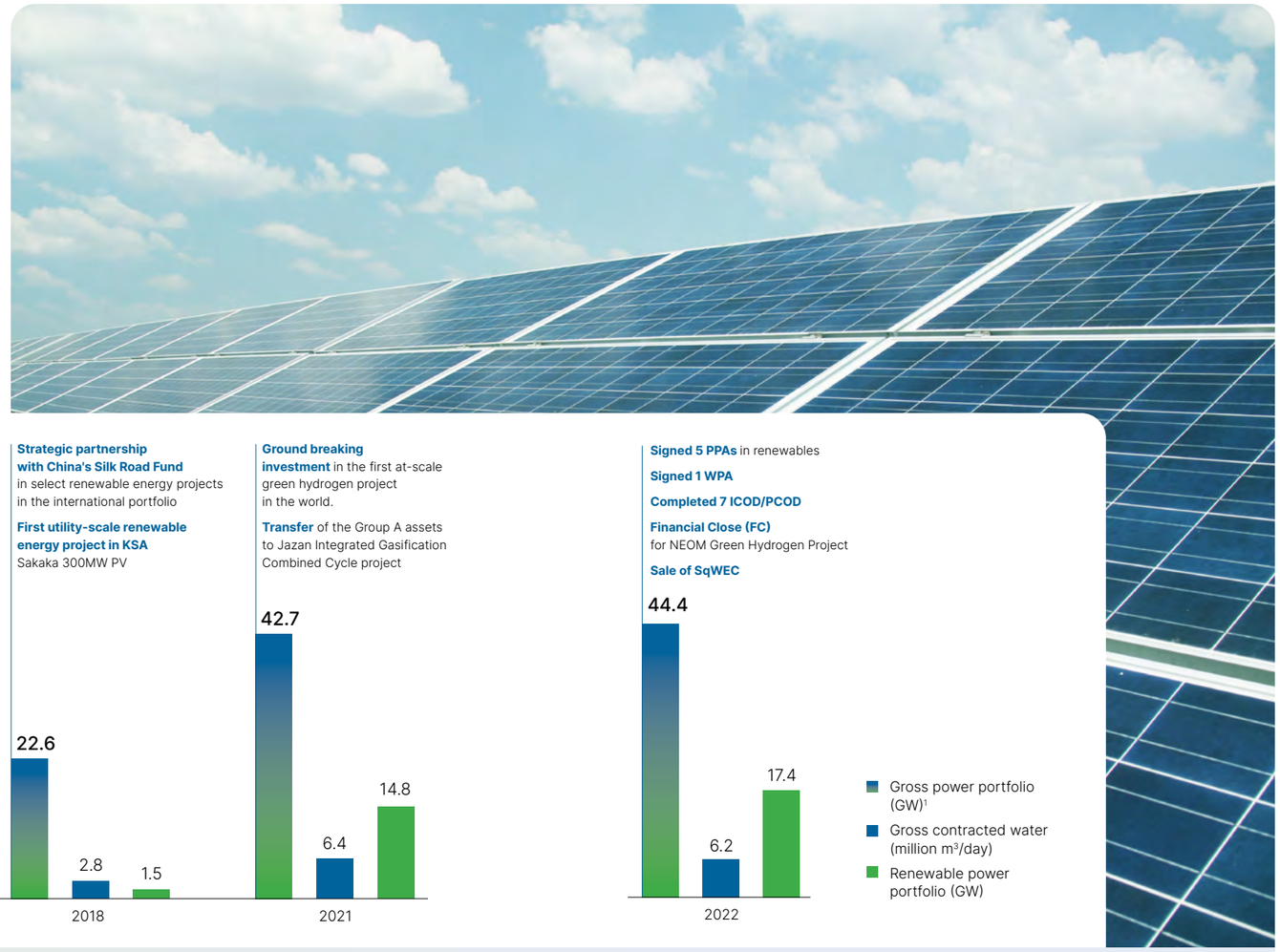
"Once again, this year, we report robust financial and operational performance with our key financial performance indicators growing versus last year as well as the growth and development of our portfolio of assets."

Abdulhameed Al Muhaidib
CFO

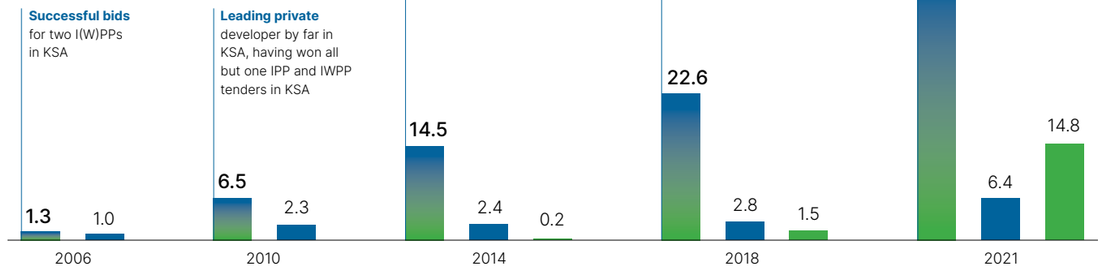
AT A GLANCE

WHAT WE DO

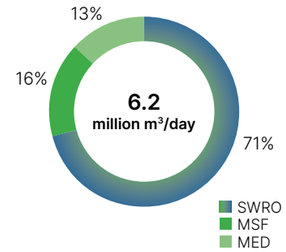
ACWA Power is fully engaged in energy transition, from high carbon-emitting energy generation and water desalination to renewable and environmentally-sustainable energy sources.



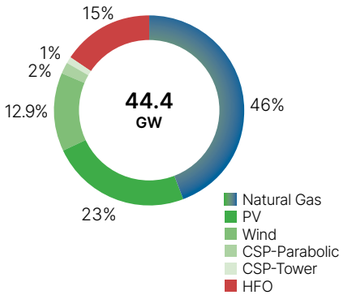
Our growing portfolio



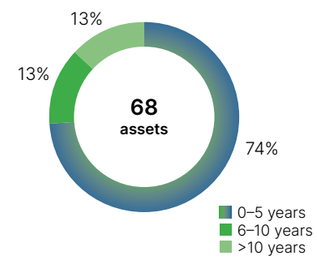
Water split (million m³/day) by technology



Power split (MW) by technology



Average age of portfolio



Our business model enables us to generate sustainable financial returns across the life cycle of a typical asset, all the while driving growth, building scale and leading the energy transition

Develop

- critical assets in fundamentally strong growth markets
- at the forefront of energy transition
- long-term contracts with high-quality counterparties and resilient cash flows
- focus on innovation, cost leadership and turnkey engineering, procurement and construction

Invest

- lead investor with significant stake and de-facto control
- investment based on environmental, social and governance principles
- scalable investment platforms in each territory to enhance returns and efficiencies
- diversified across technologies and territories

Operate

- standardised operating model (through NOMAC, wholly owned subsidiary of ACWA Power)
- operation of plants to the highest global standards
- strong use of digitalisation to improve asset performance
- economies of scale and synergies from groupwide knowledge and resources

Optimise

- efficient capital structure through refinancing
- capital recycling strategy with sell-downs or divestments
- operational optimisation through cost efficiencies, post-contract opportunities

Projects (at 31 December 2022)

	Operational	Under Construction	Advanced development	Total
# Assets	42	13	13	**68**
MW	25,182	8,890	10,373	**44,445**
'000 m³/day	4,084	2,142	0	**6,226**
Project cost (USD billion)	39.9	16.5	15.5	**72**
Project cost (SAR billion)	149.4	62.0	58.3	**270**

Desalination processes

SWRO	seawater reverse osmosis
MSF	multi-stage flash distillation
MED	multiple effect distillation

Solar power

CSP	concentrated solar power
PV	photovoltaic

[1] Gross power portfolio (GW) includes the renewable power portfolio (GW).

AT A GLANCE

WHERE WE OPERATE

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

68 projects **12** countries **3** continents

SAR 270 billion Total Investment Cost (TIC)

Diversified asset portfolio

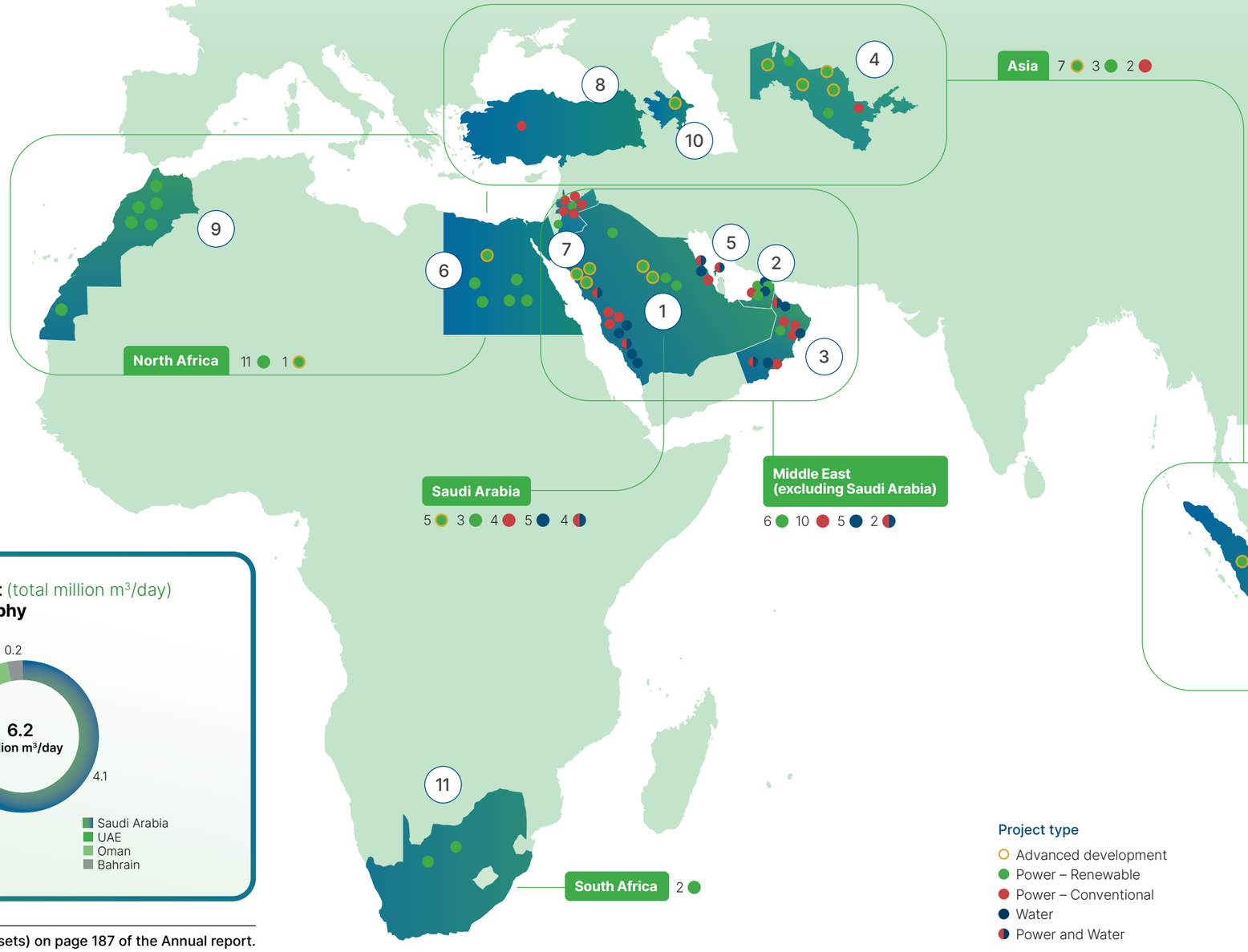
		Gross capacity MW (including advanced development)	Gross capacity 000 m^3/day (including advanced development)	Project type
1	Saudi Arabia	24,618	4,101	
2	UAE	4,450	1,591	
3	Oman	4,865	307	
4	Uzbekistan	4,100	-	
5	Bahrain	1,500	227	
6	Egypt	1,420	-	
7	Jordan	1,277	-	
8	Turkey	950	-	
9	Morocco	765	-	
10	Azerbaijan	240	-	
11	South Africa	150	-	
12	Indonesia	110	-	

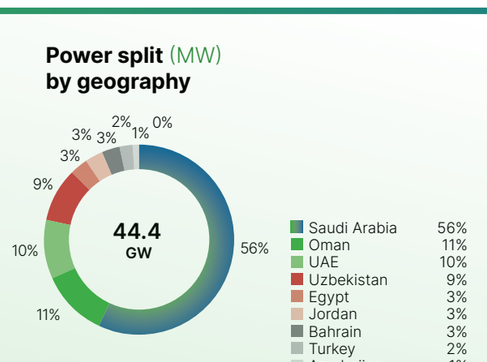
91%

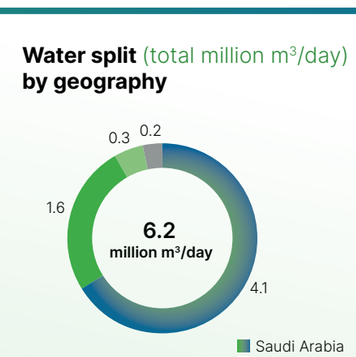
Top five countries represent 91% of total investment cost.

74%

KSA and UAE represent 74% of our projects by total investment cost.







↗ For further details, please refer to the Appendix (Our Assets) on page 187 of the Annual report.

AT A GLANCE

HOW WE HAVE PERFORMED

Our portfolio

as at 31 December 2022

68 assets

42 operational
13 under construction
13 advanced development assets

12 countries

Record additions within our operational, under-construction and advanced development portfolio

In 2022 only...

- **Signed 5 PPAs;** ~5,440+ MW, incl. 2,060 MW in PIF pipeline
- **Signed 1 WPA;** +600 mn m³ / day
- **Completed 3 FCs;** ~SAR 8 billion
- **Completed 7 ICOD/PCODs;** 1,800 MW and 1.1 mn m³ / day brought online

Gross power capacity

44.4 GW

17.4 GW
Renewable assets

39%
of the gross power capacity

Water desalination capacity

6.2 million m³/day

NET ZERO
EMISSIONS BY 2050

Solid decarbonisation actions

Renewable and low CO_2

At 17.4 GW, renewable assets represented 39% of gross power capacity, and, including natural gas projects, the ratio of low CO_2 emitting assets constituted 86% of ACWA Power's gross power capacity. A pioneer in globally landmark at-scale initiatives such as green hydrogen and giga-cities together with its JV partners, ACWA Power is dedicated to reduce its carbon intensity gradually targeting to reach net zero emissions status by 2050.

- **All added capacity during 2022 was in the renewable space**
- **Conversion from high- to low-carbon-emitting assets...**
- **Hassyan IPP, UAE,** saving 30 million tonnes of CO_2 by 2030, by converting from coal to gas
- **Shuaibah IWP, KSA,** offsetting 22 million barrels of heavy fuel oil and saving 9.5 million tonnes of CO_2 per year, by converting heavy fuel oil-fired co-generation plant to reverse osmosis water desalination plant

Portfolio value

SAR 270 billion

at Total Investment Cost (TIC)

Significant milestones

Financial close (FC) for NEOM Green Hydrogen Project — USD 6.3 billion funding

NGHP is the largest at-scale green hydrogen under-construction project of its kind in the world. This mega-plant will integrate 4 GW of solar and wind energy to produce up to 600 tonnes per day of carbon-free hydrogen from 2026, to then convert to liquid green-ammonia to transport and export to the world. The NEOM Green Hydrogen Company (NGHC), an equal partnership between ACWA Power, Air Products and NEOM, has successfully reached a critical milestone early this year by completing the financial close of USD 6.3 billion of non-recourse project finance debt.

SAR 1.8 billion second tranche of SAR 5 billion Sukuk

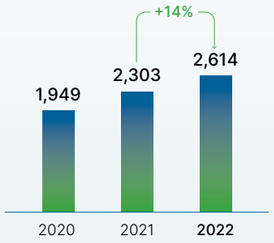
We submitted to the Capital Market Authority (CMA) of Saudi Arabia our application to issue the second tranche of Sukuk under the SAR 5 billion programme, which subsequently raised SAR 1.8 billion in February 2023 at a record pricing in double digits in the SAR market since 2017 with 2.24 times oversubscription.

AT A GLANCE

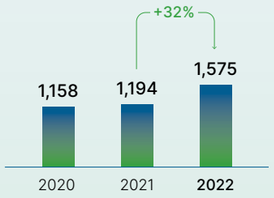
HOW WE HAVE PERFORMED

Financial performance

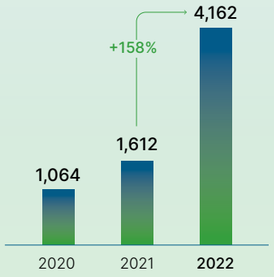
Operating income before impairment loss and other expenses, SAR million



Adjusted net profit attributable to equity holders of the parent, SAR million



Parent operating cash flow (POCF), SAR million

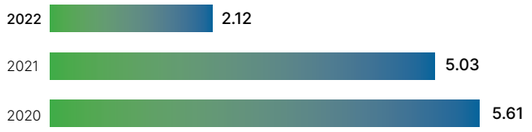


Total parent net leverage

8,818 SAR million ↗ **8.8%**

Parent net leverage/POCF

2.12 times ↙ **2.91x**



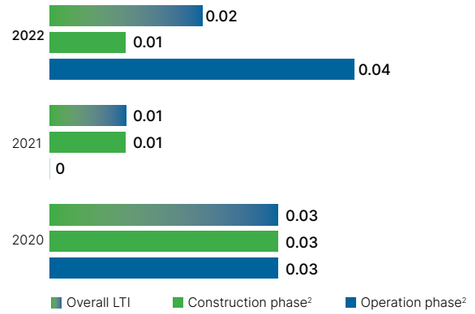
Parent net leverage ratio (parent net leverage/net tangible equity attributable to equity holders of the parent)

0.64 times ↗ **0.01x**

Operational performance

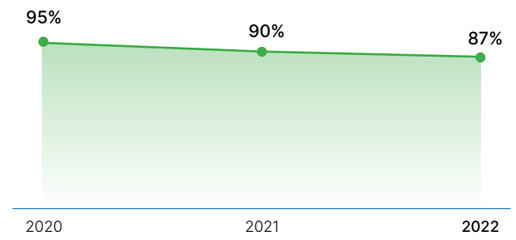
Health, safety and environment performance

Lost Time Incident Rate (LTI rate)[1]

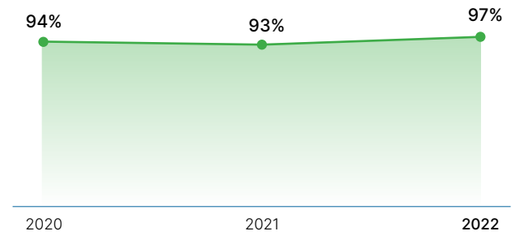


Plant availability

Power availability



Water availability



In 2022, we accumulated 80 million man-hours and a lost time incident rate (LTIR) of 0.02 at our 52 assets (construction and operational sites) across global operations

[1] Ratio includes both full-time employees of ACWA Power and temporary contractors.
[2] Data on 200,000 man-hours.

STRATEGIC REVIEW

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ENERGY TRANSITION TAKES INNOVATION

CEO'S MESSAGE

"In our ambitious drive for growth and scale over the past two decades, we have found special opportunities for energy transition and successfully captured them with imagination and vigour."

Paddy Padmanathan
President & CEO

Dear stakeholders,

2022 was our first full year as a publicly listed company and we have demonstrated to our wider investor base our commitment and ability to deliver sustainable stakeholder returns using our Develop, Invest, Operate and Optimise business model.

Energy transition takes ingenuity and we have this quality in abundance right across ACWA Power. In our ambitious drive for growth and scale over the past two decades, we have found special opportunities for energy transition and successfully captured them with imagination and vigour. We have increased the efficiency of our operations by virtue of technical inventiveness and digital transformation across the organisation. And our innovative financing and capital structuring, combined with our operational prowess, have allowed us to optimise our portfolio both financially and operationally. 2022 has been no different in that sense.

We have grown our business and delivered robust financial results in a year still blighted by the residual upheavals of the Covid pandemic, the Russia-Ukraine war fuelling rampant inflation, restricted supply chains and now a rising interest rate environment. All key financial indicators posted solid growth over 2021. While the consolidated operating profit[1] for the year reached SAR 2,614 million, an increase of 14%, adjusted net profit[2] of SAR 1,575 million grew by 32%. Consolidated net profit attributable to equity holders of the parent more than doubled to SAR 1,540 million and +103%, delivering SAR 2.11 earnings per share for the year.

[1] Operating income before impairment loss and other expenses
[2] Adjusted profit/(loss) attributable to equity holders of the parent

As we have repeatedly stated, today's new projects under construction and in advanced development in our portfolio are tomorrow's visible, stable income and cash streams.

In 2022, we signed five power purchase agreements (PPA) and one water purchase agreement (WPA), which added a record 5,440 MW of power generation and 600,000 m^3/day of water desalination capacity to our portfolio in Saudi Arabia, Egypt, and Uzbekistan, including the 2,060 MW Shuaibah 2 PV PPA from within the PIF pipeline; this takes the total capacity in financial close, under construction and in advanced development under the PIF scheme to 3,560 MW.

Within four months after signing the WPA, we achieved the financial close for the 600,000 m^3/day Shuaibah 3 reverse osmosis (RO) project in Saudi Arabia. In the last month of the year, we achieved dry financial close for two 500 MW wind projects in Uzbekistan.

With these milestones successfully achieved, all these projects are now closer to their operational lives, which are expected between late 2024 and early 2027.

NEOM Green Hydrogen Project (NGHP)

NGHP is the largest at-scale green hydrogen under-construction project of its kind in the world with a total investment cost of USD 8.5 billion. This mega-plant will integrate 4 GW of solar and wind energy to produce up to 600 tonnes/day of carbon-free hydrogen from 2026, to then convert to liquid green-ammonia to transport and export to the world. The NEOM Green Hydrogen Company (NGHC), an equal partnership between ACWA Power, Air Products and NEOM, has successfully reached a critical milestone early this year by completing its financial close of USD 6.3 billion of non-recourse project finance debt. Back in December, NGHC had signed the financing documents with multiple banks and investment firms, which in turn had enabled NGHC to also conclude the EPC agreements and issue full notice to proceed with Air Products as the sole off-taker of the project.

Securing project financing of this magnitude for this very first at-scale green hydrogen project is very significant. It could not have happened without the commitment from the partners and the trust of the investment community in our endeavour to lead the world in its transition to a carbon-free future.

32%
adjusted net profit
of SAR 1,575 million grew by 32%

5,440
MW
In 2022, we added a record 5,440 MW of power generation capacity to our portfolio, all in renewables

STRATEGIC REVIEW

CEO'S MESSAGE

Financial optimisation

As you know, financial optimisation via refinancing or sell-downs is a critical element of our business model that provides us with an opportunity to improve our returns. 2022 has been a productive year in this regard, and we have been very active in our capital recycling activities in addition to raising new debt. To recap, the most significant transactions, leaving their financial implications to the accompanying MD&A and the notes to our audited financial statements, include the following.

- We submitted to the Capital Market Authority (CMA) of Saudi Arabia our application to issue the second tranche of Sukuk under the SAR 5 billion programme, which subsequently raised SAR 1.8 billion in February 2023 at record pricing in double digits in the SAR market since 2017 with 2.24x oversubscription.
- APMI One, our 100% owned subsidiary, launched a tender offer to partially purchase the ACWA39 bonds listed on the Irish Stock Exchange; this resulted in a cash claw-back at a pre-amortization aggregate principal amount of approximately SAR 1.5 billion, or 49.2% of the then outstanding pre-amortisation aggregate principal amount.
- We fully prepaid the remaining outstanding balance of the Silk Road Fund's convertible loan and some of our equity bridge loans.
- We successfully completed the refinancing of our project companies of RAWEC, SWEC and Barka projects.
- We entered into sale and purchase agreements with respect to Shuqaiq IWPP, Sirdarya CCGT IPP, Shuaa Energy 3, Vinh Hao PV IPP, and Redstone CSP IPP. Please refer to the MD&A and Note 33 to the accompanying financial statements for further details and the closing status of each of these transactions.

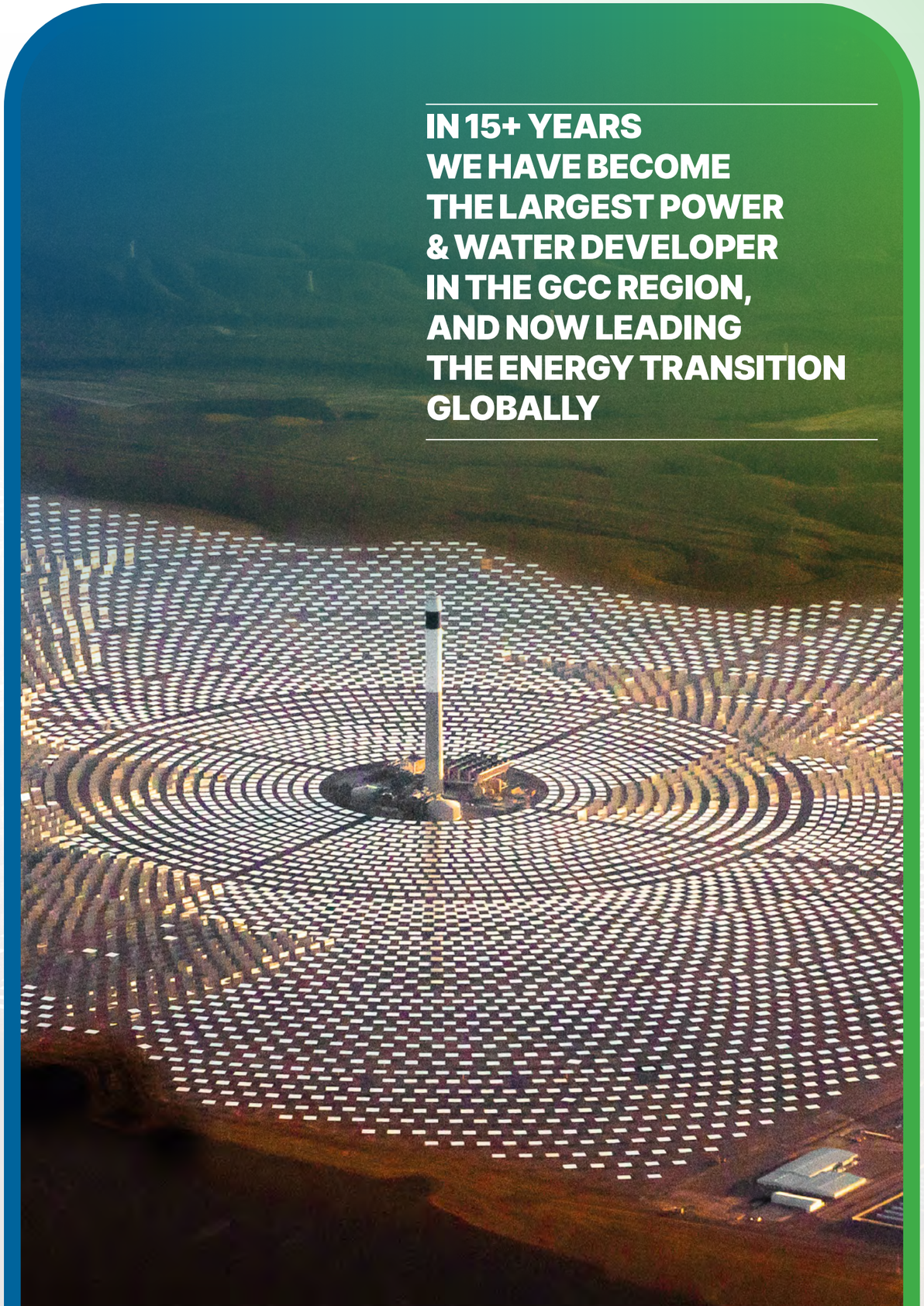
Safety, operations, digitalisation, and sustainability

Although safety is our core value and the cornerstone of our operations and we place the greatest emphasis on the safety of our people and plants towards creating a zero-harm culture, it is with profound sadness and very heavy heart that I once again commemorate here our three colleagues who lost their lives while working at Umm El Quwain IWP, Sirdarya and QIPP projects in 2022.

While reliability of supply – ultimately measured at plant level with the power and water made available for dispatch ("plant availability") – is core to our operational performance, 2022 has been a disappointing year given the number and duration of unplanned plant outages in some of our plants. As a result of this, our consolidated power availability for the year at 87% was one of the lowest historically, mainly driven by two plants in Morocco and Saudi Arabia. Our desalinated water plants' consolidated availability, however, at 97% for the same period, was in line with our historical, stellar track record.

Although it is a relief to report that these plants are back online, we recognise that there is further room for improvement to stay one step ahead of unplanned failures. That is why, in one of my earlier addresses, I explained that we had embarked on initiatives to establish stronger structural foundations in the mid to long-term horizon to improve reliability of supply of our plants. Led by our senior executive team and focusing on those plants that experience outage more often than average, the drive for reliability of supply comprises a number of areas and engages the original equipment manufacturers (OEM) as well as our own technical teams.

The digital transformation that we embarked upon during 2022 is a standalone initiative with a large scope across our organisation. It is increasing our operational efficiency, contributing to the reliability of supply of our plants and reducing risk by using machine learning and artificial intelligence for the advanced analytics of the vast amount of data we constantly collect particularly at plant level. In that sense, digital ingenuity is an important enabler of our continuous improvement in our way of working to become more efficient and effective in supplying reliable, affordable, and sustainable power, water, and green hydrogen.



I am also glad to report a remarkable scorecard for 2022 for our energy transition and decarbonisation activities. It was not only that all the new capacity we added was in the renewable energy space or that tens of billions of dollars' worth of MOUs we signed with multiple governments were to explore the advancement of green hydrogen development in the respective countries. Our commitment to lead the energy transition has also been unmistakably demonstrated by our solid actions in another, relatively more difficult, sometimes more costly area, to find a cleaner solution to our already established fossil-fuel sourced assets.

The 2,400 MW Hassyan Clean Coal power plant in Dubai was designed to operate with coal as the primary fuel, and natural gas as the back-up fuel. In February 2022, we announced together with our off-taker, DEWA, the decision to convert this plant to operate with natural gas as the primary fuel. With this action, we have not only removed the last coal asset in our portfolio but also have paved the way for saving 30 million tonnes of carbon emissions by 2030.

In June 2022, ACWA Power and the offtaker of Shuaibah 3 IWPP, an oil-fired asset in Saudi Arabia with thermal water desalination and power generation capacity of 880,000 m^3/day and 900 MW respectively, have agreed to amend and restructure the existing PWPA to replace it with a new WPA for a 600,000 m^3/day reverse osmosis (RO) seawater desalination plant. The new RO plant, at an estimated total investment cost of around SAR 3 billion, will be developed under a concession period of 25 years, with commercial operations scheduled for Q2 2025. The RO plant will use 20% of its energy from renewable sources and, in addition to providing support to the Kingdom towards its Vision 2030, the conversion will reduce our Scope 1 carbon emissions by 9.5 million tonnes/year.

STRATEGIC REVIEW

CEO'S MESSAGE

Organisation

We said farewell to Julio Torre Gutierrez, Chief Operations and Maintenance Officer (COMO) and CEO of NOMAC; Yara Anabtawi, Chief of People, Culture and Communications Officer (CPCCO); Clive Turton, Chief Investment Officer (CIO); and Rajit Nanda, Chief Portfolio Management Officer (CPMO), all of whom left ACWA Power to either retire at the end of successful careers or to pursue other interests. We replaced all these positions except for the CIO position, which is currently being caretaken by Bart Boesman, our Chief Technology Officer (CTO). Both Julio's and Rajit's successors are from our internal bench; from within NOMAC, Stefan Verlee replaced Julio as our new COMO and CEO of NOMAC and, leaving his Chief Financial Officer (CFO) role, Kashif Rana replaced Rajit as our new CPMO and Abdulhameed Al Muhaidib, another ACWA Power veteran, became the CFO. Replacing Yara, we welcome Faisal Jadu as our new CPCCO, who joined ACWA Power family on 1 November 2022.

On 20 March 2023, with great sadness, yet with considerable pride and gratitude, I decided to retire from my executive role as President and CEO of ACWA Power, convinced that the Company will benefit from being invigorated with "new blood" after the first phase spanning 18 years of growing from a startup, to now a publicly listed large corporation.

I, however, will continue to serve the Company as a non-executive member of the Board of Directors.

From the earliest days of the foundation of ACWA Power, I have had the honour and privilege of working alongside what today is a very large group of passionate, talented, and committed individuals. Together, we have created an enterprise that has turned out to be a much recognised and admired leader of the energy transition, now delivering in 12 countries on three continents providing energy and water, the two most vital inputs to not just fuel economic growth and social prosperity but to sustain life itself.

While I am incredibly humbled of all that we have collectively achieved to date, I also cannot wait to watch the Company grow, thrive and excel under the leadership of my successor, Marco Arcelli, a seasoned C-level executive with over 20 years of international experience in energy and infrastructure, and digital innovation. As an energy expert, Marco has held various leadership positions and played a crucial role in the strategic positioning and growth of multinational companies. His previous positions at Enel, one the largest energy utilities in the world, and more recently as Chairman of EP New Energy, are all a fantastic precursor to the role he will play in building ACWA Power to the next level.

As Marco takes the reins, I am convinced that ACWA Power will continue to innovate and thrive as we move forward and have every confidence in our senior leadership team and in each and every one of our 4,000+ people, to stay ahead of the ever-changing landscape of challenges we face and to keep embracing the spectacular opportunities ahead with conviction and confidence.

I would like to thank our Chairman, Mohammad Abunayyan, for the opportunity he gave me to partner with him and who implicitly trusted me, gave me the freedom to do my best and stood by me throughout. I would also like to give thanks to the many Board members who served the Company today and have served the Company in the past, all of whom I have had the privilege to work with and the wise counsel I benefited from. And last but not the least, to the management team and all my ACWA Power colleagues, for everything they have done so passionately and consistently and for the trust and respect they gave me, the grace with which they tolerated me and for never giving up on me.

Looking ahead

2023 is set to be another exciting year and we look forward to working harder and further in sustaining the growth of our portfolio at home and abroad. The work we are doing is more relevant than ever today. The products and services we provide are an integral part of people's lives; they are now more needed than ever to limit climate change and preserve the planet for future generations without compromising quality of life or economic growth. We are providing access to potable water and electricity for many people who have not yet had adequate supply or any supply at all. We well recognise the huge responsibility we have towards first and foremost our customers who rely on us to keep the power on and the water running, reliably and responsibly. We also respect our obligation to safeguard the interest of our shareholders, our wider stakeholders, the environment, and the communities we serve.

Allow me to take a moment to thank each one of now more than 4,000 colleagues at ACWA Power for their tireless work, ingenuity, and unwavering dedication; undoubtedly, without it we would not be in the leading position we are in today. The success of ACWA Power is built on the entrepreneurship, innovation, enthusiasm, and commitment of our employees but I also must give thanks and due recognition to each and every one of the family members of our employees for having given the space and support to enable our colleagues to deliver their best at ACWA Power.

Allow me also, on behalf of everyone at ACWA Power to thank all our stakeholders for trusting us and supporting us. In 2023, we renew our commitment to be a proud Saudi flagbearer and deliver on Saudi Arabia's Vision 2030. With the full confidence in an even more exciting and successful 2023, we continue to strive to provide desalinated water to an increasingly thirsty world and to deliver energy, both electrons and now green hydrogen, contributing to the efforts of the nations we serve to improve their energy mix in favour of cleaner renewable energy sources. ACWA Power keeps accelerating the much-needed energy transition all the while walking surely towards achieving our net zero emissions ambition by 2050.

Paddy Padmanathan
President & CEO

THE INGENUITY

to develop the largest single-site concentrated solar power (CSP) project in the world

Noor Energy 1, Dubai

With a total project cost of SAR 17.2 billion, the 950 MW hybrid project (700 MW CSP and 250 MW PV) has a 260 m solar tower and the world's largest thermal energy storage, enabling it to operate 24/7. When completed, it will deliver electricity at a levelised tariff of 7.3 cents per KW/h, the lowest for a CSP plant currently in the world. The project is expected to start full commercial operations by Q4 2023.

STRATEGIC REVIEW

OUR STRATEGY

New frontiers of energy transition

We strive to be a leader in all our businesses across geographies, targeting high-growth economies as our geographic expansion landscape.

Reliably and responsibly delivering power, desalinated water and green hydrogen to our customers

Number one position in the Kingdom of Saudi Arabia

- Maintain the number one position in our home market.
- Support KSA's Vision 2030 and its long-term energy objectives.

Develop multiple stronghold countries

- Continue expansion via our stronghold countries model.
- Strengthen our position in existing stronghold countries.
- Develop new stronghold markets.
- Continue portfolio optimisation via M&A or divestments.

Multi-technology and own operator

- Experienced developer and operator across a broad technology spectrum for power (PV, Wind, CSP, CCGT), water desalination (SWRO), and green hydrogen.
- Exploit new opportunities in green hydrogen.
- At the forefront of energy transition
  - No investment in coal and oil.
  - Net zero by 2050 with interim 2030 target to reduce specific emission intensity of our portfolio by 50% from where it stood in 2020.

Central role in the Kingdom of Saudi Arabia's energy transition

ACWA Power will continue to lead the Kingdom of Saudi Arabia's energy transition as a national and global champion.

The Kingdom's energy transition goals require not only development of over 60 GW of new renewable plants but also conversion of the existing HFO (heavy fuel oil-fired) power and water plants.

ACWA Power and the PIF entered into a strategic agreement for ACWA Power to, in addition to being a shareholder, lead the development of a large part of the KSA's renewables target, especially the 40+ GW PIF renewable pipeline.

We have 5.6 GW of PV projects currently in operation, under construction or in advanced development in the Kingdom plus a large pipeline of projects under both the PIF renewables programme and the Ministry of Energy programmes (previously known as REPDO programme).

Our overall strategy is to be at the forefront of energy transition by delivering reliable and responsible power, desalinated water and green hydrogen at low cost in the Kingdom of Saudi Arabia, the wider GCC and attractive high-growth markets based on a de-risked and contracted business model.

Overall balanced asset portfolio

Continue to leverage our unique business model

Ensure financial strength and flexibility to fund high growth

The key tenets of this strategy are:

- Leadership in KSA and selected high-growth markets.
- Focus on driving the energy transition and wider environmental, social and corporate governance (ESG) agenda in all targeted markets.
- Utilise the centralised, multi-technology expertise of our wholly owned O&M company, NOMAC, as the O&M contractor of our assets.

We are already the number one private player in Saudi Arabia in power, water and green hydrogen, and we believe this will only be reinforced by our leading contribution in the country's energy transition, the vast majority of which will be led by the Public Investment Fund of Saudi Arabia (PIF), our largest shareholder.

Already in 12 markets, we will continuously assess potential opportunities in these and other new international markets that are selected through a rigorous internal investment decision process.

As an early mover in **green hydrogen** and sustainable giga-scale multi-utility projects, we will continue to exploit further opportunities in KSA, our existing markets and other new international markets.

As a dedicated leader in the energy transition that is taking place in the world, we will increasingly be **renewable-focused, with no investment in projects based on coal or oil, in our journey to achieve net zero by 2050.**

At the foundation of this strategy, we seek to maintain **a balanced portfolio**, adhere to **our winning business model** and ensure continuous **financial strength**.

STRATEGIC REVIEW

OUR STRATEGY

Leadership in our business lines

As we focus on delivering energy transition, renewable power and green hydrogen will continue to receive the larger share of our investments over the coming years.

On the water desalination side, ACWA Power is already the largest private desalinated water producer in the world and we aim to significantly grow our business both inside the Kingdom of Saudi Arabia as well as in existing and new markets outside the Kingdom. We are also pursuing initiatives to continue reducing specific power consumption in KWh/m^3 of water produced to maintain our leadership position and to increase the renewable energy content in desalinated water and to keep reducing the environmental impact of desalination by reducing chemical inputs and enhanced brine management.

We acknowledge that natural gas will continue to function as a lower-carbon emitting transition fuel source for some years to go. Nevertheless, we remain committed to our goal of net zero emissions by 2050.

Renewables

- We are one of the world's largest renewables players, and the largest in the Middle East and Africa.
- We broke several renewables records in recent years – world's lowest tariffs on PV and CSP, world's largest CSP complex.
- We will continue to support the Kingdom of Saudi Arabia's energy strategy as a national and global champion and lead the rollout of the Kingdom's ambitious renewables agenda – both PV and wind – even as we expand our renewables portfolio in markets across the Middle East, Africa and Asia.

Green hydrogen

- Our 4 GW Neom Green Hydrogen Project currently under construction in Saudi Arabia is the largest at-scale plant under construction in the world.
- It is the first of many at-scale green hydrogen projects we aim to develop, and our ambition extends well beyond Saudi Arabia.
- We are forming partnerships and developing our project pipeline to be a major green hydrogen and derivatives player on the world stage.

Water desalination

- We have focused R&D initiatives to lower the energy consumption in our water desalination plants.
- We look to develop more innovative "green" water desalination projects powered wholly or partially by renewables.
- The Taweelah IWP in the UAE, expected to achieve its commercial operation in 2023, will be partially solar powered. It is the world's largest reverse osmosis water desalination plant and it will utilise the lowest SPC (specific power consumption) per cubic metre of water produced.
- We will also look to grow our water desalination business into key new markets outside of the GCC.

Conventional Power

- Following one divestment and one conversion in 2022, we currently have three oil-fired assets in our portfolio of 68 assets.
- For our oil and other gas-fired assets, we continue to explore several decarbonisation pathways involving innovative solutions from introducing green hydrogen into the fuel mix for our existing gas assets to carbon capture and sequestration technologies, to carbon offsets.

Organisational ramp up to deliver on growth

We have a strong aspiration to expand our portfolio both within Saudi Arabia and outside. As a national and global champion for Saudi Arabia our ambition is to maintain a strong leadership position in each of our power, water and green hydrogen business lines by accelerating growth relative to historical levels.

To do this, we will build on the strengths that have been key to our past success, as well as build up the organisation to deliver effectively and efficiently against our goals.

Our past success has been delivered through our mastery of greenfield business development; our Develop, Invest, Operate and Optimise business model; our agile and risk-taking approach to development; a scalable and well-oiled O&M business line; an entrepreneurial and innovation-driven culture; and a well-integrated organisation structure that has proven time and again ACWA Power's competitive advantage to win and deliver on projects.

While retaining these competitive advantages, we are preparing to ramp up our growth by investing across dimensions of our organisation that will drive our business forward: digitalisation; governance; increased focus on R&D and innovation; our people; and talent management.

People & culture

ACWA Power's three core values are safety, people, and performance. Because of its "people", ACWA Power has, since its inception, been able to challenge the market and succeed; primarily due to its entrepreneurial mindset and the ability of its people to find innovatie ways to deliver.

ACWA Power needs a competent and committed workforce capable of delivering growth and responding effectively to a rapidly evolving marketplace. This can only be achieved by having the ability to attract, develop, engage, and retain staff with the right skills in the right positions and at the right time.

Our people strategy's immediate focus will be on:

- Enabling agility by maintaining a collaborative and entrepreneurial mindset.
- ACWA Power's employee value position, incorporating our culture and values.
- Best-in-class performance management framework.
- Leadership and management development programmes.
- Promoting a workplace culture to foster an environment that supports the physical, mental, and emotional wellbeing of all our employees and that celebrates and embraces diversity.
- Leveraging technology to streamline HR processes.
- Acknowledging our employees by rolling out corporate wide peer-to-peer recognition programmes.

↗ For further details, please refer to the People section of the Report on page 83

Stronger innovation focus

ACWA Power's Technology and Innovation Strategy focuses on technological value-creating innovations and R&D initiatives that can help to give the Company a competitive edge.

- For the technologies currently on the market and within our business development strategy, the innovation focus is on improving Operational Excellence, mainly through leveraging our internal innovation dynamics, with the aim to improve bottom line results for our assets.
- For selected technologies expected to enter the market within five years, the innovation focus is on co-development, by running pilots and demonstration projects, partnering with OEMs, venture capitalists and selected startups, and finally collaborative R&D in partnership with universities and select R&D players in our existing and target markets.
- Our aim is to secure IP rights and obtain a strong competitive advantage (preferential use of technology or first user position). Stretch targets are defined to reach disruptive market impact.

↗ For further details, please refer to the Innovation chapter of the Report on page 41

Digitalisation will set us up as we lead energy transition

ACWA Power's digitisation strategy is aimed at enabling the Company through a collaborative, data driven platform that pushes efficiency, provides a strong knowledge ecosystem for decision making, and enhances the work experience.

Some of the near-term objectives envisioned under the digitalisation strategy that are largely AI driven include:

- Fully connected & automated plants driven by IoT, edge & MPC.
- AI driven financial, employee central, digital workplace, procurement, operation & risk simulation and metaverse collaboration & training ecosystems.
- Safety augmented reality journey, driven by AI assistants.
- Data & insights driven organisation, AI & ML capabilities embedded improvement, fed back into our operative and self-autonomous processes.
- Digital worker: full connected, extended reality assisted; AI driven & field mobile boosted.

↗ For further details, please refer to the Digitalisation chapter of the Report on page 45

STRATEGIC REVIEW

RISK MANAGEMENT

Maintaining our operational sustainability

Philip Decnudde
Chief Risk, Strategy
and Sustainability Officer

Global warming affects our environment with changes in average air temperature, increase in sea levels, inconsistent rainfall patterns, droughts and increased frequency of extreme weather events. We are factoring these environmental threats into our risk assessments so that we can manage the potential adverse changes in the operating conditions of our assets as well as lives of our people in our locations.

While doing this, we are also guided by the different climate-related policies enacted by the governments of the countries in which we are present.

Strategically, we are aware that the world's energy transition towards cleaner sources of energy and the progressive deployment of carbon-free production technologies will shape our future business performance. Our business strategy, which we re-assess every year, clearly defines our key action areas for the reliable and responsible supply of power, desalinated water, and green hydrogen.

In this context, our track record in leading the renewable energy and water desalination with the lowest tariffs over the past decade demonstrates our industry leadership. Going forward, the significant pipeline of regional and global renewable energy projects, and the first at-scale green hydrogen production project of the world in Saudi Arabia are testament to our determination to stay firmly at the forefront of leading this energy transition.

Enterprise Risk Management (ERM)

At ACWA Power, ERM has always been a core and primary business function to proactively identify, assess, and mitigate risks across our business lines. Strategic environmental; operational; legal and compliance; IT/OT/Digital; and financial risks to our businesses, are core elements of our risk management framework, and climate-related risks and its potential impact on our business including disclosure to the investment community is also set to be a part of it.

↗ **The Enterprise Risk Management function and the Company's approach to risk management is covered in detail on page 32 (Risk Management Framework) of this Annual Report.**

Sustainability reporting

Since 2014, we have published a Sustainability Report that highlights our ESG efforts and achievements. We believe it is crucial to act as a sustainability enabler as we are committed to creating a sustainable future.

In this context, we have identified, and prioritised material topics to ensure that the effects of climate change, as well as corporate social and governance responsibilities, are routinely considered in our business and investment decisions.

Further, we have set time-bound interim and end-state targets, based on the reporting principles of the Global Reporting Initiative (GRI) and the Taskforce on Climate-related Financial Disclosures (TCFD).

↗ These targets support ACWA Power's commitment to reducing the greenhouse gas (GHG) emission intensity of our electricity generation by 50% by 2030 as compared to 2020, and to achieving at overall portfolio level net zero by 2050. The Sustainability section on page 69 contains comprehensive coverage of our emissions, emissions intensity and overall ESG activities.

Oversight and management of risks

The vast scope of our business that involves developing, owning, operating and funding very capital intensive and high-value long-term critical infrastructure assets in multiple geographies exposes us to a wide range of operational, financial, legal and compliance and market risks that need to be meticulously managed to ensure reliability of supply of life-essential electricity and water and achieve our business objectives.

ACWA Power's ERM is designed to safeguard the interests of all ACWA Power stakeholders, including our customers, vendors, contractors, our financial partners, employees, and shareholders. It also supports our role as a developer, investor and operator of critical power generation, water desalination and green hydrogen assets.

We are committed to implementing risk management best practice by adopting sound ERM principles. This commitment has been formalised in the Group's ERM Policy, which has been endorsed by the management and approved by the Board. The Group's robust and dynamic risk management framework that is depicted in the summary chart across the page aims to continuously identify, communicate, and manage risks.

The Group's overall risk management programme continuously monitors and reviews the principal risks relating to the Group's business performance that could materially affect our business, financial performance, and reputation. Risk management practices are embedded throughout the Group to reduce potential risk exposure into an acceptable risk appetite level. These risks are collated in risk profiles and are reported at regional and Group levels.

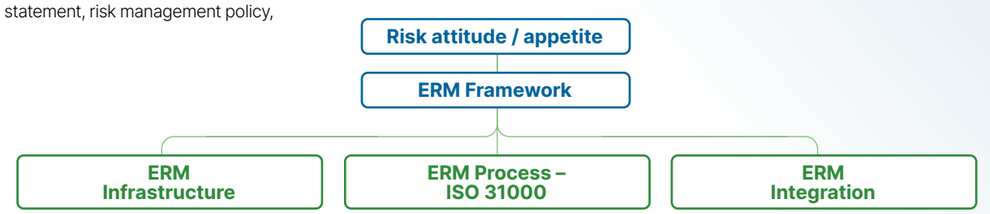
Risk management framework

Our Board recognises that effective risk management is critical to meet our business objectives and accordingly risk management is embedded and integrated in all business activities and processes of our business units.

The Board has established the control environment, approved the risk appetite statement, risk management policy, and delegated oversight responsibilities under the (ERM) framework to the Board's Risk Management Committee.

↗ For further details please refer to the Risk Governance Model section on page 33.

The Group's comprehensive, state-of-the-art approach to risk management follows the principles and methodology of the ISO 31000 guidance standard, depicted in the summary chart below:



Most of the Group's managed risks are related to the different phases of its business model of developing, investing in, operating and optimising the power generation, water desalination and green hydrogen production assets, encompassing a full life cycle of such assets.

The Group promotes a strong culture of risk management, combined with an approved risk framework that effectively supports appropriate risk awareness, behaviours, and risk-based decision making. In accordance with the Group's risk management framework, we have developed specific responsibilities, tools and guidance, and systematically assess, mitigate, and monitor risks at corporate level and during the development, construction, and operation phase of projects to manage all relevant identifiable risks effectively.

STRATEGIC REVIEW

RISK MANAGEMENT

Business development

All business development projects go through a gated approval process by the Management Investment Committee and the Board Executive Committee. Project-related market, technical, legal and financial risks are reviewed to give assurance on the required risk adjusted return. The risk management team independently assesses and evaluates the risks, as an additional step being introduced in the approval process for peer risk review. Residual risks are summarised in the form of a risk matrix with potential mitigations. Sensitivities are analysed for critical bid assumptions and related risks. All key risks are quantified, where feasible, in terms of rate of returns, and graphically presented, including potential upsides as well. This provides reasonable assurance on the project's risk profile and ensures informed decision making by management, the Board Risk Management Committee and the Board. This process is covers all investments (greenfield, brownfield and acquisitions), divestments and changes in offtake agreements, if and when applicable.

Portfolio management

The Group focuses on developing scalable investment platforms and maintaining a portfolio with a technologically and geographically diversified asset base. As our portfolio risk landscape continues to evolve, the risk management function is involved to ensure identifying, assessing and constantly monitoring potential threats and opportunities that we could face to remain resilient on projects under construction as well as assets in operation. For our projects under construction, we remain actively engaged with our EPC contractors and encourage them to assess risks financially (by quantifying the potential risk), potential delays in the schedule, issues with quality of workmanship, health and safety, and reputation. This gives more insight to the portfolio team to understand and act accordingly.

Operations and maintenance

The Group uses centralised expertise via NOMAC, a 100% owned O&M subsidiary of ACWA Power, to optimise the operation and maintenance of our fleet of assets diversified in technology and geography and ensure effective management and mitigation of risks associated with operational safety and reliability of supply.

Contractual risks are managed through an effective contract compliance and tracking mechanism; **operational risks** through robust operational and maintenance procedures including digitised condition monitoring and prediction; and **supply and price risk** is managed by a comprehensive and efficient global supply chain management. In addition, the Group also plays a direct role in selecting its partners, contractors and technology for its projects to ensure an optimal solution for the project while reducing the overall exposure (directly or indirectly) to identified risks.

Risk governance model

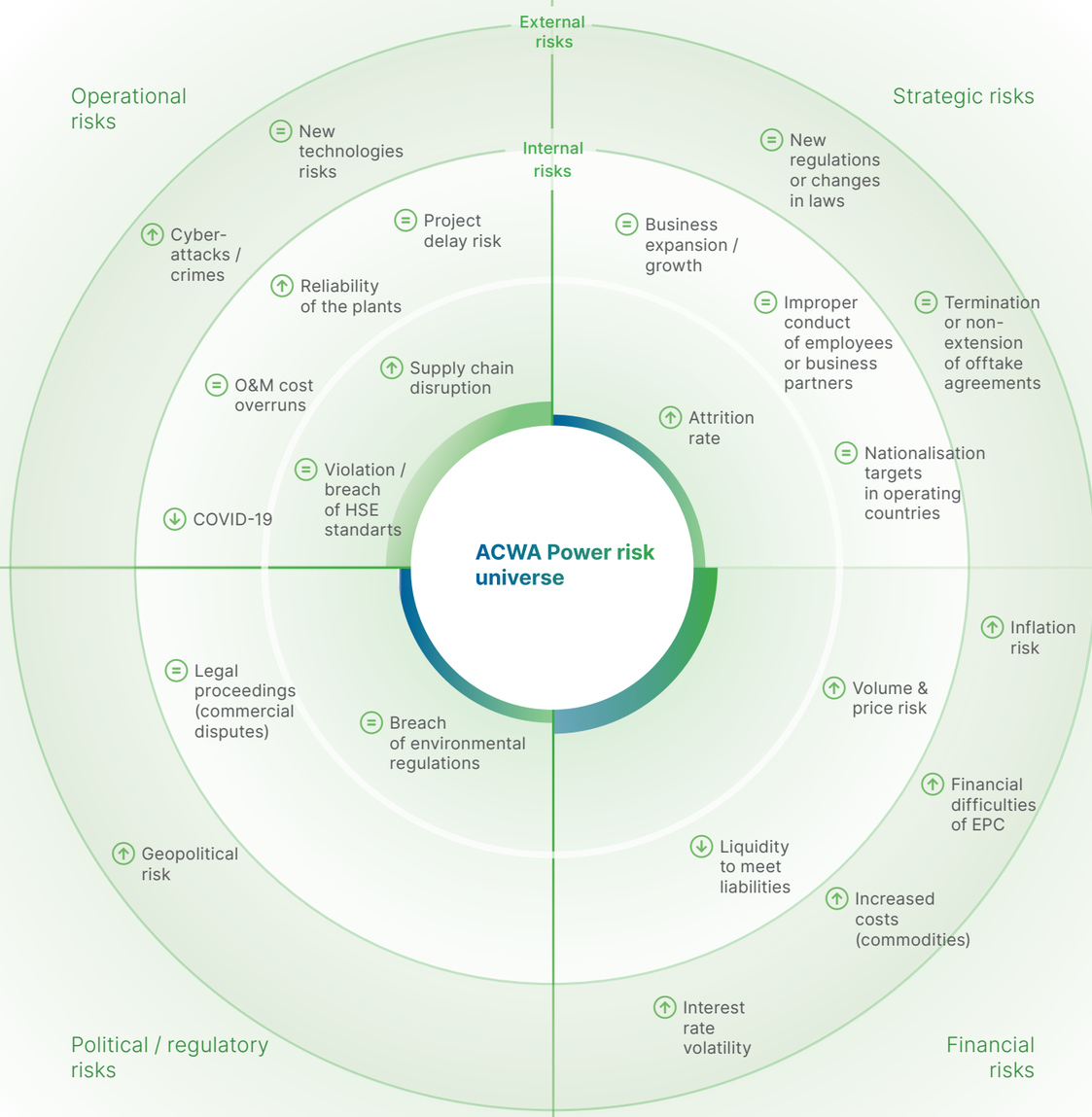
Risks are proactively identified and managed at each level of the organisation (from project companies up to corporate functions) with the appropriate level of granularity. They are reported on a regular basis to the appropriate management levels and the Board's Risk Management Committee and the Board. The Risk Management Committee 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; future risk strategy, and provide oversight and guidance as to the overall risk management functions within the Company.

Risks and mitigating actions are reviewed on a regular basis to ensure that risk management is a continuous and iterative process, providing an up-to-date and accurate picture of the risks and mitigating actions of the Group.

Risk universe

The chart across the page shows how risks are approached and managed within the Group. Risk management function assesses risks across the Group and clusters them logically before reporting to support risk-informed decision-making process. ACWA Power risk universe identifies internal (inner circle) and external (outer circle) risks that are categorized into four main risk areas (operational, strategic, financial and political/regulatory) as depicted by the chart. Each risk is marked by its current trend represented by arrows to denote increasing, decreasing or stable risk.

ACWA Power risk universe



The ACWA Power risk universe, shown above, identifies internal and external risks that are categorised into four main risk areas (operational, strategic, financial and political/regulatory). The trend of each risk is marked by an arrow to denote increasing, decreasing or stable risk.

STRATEGIC REVIEW

RISK MANAGEMENT

Main risk areas	Key risks	Mitigants
Country and geopolitical	1. Novel regulatory regimes and commercial environments 2. Geopolitical tensions in any of the jurisdictions where the Group has presence or seeks prospects	1. Careful selection of new markets, diversified portfolio in 12 countries is a strong mitigating factor which spreads such risk against individual country or regional economic risks. 2. Further, we undertake initial due diligence to identify, analyse broad spectrum of risks at local, regional and group level to promptly manage its exposure and related compliances. 3. Systematic security assessments and continuous monitoring of geopolitical developments at countries where we operate to ensure the Group is well placed to respond to changes in political environments.
Project development	1. Business expansion / growth 2. New technologies – Green H_2 3. Competition and pricing 4. Integrity and creditworthiness of equity partners 5. Poor performance of main suppliers (EPC, OEM)	1. Identify and limit key risks during the project selection and bid development process. 2. Regionalised construction supervision and asset management activities providing management bandwidth to integrate new projects. 3. Allocation of management resources with responsibilities to successfully manage unforeseen challenges and associated risks. 4. Multi-technology capability and track record for successfully managing diversified portfolio. The Group co-invests in all its projects with a view to maintaining technical and operational control over the project performance. 5. In-house technology department with strong expertise and reference for main equipment, tested in successful commercial operation with certification from third party. 6. The Company carries out a thorough vetting process for all its equity partners. 7. The Company seeks to employ experienced and leading original equipment manufacturers (OEMs), as well as reputable EPC contractors that provide turnkey solutions. 8. Build out a strong development team around the new market of green hydrogen.
Project financing	1. Material delays in achieving, or achieving at all, the financial close of a given project 2. Exposure of development bond and any initial development costs, costs for early works in case of not achieving financial close 3. Increased costs (commodities) 4. Existing and future leverage	1. Comprehensive project finance expertise, supported by strong relationships with lenders and financial institutions (including regional, European, U.S. and Chinese institutions) together with access to competitive cost debt and equity capital. 2. All projects / transactions are financed on non-recourse or limited recourse basis in a manner to make projects bankable. 3. A large part of costs is shared with co-investors and the development cost (both internal and external) is typically reimbursed at financial close from the project.
Financial (market risks and other macroeconomic factors)	1. Exposure to interest rate volatility 2. Inflation 3. Currency movements 4. Liquidity to meet liabilities	1. Interest rates of a large part of the project finance loans are fixed through long tenor hedges at the outset. The Company continuously monitors unhedged portion (financial liabilities) to ensure the exposure remains within acceptable limits to mitigate all asset-liability mismatch risk where possible. 2. Embedded inflation protection in the long-term offtake contracts. 3. Contracts and equity returns predominantly indexed to USD or "hard" currencies, which provides us with a natural hedge against currency movements. 4. Multiple sources of funding facilities have been arranged through bank loans, revolving corporate facilities, bonds, sukuks and private placements to help ensure that the Group is able to manage liquidity requirements. 5. Leverage ratios are assessed for various growth scenarios to ensure close monitoring of such ratios and to manage funding gaps.
Construction	1. Project delays, cost overruns and quality of workmanship issues 2. Unforeseen site or commissioning issues and associated risks 3. Financial difficulties or bankruptcy of EPC contractor or its subcontractor 4. Underperformance of asset vs warrantied specifications	1. Construction is systematically contracted on a lump sum turnkey basis (fixed price and scope) and define timelines for certain contracting approach with EPC contractor. 2. Maximum amount of risk passed on to EPC contractor through back-to-back contracts implying liability of payment of liquidated damages by the EPC contractor for any under-performance (i.e. delays, technology, quality, functioning, fit for purpose – reliability, dispatch capacity and fuel consumption). 3. Investment-grade EPC contractor and its consortium partners with joint and several liability to considerably reduce the EPC contractor default risk. 4. Force majeure protection in offtake agreements and comprehensive insurance policies. 5. Robust EPC oversight, plant commissioning and handover processes and procedures are in place to ensure quality and performance of the plants.
Health and safety	1. Health and safety hazards 2. Violations of health, safety and security standards 3. Breaches may lead to regulatory actions, legal liabilities, increased cost, disruptions to business, harm to reputation	1. The Board, its committees, and senior management are fully committed to creating a safety culture throughout the Group. 2. Stringent health and safety standards, guidelines, audits, and investigations are in place to implement measures aimed at eliminating future incidents on assets in operation and projects under construction, enforced by dedicated in-house HSE department. 3. Continually reviewing environmental regulatory risks. 4. NOMAC's integrated HSE and quality management system has been independently certified under the ISO 9001:2015 and ISO 14001:2015.
Environmental	1. Exceedance of environmental limits 2. New legislation tackling climate change 3. Breaches may lead to regulatory actions, legal liabilities, increased cost, disruptions to business, harm to reputation	1. Strong social and environmental impact mitigation and management, as part of sustainability framework and strategy. 2. Integrated O&M HSE and quality management system has been independently certified under ISO 45001:2018 setting out requirements for an environmental management system to enhance its environmental performance.
People	1. Recruitment (volume, adequacy, and quality) 2. Nationalisation targets 3. Loss of key personnel 4. Retention of staff	1. Dedicated recruitment-oriented resources to cope with high-growth demands and nationalisation efforts by the organisation to meet targets. 2. Talent and leadership development schemes to limit turnover and manage scarce skills. 3. Succession planning for critical roles in the organisation and key people management processes in place as part of our talent management process. 4. Performance-based evaluation process to enhance internal talent growth. 5. Values-based organisation culture that promotes respect, inclusiveness, and diversity.
Legal and regulatory	1. Increased number of laws and regulations, including monitoring change in law or new legislation and other evolving practices 2. Managing obligations of local, regional, and global laws and regulations across different jurisdictions 3. Legal proceedings (commercial claims or tax disputes) 4. Event of default or impact on the Company's reputation	1. Systematic contractual protection against changes in laws and regulations in most of the assets. 2. Consolidation on compliance with laws and regulations, and regular monitoring for changes to regulations across portfolio to ensure that the effect of any changes is minimised, and compliance is continually managed. 3. Engagement of top law and tax firms to assess our positions and recognising provisions where required. 4. Strong corporate governance and reinforcing policy and procedures to ensure full compliance with all legal, regulatory and tax requirements. 5. Establishment of a comprehensive Compliance Framework that protects the Company's reputation and credibility, serves shareholders' interests, ensures customer satisfaction and reduces risk of litigation.

STRATEGIC REVIEW

RISK MANAGEMENT

Main risk areas	Key risks	Mitigants
Revenue	1. Volume and price risk (excluding foreign exchange, covered above) 2. Assets are exposed to performance risk 3. Renewable assets are exposed to decrease in supply of solar or wind resources and performance risks	1. Long-term offtake contract to protect us against demand or price risk. The substantial majority of the offtakers are government-related entities with direct government credit support or with other contractual protection. 2. EPC performance guarantees in place to protect newly built facility against any performance shortfall. 3. BU O&M has implemented a reliability of supply framework along with in-house developed plant simulation and optimisation tool to address and enhance reliability of supply in a systematic and proactive way. 4. Wind and solar resource studies are carried out for renewable assets based on long-term historical average. 5. Insurance solutions to protect our assets against unforeseeable and/or residual risks or unexpected business interruptions with agreed deductible periods and minimum deductible amount.
Operations and maintenance	1. O&M cost overruns 2. Plant under-performance or lack of reliability during the operation period	1. To minimise operational risks, the Company generally entrusts the BU O&M, its wholly owned and best-in-class O&M subsidiary to operate and maintain its assets for the full tenor of the offtake agreements. 2. BU O&M's contracts cover the offtake agreement term and are indexed for inflation and indexation. The applicable penalties are capped in the contracts. 3. BU O&M continues to deploy monitoring and prediction digital platforms for critical equipment by using big data and advanced pattern recognition capabilities to enhance overall performance. 4. BU O&M has extensive capabilities as an O&M contractor and implements a standardised management and operational model to ensure superior control and understanding of operating assets through the life cycle, provide stable long-term income and super senior cash flows. 5. BU O&M has a reliable supply framework to ensure high reliability of assets. 6. BU O&M's Maintenance Energy Services (NMES), a wholly owned subsidiary, provides turnkey and specialised maintenance services, including major overhauls for the entire fleet of steam turbines, combustion turbines, generators, large pumps and other rotating equipment.
Fuel supply and consumption	1. Significant increase in the price or the interruption in the provision of fuel 2. Fuel cost under recovery	1. Most of our fossil fuel-based plants are contracted on tolling arrangements whereby fuel supply and cost risks are borne by the offtaker. 2. Whenever tolling arrangements are not there, the fuel supply and price risk are passed to the offtaker. 3. Ongoing plant efficiency optimisation as part of value proposition when needed to reduce or eliminate under recovery exposures.
Termination and extension	1. Early termination of an offtake agreement for a reason attributable to the offtaker 2. Early termination of an offtake agreement for a reason attributable to the project company (material underperformance) 3. Non-renewal of offtake agreements at the end of their term (asset retirement obligation)	1. If the cause of termination is attributable to the offtaker, the project company will receive termination payments which in most projects cover outstanding debt repayment and equity (including a return on equity). 2. These termination payments by the offtaker benefit from direct government credit support or other forms of contractual protection. 3. Selection of the right technology, quality construction and reliable operations to manage performance requirements of the offtake agreement. 4. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. 5. Align plants' existing useful life to its assessed economic life and timely pursue discussions with offtaker to seek extension for assets nearing expiry as part of value creation initiatives.
Information technology Infrastructure	1. Cyber-attacks/crimes 2. Reliability of the Group's IT infrastructure (to support remote working, uninterrupted operations)	1. Defence-in-depth strategy around IT systems (servers, network, end-user machines, etc.) to prevent cyberattacks, in compliance with the ISO standards at the corporate level. 2. Regularly review, update and evaluate all software, applications, systems, infrastructure and security which includes regular vulnerability assessment and penetration testing. 3. Proven disaster (natural or man-made) recovery plans. 4. IT security assessments and periodic IT audits conducted by skilled IT auditors to ensure effectiveness of controls on IT systems. 5. ACWA Power has been certified under the ISO/IEC 27001.
Environmental, Social and Corporate Governance (ESG)	1. ESG targets not met fully, partially, or timely	1. Establishing a robust framework to evaluate the impact of climate-related risks. 2. Set time-bound interim and end-state targets based on the reporting principles of the Global Reporting Initiative (GRI) and the Taskforce on Climate-related Financial Disclosures (TCFD). 3. Identified, selected, and prioritised material topics to ensure that the effects of climate change, as well as corporate social and governance responsibilities, are routinely considered in our business and investment decisions 4. No new investment in high carbon emitting coal or oil projects thus increasing the share of our portfolio dedicated to cleaner technologies. 5. Initiatives put in place on leadership in low-carbon energy sourcing, water management, health and safety, and corporate governance.
Governance and management	1. Non-adherence to or non-compliance with prescribed organisation policies and processes or laws and regulations 2. Improper conduct of employees or business partners 3. Inappropriate governance and systems	1. "Tone at the top" established by the Board of Directors, Board committees, and senior management. 2. Internal controls, systems and procedures in conformity with the relevant sanctions, anti-bribery, anti-money laundering and anti-terrorism laws. 3. Governance framework supported by ad-hoc control by Board committees with significant independent member participation in each Committee. 4. Independent internal audit function reporting to Board Audit Committee. 5. Whistleblowing programme and process to ensure a recognised, industry-leading ethics and compliance culture. 6. An integrated and comprehensive, technology-based governance, risk management, internal control and compliance tool being implemented for better alignment and reporting to reduce risks, costs, and duplication of efforts.

STRATEGIC REVIEW

RISK MANAGEMENT

Climate-Related Financial Disclosure

TCFD alignment

We seek to provide investors and other stakeholders with information enabling them to assess the adequacy of our approach to climate change and our ability to manage the associated risks and opportunities.

This is the first year we have reported using the recommendations of the Financial Stability Board Taskforce on Climate-related Financial Disclosures (TCFD) and looking forward to perfect it along the way.

TCFD alignment progress

Theme	Recommended TCFD disclosure	Status	Plan	
		2022	2023	2024
Governance	Disclose the company's governance around climate-related risks and opportunities.	▶		
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.		▶	
Risk management	Disclose how the company identifies, assesses, and manages climate-related risks	▶		
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.			▶

▶ Commence

Risk Identification

In 2022, we conducted a qualitative exercise to identify risk and opportunity that might arise over the next 30 years based on the current policy environment scenario.

This exercise leveraged all the internal and external experience and knowledge including the internal experts, IPCC reports and peers.

The table here shows the initial map of the climate risks:

Climate risk matrix (threats)

	Technology / activity							
	Renewables				Desalination		Thermal power	
Climate change elements	PV	CSP tower	CSP parabolic	Wind	Thermal	Membrane	Steam generator	CCGT
Heat & cold								
Wet & dry								
Wind								
Snow & ice								
Coastal								
Oceanic								
Additional risks[1]								

High — Low

Climate risk matrix (opportunities)

	Technology / activity							
	Renewables				Desalination		Thermal power	
Climate change elements	PV	CSP tower	CSP parabolic	Wind	Thermal	Membrane	Steam generator	CCGT
Heat & cold								
Wet & dry								
Wind								
Snow & ice								
Coastal								
Oceanic								
Additional risks[2]								

High — Low

[1] Air pollution weather, atmospheric CO_2 at surface, level of lakes, radiation at surface, relative humidity.
[2] Air pollution weather, radiation at surface, air pressure.

STRATEGIC REVIEW

INNOVATION AND TECHNOLOGY

ACWA Power's world class ingenuity

Thomas Altmann
Executive Vice-President, Innovation and New Technology

Since the inception of ACWA Power, curiosity, ingenuity and risk-taking have been intrinsic to the Company's culture and part of the fabric of the organisation. Innovation has always been a pervasive and informal part of everyday life and has contributed significantly to the growth and success of the Company.

It is a very exciting time for us because we are crystallising our innovation processes and we are seeing positive results in terms of the increasing number of our patent applications, new collaborations, scientific publication, bid wins, and most notably, a dramatic impact on tariffs.

We are very much an "open" rather than "closed" innovation company; our strategy is to gain access to the best technical knowledge and share it. Closed innovators relying on historic patent protection can go into decline through stagnation whereas our open approach means that we have a continuous flow of innovation that benefits all our stakeholders.

Open innovators like ACWA Power can thrive so long as they have the capacity to generate fresh ideas on a continuous basis and have the ability to implement ideas speedily.

In a recent issue by Forbes Middle East, ACWA Power has been listed among the ten most innovative companies in Saudi Arabia, which is a testament to our commitment to innovation and contribution to the innovation ecosystem (iEcosystem).

Our innovation governance

Essentially, our people have not changed; they are constantly pursuing new solutions that have a positive impact on our bidding and operations. What is new is that we now have a dedicated central team, an Innovation Department, with a defined annual plan and budget, and an agreed structure, technology innovation roadmap and methodology for stimulating, capturing and rolling out our innovations. Furthermore, we have introduced a degree of institutionalisation without stifling independence of mind and creativity.

The new Innovation Department has been running since 2020 and the Management Committee and our Board have given us considerable support and the necessary funding to develop our various pilot testing programmes and initiatives.

New innovation projects are discussed at the Innovation Committee, which comprises representatives from business units and enabling functions. At the end of each year we propose the required innovation project funding for the forthcoming year to the Management Committee and present the roadmap and project results also to the Board and seek budget approval so that we can implement our programme from January. Last year we presented 36 innovation projects. We are extending the focus from desalination and solar PV to include other renewables, green hydrogen, hybrid systems and digital technologies.

Our innovation roadmap

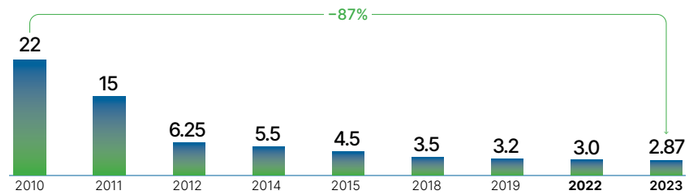
2019	2020	2021	2022	2023
• Master research agreement with KAUST	• Establishment of Innovation Department • First ACWA Power patent filed	• Technology innovation roadmap approved • Launch of several pilot plants in KSA, UAE, Oman • Launch of Simulation Platform development	• First ACWA Power Innovation Days • Roland Berger report on innovation status at ACWA Power • Roadmap projects implementation • First collaboration with startup to mature a break-through technology • IP Sprint; interviews • HYPE innovation tool	• Actively participate in local and global Innovation Ecosystem • Expand R&D collaborations and explore funding opportunities

Innovation is cutting the cost of power and water dramatically

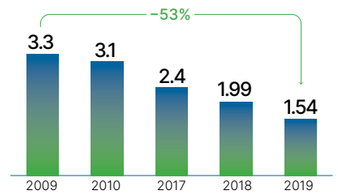
We have produced a significant tariff reduction in reverse osmosis (RO) desalination, concentrated power and photovoltaic solar energy projects over the last decade.

In desalination we have achieved an energy consumption reduction of 87%. In fact, through a paradigm shift in design and big data analytics, we have driven down the cost of desalination considerably; this makes the RO process more affordable for countries outside GCC such as Egypt and Morocco.

Specific power consumption (SPC), kWh/m³



Tariff reduction in KSA for our desalination plants, SAR/m³



Reduction in tariff between 2009 and 2019

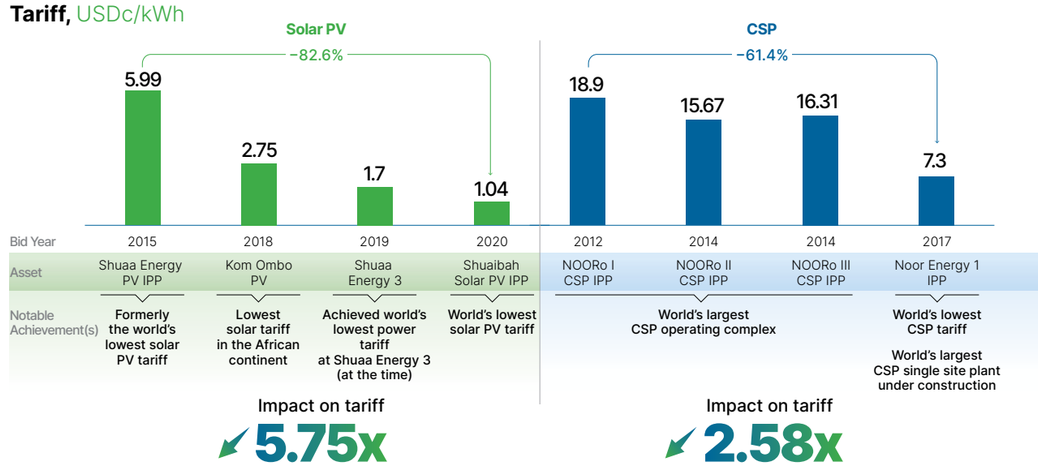
2.2x

ACWA Power is a constant innovator in renewables and able to deliver competitive tariffs

In solar PV, tariffs have reduced considerably to close to one cent/KWh partly due to optimum solar panel selection for local conditions, high equipment efficiencies and enhanced design tools for best optimised solutions.

In CSP the main factors that drove down the tariffs significantly are the innovation, upscaling, hybridisation and optimisation of the technologies, high steam-turbine efficiency, optimum storage capacity and improved operation strategy.

Tariff, USDc/kWh



Impact on tariff **5.75x**

Impact on tariff **2.58x**

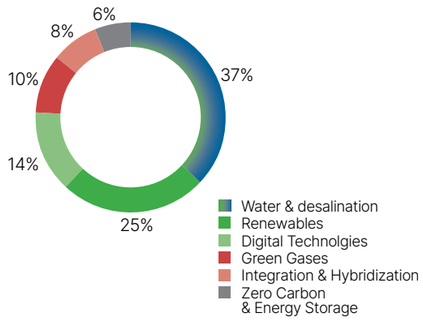
Source: Company information. Note: (1) 950 MW solar hybrid project (700 MW CSP and 250 MW PV).

STRATEGIC REVIEW

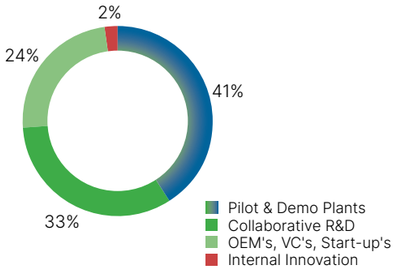
INNOVATION AND TECHNOLOGY

Our technology roadmap projects

Roadmap projects by technology



Roadmap projects by levers



ACWA Power's Technology and Innovation Strategy focuses on technological value-creating innovations and R&D initiatives that can help to give the Company a competitive edge.

- We currently have 33 active projects focused largely on core business segments – renewables, water desalination and green gases, in addition to digitalisation, energy storage and hybrids.
- For the technologies currently on the market and within our business development strategy, the innovation focus is on improving operational excellence, mainly through leveraging our internal innovation dynamics, with the aim to improve bottom line results for our assets.
- For selected technologies expected to enter the market within five years, the innovation focus is on co-development, by running pilots and demonstration projects, partnering with OEMs, venture capitalists and selected startups, and finally collaborative R&D in partnership with universities and select R&D players in our existing and target markets.
- Our aim is to secure IP rights and obtain a strong competitive advantage (preferential use of technology or first user position). Stretch targets are defined to reach disruptive market impact.

Vital collaborations to accelerate our innovation – iEcosystem

It is not just our own internal teams who demonstrate ingenuity and give us creative firepower. One of the key benefits of our recent formalisation of innovation is that we have intensified our collaboration with universities, our OEM partners, startups and venture capital firms.

Four levers for engaging with iEcosystem

< 1 y	Leveraging the internal innovation dynamics	• Implementing state-of-the-art Innovation management platform • Recognise and widely implement innovations across the organisation and projects
1–2 y	Running pilot & demonstration projects	• Testing new technologies on a small scall as part of our projects
2–3 y	Partnering with OEMs, venture capitalists and selected startups	• Working closely with risk capital investors + early business partnerships with selected startups
3–5 y	Collaborative R&D	• Extending the existing partnership with KAUST • Engaging with selected R&D players in our target geographical areas: KFUPM, KACST, KSU, KAU.

Historically, we saw innovation as largely internally-driven, limited to our own team producing new technical solutions to drive efficiency and cost savings. But now we are reaching out to the upstream and signing exclusive agreements with leading startups in California, Australia and Europe and this allows us to increase our capacity and speed to market. We invested in the development of a promising technology of a European startup that has the potential to reduce energy consumption of desalination by 30%. Naturally, with innovation and early stage investment comes risk but ACWA Power has an embedded culture of enlightened risk-taking and making the distinction between what is possible and what is impossible.

In the past, ACWA Power had incidental, ad hoc relationships with universities, other companies, government funders, startups, and other bodies; but now we are conducting these relationships in a concerted and coordinated manner, creating a coherent innovation ecosystem.

We are contributing to the strategic research agenda in the Kingdom through the Ministry of Energy's Energy Innovation Programme and Research Development and Investment Authority (RDIA), which oversees research and development funding in the country.

We have been cooperating with King Abdullah University of Science and Technology (KAUST) for many years and are now broadening out to other top universities in Saudi Arabia and abroad, including MIT and UCLA in the USA. We ran a two day "Innovation days" conference with KAUST, with 120 people physically and 680 people virtually attending with lively discussions between academia and industry. Our view is that we have been in the top tier in terms of our bids and now we are playing at that level in innovation as well.

This year we will be co-organising and sponsoring "Innovation challenges" at international conferences on desalination, solar power, and green hydrogen. We will also conduct webinars on the future developments, have academics to participate, and disseminate on social media channels, reaching more than 340,000 ACWA Power followers and even more users via sharing.

ACWA POWER'S INNOVATIONS

- The world record tariff in solar PV
- The world record energy efficiency in water desalination at large scale
- Lowest tariff for desalination plant in GCC (Jazlah IWP)
- The largest four desalination plants in the world (including Jazlah IWP now in operation)
- The largest combined PV-CSP plant in the world
- The largest fully renewable autonomous power system in the world, with the largest battery storage
- The most advanced at-scale green hydrogen project in the world
- The biggest robot density in our industry with 1.5 robots/employee and roadmap to increase to 8.5 robots/employee in the next four years (Korea is second place with a density of 0.1 robots/human employee (source: Statista).

The value of our intellectual property

Whereas we do not regard ACWA Power as a pure IP company, we are keen to protect our original thinking and build an IP portfolio that has considerable value as an intangible asset.

ACWA Power is now making regular filings for patents with the assistance of IP specialist consultants and own tech platform. During 2022 we identified 20 potential IP matters across our technology areas, notably in desalination and photovoltaics. We identified these patent opportunities by interviewing 50 employees and producing a long list of almost 100 innovations.

The value of our data

We have developed our own plant simulation platform and AI machine learning algorithms and we use big data analytics to learn from historical data and to optimise our operations and technical solutions for new bids, contributing to maintaining our competitive advantage.

Future development

In the fast changing technological environment of the energy, water and hydrogen business, we are actively pursuing a technology leadership position driving competitiveness and profitability, as a catalyst for our ambitious growth strategy.

STRATEGIC REVIEW

DIGITAL TRANSFORMATION

Using digital ingenuity to speed up energy transition

Alvaro Pérez
Chief Digital Officer, ACWA Power

ACWA Power is using new digital technologies imaginatively to speed up our energy transition and meet our ambitious targets. It is a continuous process. We are improving our systems and ways of working to benefit our stakeholders and realise the Saudi Vision 2030 and of course, meet the 2050 net zero emissions target. Each year we make progress on our journey and last year was no exception, in reaching milestones. What helps us is our open mind, willingness to take calculated risks, and adapting innovative technologies to help ACWA Power grow. We see the benefits of this daily. Our team has a better workday.

Our **business lines** can use better tools to improve their productivity.

Our **EPC partners** can plug into our value chain better.

Our **operations** are becoming more efficient.

Our **recruits and trainees** progress faster.

Our **investors** get better, faster data and insights. And, perhaps most important of all, our **customers** in Saudi Arabia, Middle East, Africa, Central Asia and Southeast Asia, get more reliable, affordable and sustainable power and water, the essence of life.

Review of 2022

In 2022 we spread a digital hybrid business and technology culture across our business lines and locations, setting up software factories and digital chapters, and implementing capabilities to meet our objectives.

The capabilities we are using include cloud, edge and IoT, data platforms, AI and machine learning ops factories, cyber security, EPC construction collaboration frameworks, bidding tools, asset performance capacities, mobile workforce management and workplace ecosystems. We are evolving at a rapid pace, using an agile approach to give our team and partners the tools they need to improve daily tasks and meet our strategic goals. Every day we are solving problems and creating business value by using these technologies. We are transforming our interactions with stakeholder groups (employees, customers, suppliers, partners, startups, gig freelancers and surrounding communities). It allows us to share capacity and closer relationships within and between our teams.

In April 2022, the Board approved our digital strategic plan for 2022–2026. This sets out our "platform model", which leads to direct monetisation. Our digital dashboard shows our progress to date.

Our platform operating model represents a new framework that incorporates an array of software and systems that represents a unique and powerful suite of connected capabilities. It allows us to interact with business partners and stakeholders in a timely and efficient manner.

41%
of ACWA Power digital budget focus is on innovation; this is 13% more than the industry average (Forrester CIO innovation spending 2022)

70%
of our organisation perceives that our digital strategy and the tech platforms that support the transformation are the right ones (Internal McKinsey survey)

ACWA Power

KPI	Description	Increase
Data assets	Number of KPIs, dashboards and reports implemented	x 2.6
Data streaming assets	Number of implemented specialised software in processing data (models, simulations, etc.)	x 10.6
Net Promoter Score (NPS)	Metric to measure quality and satisfaction through surveys and questions, measured using eSupport service ticketing tool	4.7 out of 5
Digital people involved	% of people involved in digital transformation	x 1.08
Number of digital tribes activated	Communities of knowledge that facilitate applying the principles of digital transformation (agile, design thinking, UX) to different business domains like construction management, field operations, logistics, etc.	Over 30

STRATEGIC REVIEW

DIGITAL TRANSFORMATION

ACWA Power has evolved to our platform operating model

Pre-digital strategy

- Heterogenous systems
- Local factories & infrastructure
- Customisations
- Dispersed know-how
- Limited economy of scale

IT platforms

- Simplification
- Scalability
- Standard settings
- Focus on identifying capabilities
- Use case analysis
- Technical landscape
- API and data platforms

Platform operating model

- Global solutions: “big rocks”
- New digital factories
- Focus on re-use
- Modular approach (microservices)
- Soft development governance
- 100% adoption

Digital is driving efficiencies across our business units

We are adopting and applying digital technologies across all our operations. We move fast to evolve from simply deploying IT products and services to creating our own bespoke platform which is tailored for the energy transition challenge and empower the whole team. Our comprehensive adoption of agile technologies will enable us to design, build and manage power, water and green hydrogen plants more efficiently, save time and get our vital services to our customers more quickly and economically.

We have been reducing energy consumption in our water plants by the use of AI, enhancing our RO membrane performance and improving pump design. Through 6D-BIM and geospatial analytics we are piloting the construction of the next clean energy technologies and reducing the need for site visits through continuous follow up and taking the first steps in future construction digital twin simulation. We have conducted proofs of concept with remote inspections, using drones or smart helmets. We are implementing digital inventories that optimises the use of materials and reduces product waste and we are using 3D additive manufacturing to build just in time spare parts locally or avoid associated transport emissions. Furthermore, our AI and prediction techniques have helped forecast production and apply predictive dispatching analytics to manage flexibly the grid systems where we operate in; or reduce fuel usage (for example, in CCGT plants and cleaning PV facilities). We have also been enlarging our AI libraries, piloting new models and simulators for membrane optimisation, PV bifacial pilots, pump energy efficiencies, drone-based PV fields design improvement, batteries or electrolyzer optimisation and applying AI imagery to health and safety, RO membranes and construction management.

We are working on improving our EPC information exchange on construction activities and we have designed a model to monitor our supply chain continuously.

We have been supporting our customers’ initiatives to reduce CO_2 emissions, monitoring GHG more accurately, designing new optimised low-carbon plants and energy systems using business travel management to reduce emissions, and through the CO_2 rights platform, taking an active part in the CO_2 market.

Digital has been contributing equally to our team’s work practices with the introduction of self-serving processes, a monetised vendor portal, just-in-time procurement, plant data automation, the provision of cloud, IoT, AI libraries, twin assets, and our collaboration framework for business modelling. During the year we continued our development of modular and adaptable platforms to accelerate business changes on the renewable energy journey.

Data management is providing us with key insights

We have taken further steps during 2022 to become a data driven organisation, helping our people manage data, giving them insights to increase performance and monetisation. We are now gathering large amounts of sensor data from plants through the IoT platform and processing this, using AI to define the next best actions to be performed in our field operative processes.

Using IoT, edge computing and deep learning we have implemented visual interpretation of membranes, construction progress measurement or the inspection of protective equipment, brought smart health and safety (H&S) analytics, and so improving our plant safety.

AI modelling is saving us time and cutting our costs

We have deployed more than 20 new MVP AI models that allow us to test our ideas rapidly in low-cost environments, optimise, enhance plant design, as well as improve operations and reduce costs.

Through a partnership with our innovation ecosystem, leveraging on virtual modelling capabilities and the use of fast genetic algorithms, we are accelerating plant design optimisation of new hybrid power systems whereby H_2 is powered by green energy.

Our AI driven modelling is also accelerating the redesign of the water desalination process, by driving advanced scientific R&D models based on data insights. AI simulations give us a different business perspective in terms of energy consumption, chemical use optimisation, membrane performance and water quality improvement. We can now predict solar and wind power generation more accurately and continuously, and have improved the way we control and optimise our resources. We use fluid physics models for wind turbine turbulence and improve the design of wind farms, understand their potential energy yield and optimise ACWA Power investments.

We have been working with low-code and no-code apps so that business lines can create their own software easily. For example, our finance team automated budgeting, our innovation team created the first water desalination simulation pack, and our portfolio management team worked on creating a tool to exchange GHG emissions collaboratively.

Our new venture digital innovation lab worked on AI RO chemical optimisation, AI CSP production forecasting, AI PV cleaning and health and safety AI advanced analytics. Our extended community of digital related stakeholders includes MoE, MCIT, KAUST, SDAIA, AICE, HIWPT and more than 12 tech startups. Our strategic partnerships cover data, cyber and next generation technologies.

THE INGENUITY

TO EMBED NEW TECHNOLOGIES TO SPEED UP ENERGY TRANSITION

ACWAverse is ACWA Power’s virtual world, designed to facilitate close collaboration between people within the Company. It encourages users to contribute and benefit from the anonymity of their avatars, so it is particularly valuable for younger staff who have a new opportunity to influence decisions. It is also a useful platform for those who are physically away from corporate premises. We are developing ACWAverse continuously so that it will increase in use and value.

Speeding up career progression

We have also been advancing in learning management and career progression, involving more than 150 people in projects such as new predictive AI models and mobile working; creating a learning environment with free access to training resources; bringing open and flexible workplaces to make life better for our employees; and providing apps for finance automation, people onboarding, and continuous performance improvement.

2023 and beyond

Our ACWA Power digital hub is playing a key role in accelerating energy transition, and we are focusing on user experience for our employees, customers, communities, and shareholders. We are leading our industry through IoT, AI, robotisation, automation, decentralisation and self-correction to realise the Saudi Vision 2030 and achieve the net zero emissions target.

We remain receptive to new ideas and will be mobilising fresh digital tools, platforms, and systems to speed our journey. Our digital hub will continue to apply ingenuity to meet our objectives, as we have done in the past, and just as our friends and colleagues across ACWA Power do, every day.

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ENERGY TRANSITION TAKES INSPIRATION

CFO'S MESSAGE

"We had robust performance in all four blocks of our business model, with considerable and well-founded financial optimisation initiatives and capital recycling."

Abdulhameed Al Muhaidib
Chief Financial Officer

A stellar financial year for ACWA Power

ACWA Power posted solid financial results in 2022, in a year that was not short of strong and persistent economic and supply chain-related headwinds on a global scale, exacerbated by the Russia-Ukraine conflict, and operational challenges in some of our assets.

Remaining focused on developing reliable and responsible power generation, water desalination and green hydrogen production projects at competitive tariffs, all the while passionately pursuing and investing in the energy transition agenda of many nations, has once again constituted the backbone of our resilience and ability to deliver these remarkable financial results.

In addition to the positive financial contribution from the plants that started commercial operations during 2022, including the full-year impact of those that were partially operational in 2021, we had a robust performance with respect to financial optimisation in the form of debt and capital recycling, helping us record a stellar EPS growth on a consolidated net profit of SAR 1,540 million for the year.

Some significant capital transactions included bringing an equity partner for a project in Uzbekistan, partial buyback of ACWA 39 bond, and the debt refinancing of RAWEC, which not only allowed us to recycle capital but also resulted in financial income for the year.

We posted similarly outstanding results in the key financial indicators that we regularly monitor and report as a measure of performance. Our operating profit[1] reached SAR 2,614 million, a 14% increase compared to 2021. Adjusted net profit[2], which negates the impact of non-routine, unusual or non-operational items, reached SAR 1,575 million, growing by 32% versus 2021.

Our parent operating cash flow (POCF), a key source of cash for the parent company, recorded SAR 4,162 million and was 158% higher than in 2021. And although our parent net leverage at SAR 8,818 million was moderately higher than in 2021 (+8.8%), the parent net leverage to POCF ratio stood at 2.12x (times), significantly lower than the 5.03x of year end 2021.

We will continue our energy transition journey and embark on our growth as outlined in our equity story and embraced by the hundreds of thousands of public shareholders who have been consistently demonstrating their confidence in ACWA Power since our listing on the Saudi Stock Exchange back in October 2021. We believe our dividend policy, as declared at the time of the IPO, is therefore a balanced one considering the huge visible growth pipeline that requires considerable amounts of funding. For 2021, we declared SAR 0.77 per share dividend. In line with our commitment of increasing dividend between 6 to 9% each year for the three years following our listing, we declared a SAR 0.83 per share dividend for the year 2022, which is subject to shareholders' approval at the upcoming General Assembly Meeting.

Our portfolio grew in size and scale with the signing of five PPAs and a WPA during 2022, and financial closing of three projects, in addition to the dry financial close of the USD 8.5 billion Neom Green Hydrogen Project, world's largest green hydrogen production project in construction, which came right after the year end.

As we keep growing in 2023 and beyond, maintaining the financial strength and health of the Company all the while funding the growth in the most optimal way that will ensure accomplishment of our strategic and financial targets, will unrelentingly stay at the core of our financial management agenda. ACWA Power has already demonstrated its capacity and capability in raising and recycling capital in many occasions including the landmark IPO in October 2021; we will continue to keep to these high standards going forward too.

[1] Operating income before impairment loss and other expenses.
[2] Adjusted profit/(loss) attributable to equity holders of the parent.

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Robust financial results

ACWA Power has delivered robust financial results in a year still blighted by the residual upheavals of the Covid pandemic, the Russia-Ukraine war fueling rampant inflation, restricted supply chains and rising interest rate environment, with all key financial indicators posting solid growth over 2021.

This section provides an analytical review of the financial performance of ACWA Power as at and for the financial year ended 31 December 2022, and it should be read in conjunction with the Company's audited consolidated financial statements for the subject period as audited by Ernst and Young & Co. Public accountants.

"Current quarter" or "Q4 2022" or "the fourth quarter of 2022" corresponds to the three-months period ended 31 December 2022 whereas "Q4 2021" or "the fourth quarter of 2021" corresponds to the three-months period ended 31 December 2021. "2022" or "2021" corresponds to the full year ended 31 December of the year mentioned. "Current year" corresponds to 2022 whereas "current period" corresponds to either 2022 or Q4 2022 depending on the context where it is used.

In the audited financial statements, certain figures for the prior periods have been reclassified to conform to the presentation in the current period.

↗ **Please refer to the Note 39 of the audited financial statements on page 293 of the Annual Report.**

This section may contain data and statements of forward-looking nature that may entail risks and uncertainties. The Company's actual results could differ materially from those expressed or implied in such data and statements as a result of various factors.

Key factors affecting the comparability of operational and financial results between reporting periods

Although the Company's business model of Develop, Invest, Operate, and Optimise allows it to generate and capture returns over the full life cycle of a project, these returns may differ from one reporting period to another, depending on the number of projects in the Company's portfolio and where these projects are in their project life cycles (i.e., in advanced development, under construction or in operation). Projects achieving financial close ("**FC**") and projects achieving either initial or project commercial operation dates ("**ICOD**" or "**PCOD**" respectively) are typical examples that may lead to such variances in the values presented on the financial statements from one period to another, potentially rendering analysis of these variations unreasonable without additional transparency. The Company considers this or similar type of transactions as "ordinary course of business." Accordingly, the financial value of these transactions does not lead into any financial adjustment to the Company's reported consolidated net profit for the period attributable to equity holders of the parent ("**reported net profit**"). For a summary of this type of transactions, please refer to the section *Material ordinary-course-of-business transactions that did not result in adjustment to the reported net profit for the year ended 2022*.

In addition to the above, there may be transactions that the management would consider as non-routine or non-operational as they are either one-off and are not expected to repeat in the future or are unusual in nature. The impact of such transactions on the reported net profit are adjusted in the respective period of their realisations to arrive at adjusted net profit attributable to equity holders of the parent ("**adjusted net profit**") for the concerned period. For a summary of this type of transactions, please refer to the section *Material transactions that resulted in adjustment to the reported net profit for the year ended 31 December 2022*.

Material ordinary-course-of-business transactions that did not result in adjustment to the reported net profit for the year ended 2022

Projects achieving financial close ("FC")

Typically, a project company achieves its FC when it has access to funding from its lenders. Upon achievement of the FC, the Company normally becomes entitled to recognise development fees from the project company and recover the project development and bidding costs, including reversal of any related provisions. Moreover, the Company typically earns additional service fees such as project and construction management fees, which are recognised during the construction period of the project based on pre-determined milestones.

The following table lists all projects that achieved their respective FCs in the past 24 months to 31 December 2022.

Financial closes in the past 24 months (January 2021 – December 2022)

Month	Project[1]	Location	Project cost SAR mn	Contracted capacity (power: MW / water: 000 m³ / day)	Accounting type[3]	ACWA Power's share[2]
Dec'22	Dzhankeldy	Uzbekistan	2,462	500 MW	Sub	100.00%
Dec'22	Bash	Uzbekistan	2,588	500 MW	Sub	100.00%
Oct'22	Shuaibah 3 RO	Saudi Arabia	2,894	600 m³ / day	EAI	68%
Dec'21	The Red Sea Project	Saudi Arabia	5,966	340 MW / 33 m³ / day	EAI	50.1%
Oct'21	Jizan IGCC	Saudi Arabia	45,000	3,800 MW	EAI	21.25%
Sep'21	Sirdarya CCGT IPP[3]	Uzbekistan	4,500	1,500 MW	Sub	100.00%
Jul'21	Sudair PV IPP	Saudi Arabia	3,563	1,500 MW	EAI	35.00%
May'21	Redstone CSP IPP[4]	South Africa	3,000	100 MW	EAI	49.00%

Source: Company information

1 Some of the projects may be in the process of closing the conditions precedent of their respective FCs.
2 ACWA Power's effective share as at the time shown under the Month column of the table. ACWA Power's effective shareholding as at 31 December 2022 may be different.
3 Sirdarya CCGT IPP is an equity-accounted investee, with the Company holding 51% effective shareholding as at 31 December 2022 following the Company's partial divestment in 2022.
4 Following the Company's partial divestment, effective shareholding of the Company in Redstone CSP IPP as at 31 December 2022 is 36.04%.

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Projects achieving initial or project commercial operation dates ("ICOD" or "PCOD")

A project starts providing power and/or water, partially or fully, under its offtake agreement in the year it achieves either ICOD or PCOD and begins recognising revenue and charging costs into the profit or loss statement. It is typically at this stage that NOMAC starts recognising its stable and visible O&M fees too.

Depending on its effective ownership and control relationship in the project, the Company either consolidates the financial results of the project (subsidiary) or recognises its share of net income in the project (equity-accounted investee) on the Company's consolidated financial statements. The Company additionally receives dividend distributions in proportion to its share in the project in case the project distributes such dividends.

The following table lists all projects that achieved their respective ICOD or PCOD and thus have begun contributing to the Company's results in the past 24 months to 31 December 2022.

ICOD/PCOD in the past 24 months (January 2021 – December 2022)

ICOD	PCOD	Project	Location	Online capacity[1] (power: MW / water: 000 m³ / day)	Accounting type[2]	ACWA Power's share[2]
Oct-22		Shuaa Energy 3 (partial)[3]	UAE	600 MW	EAI	24.00%
Aug-22		Shuaa Energy 3 (partial)[3]	UAE	500 MW	EAI	24.00%
	Aug-22	UAQ IWP	UAE	683 m³ / day	EAI	40.00%
	Jun-22	Al Dur 2 (power)	Bahrain	1,500 MW	EAI	60.00%
	Jun-22	Al Dur 2 (water)	Bahrain	227 m³ / day	EAI	60.00%
Jun-22		Taweelah IWP	UAE	455 m³ / day	EAI	40.00%
May-22		Shuaa Energy 3 (partial)[3]	UAE	400 MW	EAI	24.00%
Dec-21		UAQ IWP (partial)	UAE	227 m³ / day	EAI	40.00%
Dec-21		Noor Energy 1 (PV-1) (partial)	UAE	217 MW	EAI	24.99%
	Dec-21	Rabigh 3 IWP	Saudi Arabia	600 m³ / day	Sub	70.00%
Oct-21		Jizan IGCC (partial)	Saudi Arabia	1,500 MW	EAI	21.25%
Sep-21		Hassyan IPP (Unit 2)	UAE	600 MW	EAI	26.95%
	Aug-21	Ibri 2 PV IPP	Oman	500 MW	EAI	50.00%
Jul-21		Shuaa Energy 3 (partial)[3]	UAE	300 MW	EAI	24.00%
May-21		Al Dur 2 (power)	Bahrain	1,500 MW	EAI	60.00%
	Mar-21	Salalah IWP	Oman	114 m³ / day	EAI	50.10%
Feb-21		Al Dur 2 (water) (partial)	Bahrain	114 m³ / day	EAI	60.00%

Source: Company information

↗ Details on the Company's entire portfolio of projects can be found on the Company's website

[1] Cumulative total capacity that is online as at the stated date.
[2] ACWA Power's effective share as at the time shown under the Month column of the table. ACWA Power's effective shareholding as at 31 December 2022 may be different.
[3] Following the Company's partial divestment, subject to the completion of the conditions precedent of the SPA, effective shareholding of the Company in Shuaa Energy 3 will be reduced to 12.24%.

Liquidity management and financial optimisation

During 2022, the Company has initiated and/or completed several transactions as part of its group-wide liquidity management and financial optimisation agenda.

Partial prepayment of APMI One's ACWA 39 Bond

In May 2017, APMI One, ACWA Power's 100%-owned subsidiary, issued bonds with an aggregate principal amount of USD 814.0 million (SAR 3,052.5 million). The bonds are listed on the Irish Stock Exchange and are non-recourse to ACWA Power.

During the year, ACWA Power, through APMI One, has partially bought back pre-amortisation aggregate principal amount of USD 400.7 million (SAR 1,502.7 million) of bonds at a discount through a tender offer. The Company recognised a gain of SAR 74.8 million on the buyback, net of the proportionate share in the unamortised transaction cost in relation to the bond's issuance, which is presented within other income on the consolidated statement of profit or loss.

Prepayment of Silk Road Fund's convertible loan

During 2018, ACWA Renewable Energy Holdings Limited ("APREH") entered into a convertible, interest-bearing loan agreement with CVXF Inc. (a subsidiary of Silk Road Fund ("SRF") of China) at an amount of SAR 1,361.2 million, which was partly exercised and converted into equity. The Company fully prepaid the remaining outstanding balance on 30 September 2022.

Early settlement of equity bridge loans ("EBL" or "EBLs")

During the year, the Company prepaid in full its portion of the EBLs in Rabigh 3 and Sakaka projects and terminated the hedges placed in relation to ACWA Power's portion of these EBLs. Consequently, respective projects have transferred to the Company an aggregate gain amounting to SAR 55.7 million realised from the settlement of the hedging contracts, which the Company disclosed under other income on the consolidated statement of profit or loss.

Refinancing of Barka Water and Power Projects SAOG ("Barka")

During the year, Barka, a subsidiary of the Company, concluded restructuring of its senior debt amounting to OMR 24.1 million (SAR 236.2 million). The loan carries an annual effective interest rate of 5.5%.

Refinancing of Rabigh Arabian Water and Electricity Company ("RAWEC")

During the year, RAWEC, a subsidiary of the Company, concluded the second phase of its debt refinancing. A new facility amounting to SAR 2,231.2 million was drawn in two tranches, at a 4% fixed rate each, repayable on a semi-annual basis from June 2022 with the final instalments to be paid in June 2034. Upon successful completion of the refinancing, RAWEC paid a one-off fee of SAR 236.3 million to the offtaker in accordance with the terms of the Water and Energy Conversion Agreement ("WECA"). The payment has been classified as other asset and will be amortised over the remaining term of the WECA.

Restructuring and refinancing of Shuaibah Water and Electricity Company ("Shuaibah 3" or "SWEC")

On 20 June 2022, Shuaibah 3, an equity-accounted investee of the Company, signed a new WPA that amended and restructured the existing PWPA as part of the conversion of the existing plant ("Old Plant") from an oil-fired asset to a seawater reverse osmosis desalination plant ("RO Plant").

The RO plant, at an estimated total investment cost of around SAR 3 billion, will be developed under a concession period of 25 years, with the project commercial operation date ("PCOD") scheduled for Q2 2025, until when the Old Plant shall continue to operate. Upon achieving the PCOD, the Old Plant shall be decommissioned although the underlying project company will continue to receive the capacity payments (as adjusted for the average availability based on the last three years' performance before decommissioning), until the expiry of the original PWPA term of Q1 2030. The project company has accounted for this transaction under IFRS16 for lease modifications. The transaction has no impact on consolidated statement of profit or loss or financial position of the Company.

Following the restructuring, SWEC has successfully replaced USD and SAR tranches of its then existing outstanding senior debt of USD 415 million and SAR 285 million with USD 420 million and SAR 285 million facilities, respectively, repayable semi-annually with final instalment to be paid in January 2026. Additionally, the then existing subordinated debt facility of USD 112 million was replaced with a USD 230 million subordinated debt facility at a favorable interest rate, repayable semi-annually with final instalment to be paid in January 2026.

Partial divestment of ACWA Power Redstone Holding (RF) Proprietary Limited ("Redstone")

On 28 July 2022, ACWA Power Green Energy Africa Proprietary Limited (a 100%-owned subsidiary of ACWA Power) (the "Seller") entered into a Sale and Purchase Agreement ("SPA") with a third-party buyer (the "Buyer") in relation to the Seller's 25.92% partial shareholding in Redstone (a 98%-owned subsidiary of the Seller before the SPA) for an agreed consideration of ZAR 276.8 million (SAR 61.0 million). Legal formalities in relation to the share transfer were completed in December 2022.

Full divestment of Vinh Hao 6 Power Joint Stock Company ("Vinh Hao")

On 20 October 2022, ACWA Power entered into a Sale and Purchase Agreement ("SPA") for the sale of its complete 60% stake in Vinh Hao, Vietnam, an equity-accounted investee of the Company, subject to the satisfaction of conditions precedent in the SPA. For the purpose of these consolidated financial statements, carrying value of ACWA Power's investment in Vinh Hao amounting to SAR 77 million was classified as assets held for sale.

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Partial divestment of Shuaa Energy 3
In December 2022, a Sale and Purchase Agreement ("SPA") was entered into for the partial divestment of Shuaa Energy 3 project. Legal formalities with respect to divestment are not completed as of 31 December 2022; following the completion, the Company's effective shareholding in Shuaa Energy 3 project will be reduced to 12.24% from 24.00%.

Partial divestment of ACWA Power Uzbekistan Project Holding Company (the "Investee Company")
On 14 September 2022, ACWA Power entered into a Sale and Purchase Agreement ("SPA") with the Silk Road Fund of China – CVXF Inc. ("SRF") for the sale of a 49% stake in the Investee Company, a wholly-owned subsidiary before the SPA, which holds 100% stake in ACWA Power Sirdarya, the project company for the 1,500 MW Sirdarya CCGT project (the "Sirdarya") in Uzbekistan that is under construction. Legal formalities in relation to divestment were completed on 27 December 2022. Consequently, ACWA Power lost control in the Investee Company, recognised a gain of SAR 235.7 million and started to account for the Sirdarya using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements.

Full divestment of Shuqaiq Water and Electricity Company ("SQWEC")
The SQWEC sale transaction that was entered into in September 2021 was completed on 17 March 2022, the sale consideration of SAR 391.4 million has been settled and the Company recorded a net loss of SAR 17.2 million, mainly driven by recycling of cash flow hedge reserve deficit and allocation of goodwill on disposal.

Material transactions that resulted in adjustment to the reported net profit for the year ended 31 December 2022

Provision/(reversal) of provision for project development cost in relation to a coal project
In 2020, ACWA Power has decided not to pursue any new coal projects in line with its commitment towards decarbonisation and has fully written off the incurred project development and related costs of the Nam Dinh 1 IPP coal project in Vietnam amounting to SAR 80.9 million. Following the successful completion of the transfer of the Company's effective shareholding to a new partner, the Company fully reversed a provision for project development cost of SAR 14.3 million in 2022 and posted an adjustment of the same amount in arriving at adjusted net profit for the year ended 2022 (as the impact of the original transaction was an adjusting item in 2020).

Impairment in Barka Water and Power Projects SAOG ("Barka")
Barka is a subsidiary of the Company, comprising one conventional power generation plant, one multi-stage flash (MSF) water desalination plant and two reverse osmosis (RO) water desalination plants. Due to the non-renewal of the power side (PPA) of the PWPA in 2021 by the offtaker and existing unfavorable spot market in Oman, an impairment assessment was performed by the management under IFRS to assess the recoverable amount. The recoverable amount was assessed to be lower than the carrying amount of the asset and an impairment of SAR 121.6 million (ACWA Power's share is SAR 51 million) was charged in 2022 (2021: nil), which was subsequently adjusted to arrive at adjusted net profit.

On 2 February 2022, Barka extended its WPA for the RO plants for the next 23 months with an option to extend further by another nine months. Following the renewal of the WPA, Barka successfully restructured its senior debt (please refer to *Refinancing of Barka Water and Power Projects SAOG ("Barka")*).

Key financial indicators

ACWA Power's management uses several key performance metrics to review its financial performance. These metrics are defined and analysed below.

Operating income before impairment loss and other expenses

Operating income before impairment loss and other expenses represents ACWA Power's consolidated operating income before impairment loss and other expenses for the continuing operations and includes ACWA Power's share in net income of its equity-accounted investees.

SAR mn	Full year (12M)		
	2022	2021	% change
Operating income before impairment loss and other expenses	2,614	2,303	13.5%

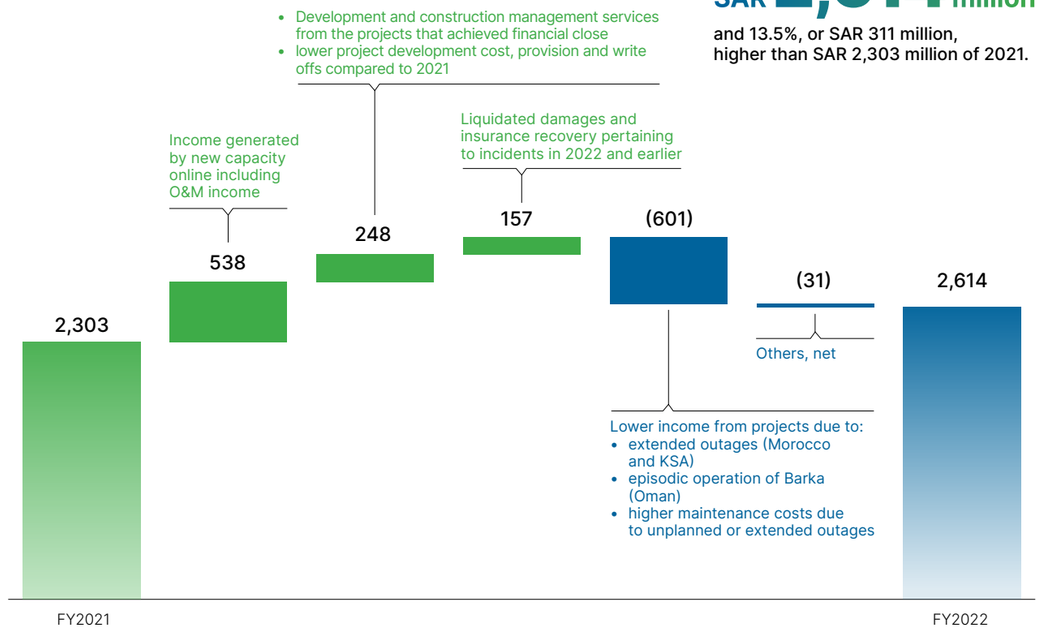
Source: audited financial statements

For the year ended 31 December 2022 ("2022")
Operating income before impairment loss and other expenses for 2022 was SAR 2,614 million and 13.5%, or SAR 311 million, higher than SAR 2,303 million of 2021. The higher variance was mainly due to:

(i) new contribution or full year impact together with the corresponding O&M income from projects that achieved their ICOD/PCODs during or after 2021 (please refer to *Projects achieving initial or project commercial operation dates ("ICOD" or "PCOD")*);
(ii) higher contribution from development and construction management services for the projects which achieved financial close during the year (please refer to *Projects achieving financial close ("FC")*);
(iii) lower project development cost, provision and write-offs, net of reversals, due to higher provisions/write offs in 2021;
(iv) recognition of liquidated damages and insurance recovery pertaining to incidents in 2022 and earlier; and
(v) higher employee long-term incentive plan (LTIP) expense in 2021 that was recognised for both full year 2020 and 2021.

These were partially offset by:
(i) reversal of an impairment loss of SWEC in 2021;
(ii) lower contribution from projects on account of
  a) extended outages in certain power generation plants, mainly Noor 3 in Morocco and Al Mourjan in Saudi Arabia, all of which are back to normal operation;
  b) episodic operation of Barka power plant in Oman due to expiry of the offtake contract;
  c) higher maintenance costs in some plants due to unplanned and/or extended outages; and
(iii) higher corporate expenses.

Operating income before impairment loss and other expenses, SAR mn



Operating income before impairment loss and other expenses for 2022 was **SAR 2,614 million** and 13.5%, or SAR 311 million, higher than SAR 2,303 million of 2021.

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Adjusted profit attributable to equity holders of parent

Adjusted net profit represents profit/(loss) after adjusting the consolidated profit/(loss) attributable to equity holders of the parent ("reported net profit") for the financial impact of non-routine, unusual or non-operational items (please refer to *Key factors affecting the comparability of operational and financial results between reporting periods)*.

SAR mn	Full year (12M)		
	2022	2021	% change
Profit attributable to equity holders of the parent ("Reported net profit")	**1,540**	**759**	**103.0%**
Adjustments:			
Impairment in relation to subsidiaries and equity-accounted investees, net	54	123	
Provision/(reversal) on Vietnam coal project development costs	(14)	-	
IPO incentive plan grants expense	-	280	
Provision for long-term incentive plan	-	29	
Provision for Zakat and tax on prior year assessments	-	13	
Others	(5)	(11)	
Net adjustments	35	435	
Adjusted profit attributable to equity holders of the parent ("Adjusted net profit")	**1,575**	**1,194**	**32.0%**

Source: Company information

For the year ended 31 December 2022 ("2022")
Adjusted net profit for 2022 was SAR 1,575 million, and 32%, or SAR 381 million, higher than SAR 1,194 million of 2021.

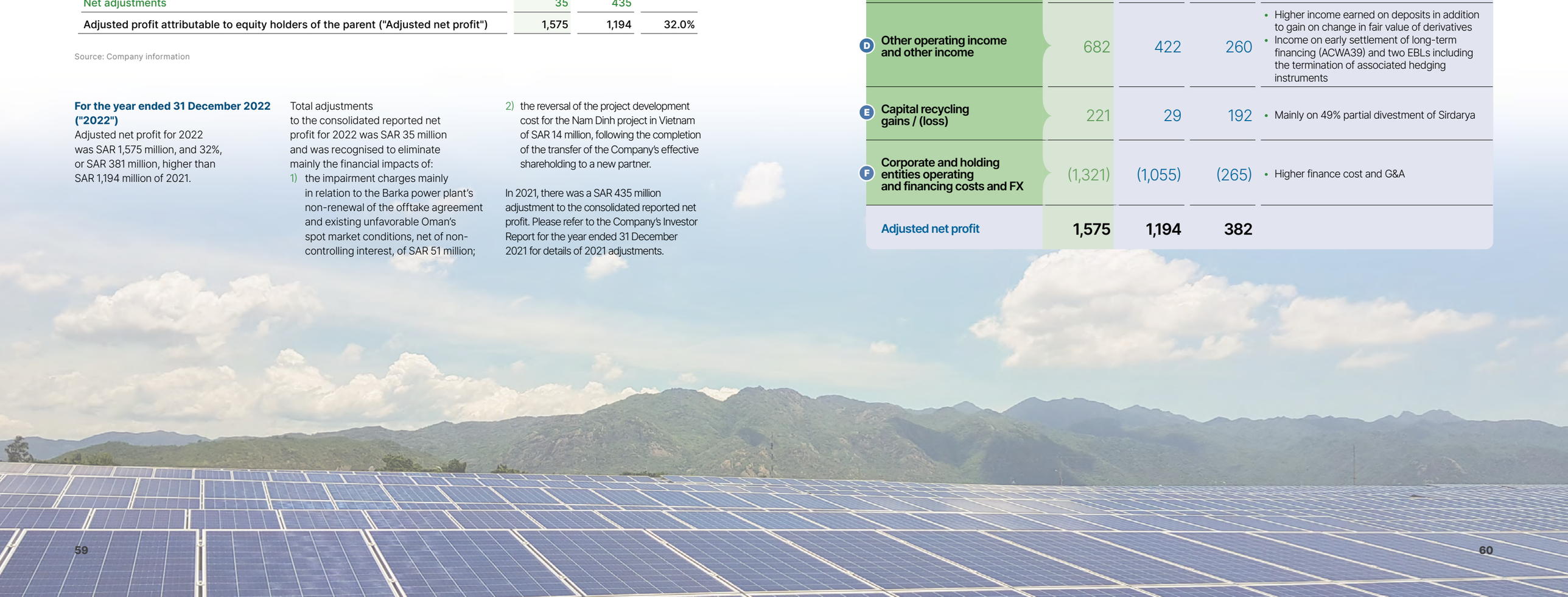
Total adjustments to the consolidated reported net profit for 2022 was SAR 35 million and was recognised to eliminate mainly the financial impacts of:

1) the impairment charges mainly in relation to the Barka power plant's non-renewal of the offtake agreement and existing unfavorable Oman's spot market conditions, net of non-controlling interest, of SAR 51 million;
2) the reversal of the project development cost for the Nam Dinh project in Vietnam of SAR 14 million, following the completion of the transfer of the Company's effective shareholding to a new partner.

In 2021, there was a SAR 435 million adjustment to the consolidated reported net profit. Please refer to the Company's Investor Report for the year ended 31 December 2021 for details of 2021 adjustments.

Adjusted net profit by building block

SAR mn	FY 2022	FY 2021	Change	Major drivers
A Development and construction management services	804	653	150	• Higher development fees on account of projects achieving FC • Additional service (project and construction management) fees, which are recognised during the construction period of a project based on pre-determined milestones
B Share of net income of projects before Impairment	667	754	(87)	• New contribution from projects coming online or contributing with full-year impact • Recognition of liquidated damages and insurance recovery for current and prior years • Lower contribution from projects due to a) extended outages in certain power generation plants; b) episodic operation of Barka power plant; c) higher maintenance costs due to unplanned or extended outages • Higher deferred tax expense in Morocco
C NOMAC profit attributable to owners of the Company	523	390	132	• Mainly because of new contribution from projects coming online or contributing with full-year impact
D Other operating income and other income	682	422	260	• Higher income earned on deposits in addition to gain on change in fair value of derivatives • Income on early settlement of long-term financing (ACWA39) and two EBLs including the termination of associated hedging instruments
E Capital recycling gains / (loss)	221	29	192	• Mainly on 49% partial divestment of Sirdarya
F Corporate and holding entities operating and financing costs and FX	(1,321)	(1,055)	(265)	• Higher finance cost and G&A
Adjusted net profit	**1,575**	**1,194**	**382**	



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Consolidated profit attributable to equity holders of the parent

Reported net profit for 2022 was SAR 1,540 million and 103%, or SAR 781 million, higher than SAR 759 million of 2021.

In addition to SAR 311 million higher operating income before impairment loss and other expenses (please refer to *Operating income before impairment loss and other expenses*), the growth was largely driven by:

- lower impairment loss and other expenses in 2022 by SAR 105 million, mainly driven by the recognition of a one-time share-based IPO grant expense of SAR 280 million in 2021, partially offset by the recognition of arbitration/ legal claim and supplier settlements of SAR 112 million and higher impairment charges by SAR 62 million;
- higher other income, net, by SAR 353 million, mainly driven by:
  1) higher income earned on deposits in addition to gain on change in fair value of derivatives, in aggregate by SAR 205 million;
  2) income in relation to early settlement of long-term financing and funding facilities and termination of hedging instruments by SAR 113 million (please refer to *sections Partial prepayment of APMI One's ACWA 39 Bond and Early settlement of equity bridge loans (EBLs)*).
- higher profit from discontinued operations by SAR 282 million, mainly on account of the gain recognised on sale of a 49% stake in Sirdarya (please refer to *Partial divestment of ACWA Power Uzbekistan Project Holding Company (the "Investee Company")*).
- higher net loss attributable to non-controlling interests (NCI) by SAR 49 million;

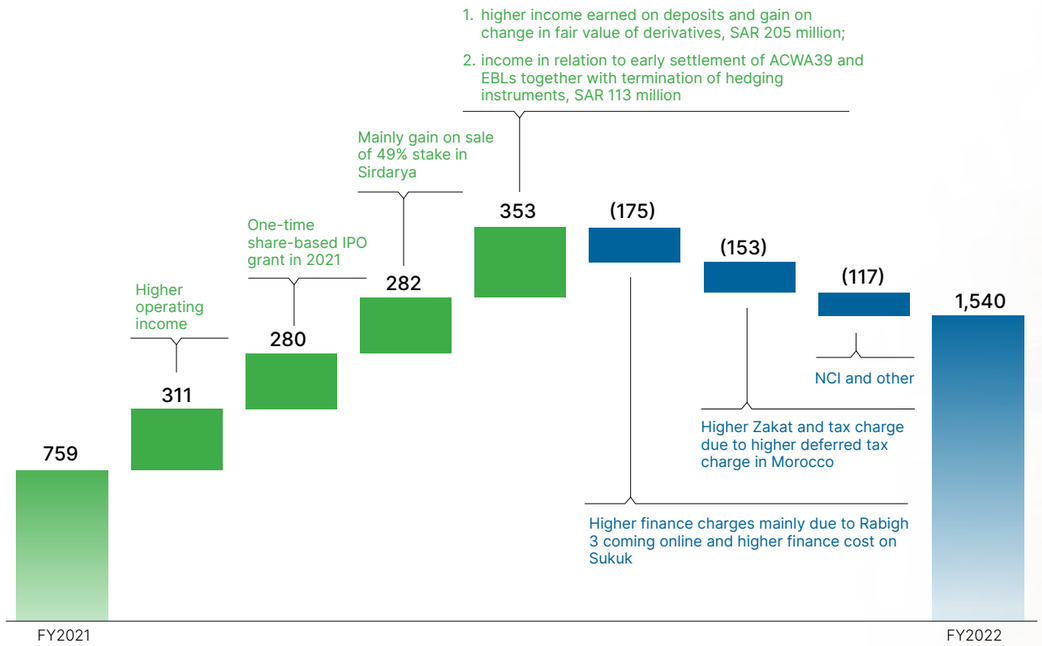
which were partially offset by
1) higher finance charges by SAR 176 million mainly due to Rabigh 3 coming into operations and higher finance cost on Sukuk; and
2) higher Zakat and tax charge by SAR 153 million.

Reported net profit for 2022 was

SAR 1,540 million

and 103%, or SAR 781 million, higher than SAR 759 million of 2021

Consolidated net profit (reported net profit), SAR mn



Significant subsequent events

Jazan Integrated Gasification Combined Cycle project ("JIGCC")

On 22 January 2023, Jazan Integrated Gasification and Power Company (a joint venture of the Group) completed acquisition of the second group of assets for the JIGCC. JIGCC involves the acquisition of plant assets and equipment from Saudi Arabian Oil Company amounting to USD 12 billion (SAR 45 billion). The acquisition of the first group of assets was completed on 27 October 2021 and with the transfer of Group 2 assets, JIGCC has now taken over more than 95% of the total assets, and the remaining assets are expected to be transferred by the end Q3 2023.

Issuance of Sukuk

On 2 February 2023, the Company completed the issuance of SAR 1,800 million Sukuk under its SAR 5,000 million Sukuk issuance programme. The Sukuk issuance bears a return based on three months Saudi Arabia Interbank Offered Rate (SIBOR) plus a pre-determined margin payable quarterly in arrears, i.e. (+0.95% p.a. from 1 February 2023, with a step-up to +1.05% p.a. from and including the fifth anniversary of the issue date). The Sukuk will be redeemed at par on its maturity, i.e. seven years from the date of the issuance, with a call option effective on or after five years from the issuance date.

Dividends

On 26 January 2023, the Board of Directors approved a dividend payment of SAR 606.8 million (SAR 0.83 per share) for the year 2022, payable during 2023. The proposed dividends are subject to approval of the shareholders at the Ordinary General Assembly Meeting.
The Company has reported the proposed dividends as part of its shareholders' equity on the consolidated statement of financial position.

PERFORMANCE REVIEW

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Parent operating cash flow (POCF)

POCF represents parent level, or corporate, operating cash and comprises

1) distributions from the project companies and NOMAC;
2) development, construction management and other fee revenues;
3) cash generated by financial optimisation activities including partial and/or full divestments of the Company's investments and refinancings.

These cash flows are then reduced by corporate general, administrative expenses, Zakat and tax expenses and capital expenditures as well as the financial expenses related to the ACWA39 non-recourse bond.

POCF for 2022 was

SAR 4,162 million

and 158%, or SAR 2,550 million, higher than SAR 1,612 million of 2021, mainly on account of higher cash inflows by SAR 2,510 million and a slight decrease in cash outflows by SAR 40 million.

Parent operating cash flow ("POCF")

SAR mn

	2022	2021	% change
Distributions	1,286	1,163	10.6%
Development and construction management services	882	1,001	(11.9%)
Fees and other services	418	323	29.4%
Capital recycling	2,411	–	0.0%
Total cash inflow	**4,997**	**2,487**	**100.9%**
G&A, Zakat expenses, CAPEX	(659)	(688)	(4.2%)
Financial expenses	(176)	(187)	(5.9%)
Total cash outflow	**(835)**	**(875)**	**(4.6%)**
Total parent operating cash flow	**4,162**	**1,612**	**158.2%**
Total discretionary cash	9,015	9,403	(4.1%)
Total uses of cash	(4,718)	(4,883)	(3.4%)
Year-end cash balance	4,297	4,520	(4.9%)

Source: Company information

Total cash inflows increased by 100.9%, or SAR 2,510 million, due to the proceeds from:

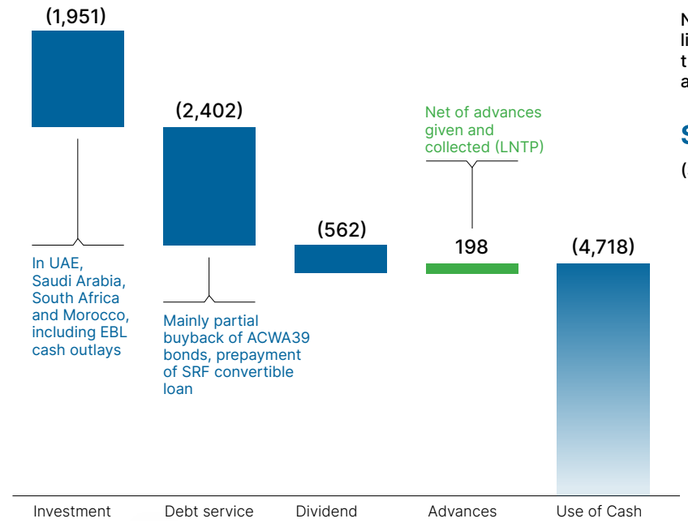
1) the refinancing (please refer to the *section Refinancing of Rabigh Arabian Water and Electricity Company ("RAWEC")*) and subsequent capital reduction of RAWEC;
2) the divestment of SQWEC (please refer to *Full divestment of Shuqaiq Water and Electricity Company ("SQWEC")*); and
3) the repayment of a shareholder loan from Sirdarya following a partial divestment by the Company (please refer to *Partial divestment of ACWA Power Uzbekistan Project Holding Company (the "Investee Company")*.

Total discretionary cash (TDC) and year-end cash

Total discretionary cash comprises the corporate opening cash for the current year, the POCF and new equity or debt capital raised by the Company, if any.

TDC for 2022 was SAR 9,015 million and 4.1%, or SAR 388 million, lower than SAR 9,403 million of 2021 mainly on account of the additional debt and equity capital that the Company raised in 2021, including the proceeds from Sukuk Tranche 1 and the Company's IPO, which also resulted in higher opening cash for 2022.

Uses of cash, SAR mn



Net of the SAR 470 million collection of a limited notice to proceed (LNTP) advance, the Company's uses of cash during 2022 amounted to

SAR 4,718 million

(SAR 5,188 million gross uses of cash)

Net of the SAR 470 million collection of a limited notice to proceed (LNTP) advance, the Company's uses of cash during 2022 amounted to SAR 4,718 million (SAR 5,188 million gross uses of cash). The Company used SAR 5,188 million as follows:

1) debt service of SAR 3,158 million, including
   (i) partial buyback of ACWA 39 bonds at pre-amortisation aggregate amount of SAR 1,408 million (please refer to *Partial prepayment of APMI One's ACWA39 Bond*);
   (ii) prepayment of outstanding SRF convertible loan and payment of several other EBLs, altogether amounting to SAR 1,549 million (please refer to *the section Prepayment of Silk Road Fund's convertible loan* and section *Early settlement of equity bridge loans ("EBL" or "EBLs")*);
2) SAR 1,195 million for investment in its projects including in UAE, Saudi Arabia and South Africa;
3) SAR 562 million for dividends; and
4) SAR 272 million for other advances and project development costs.

Total year-end cash on 31 December 2022 stood at SAR 4,297 million and was 4.9%, or SAR 223 million, lower than the year-end cash balance on 31 December 2021.

PERFORMANCE REVIEW

FINANCIAL REVIEW

Parent level leverage

Parent level, or corporate, leverage consists of

1) borrowings with recourse to the parent;
2) off-balance sheet guarantees in relation to the equity bridge loans (EBLs) and equity letters of credit (LC) and other equity-related commitments; and
3) options entered with lenders of mezzanine debt facilities by the Company's JVs or subsidiaries.

Parent level net leverage represents parent level leverage net of the year-end corporate cash.

Parent net leverage stood at SAR 8,818 million as at 31 December 2022 and was 8.8%, or SAR 712 million, higher than SAR 8,106 million as at 31 December 2021, driven by higher total parent leverage by 3.9%, or SAR 488 million, and marginally lower year-end corporate cash balance by 4.9%, or SAR 223 million.

Total on-balance sheet leverage stood at SAR 6,553 million and was 5.2%, or SAR 356 million, lower than SAR 6,909 million as at 31 December 2021. Corporate borrowings at SAR 2,792 million comprised Sukuk and corporate revolving facilities, which remained flat versus 2021. Project recourse borrowings at SAR 2,941 million were higher by 19% mainly on account of new recourse debt for several projects, partially offset by

1) the repayment of recourse debt in relation to other projects and
2) reclassification of the Sirdarya EBL commitment to off-balance sheet leverage following partial divestment (please refer to *the section Partial divestment of ACWA Power Uzbekistan Project Holding Company (the "Investee Company")*), which resulted in the project being treated as an equity-accounted investee instead of a subsidiary.

Other liabilities at SAR 820 million decreased by 50% mainly because of the prepayment of an outstanding loan (please refer to *the section Prepayment of Silk Road Fund's convertible loan)* and a reduction in coal supply derivative liability, which were partially offset by interest unwinding on the PIF loan for the current year.

Total off-balance sheet leverage stood at SAR 6,562 million and was 14.8%, or SAR 845 million, higher than SAR 5,717 million as at 31 December 2021, mainly as a result of a reclassification of the Sirdarya EBL commitment from on-balance sheet to off-balance sheet leverage following partial divestment in addition to other EBL commitments for projects including the Shuaibah 3 IWP.

Parent level leverage

SAR mn

	31-Dec-22	31-Dec-21	% change
Corporate borrowings (incl. CRF)	2,792	2,790	0.1%
Project recourse borrowings	2,941	2,479	18.6%
Other liabilities	820	1,640	(50.0%)
Total on-balance sheet leverage	**6,553**	**6,909**	**(5.2%)**
Total off-balance sheet leverage[1]	6,562	5,717	14.8%
Total parent leverage	**13,115**	**12,627**	**3.9%**
Less: year-end cash balance	(4,297)	(4,520)	(4.9%)
Parent net leverage	8,818	8,106	8.8%
Net tangible equity[2]	13,756	12,892	6.7%
Parent net leverage to POCF ratio	2.12x	5.03x	(2.91)x
Parent net leverage to Net tangible equity ratio	0.64x	0.63x	0.01x

Source: Company information

[1] In 2022, the Company has decided not to include the guarantees on behalf of its subsidiaries or associates including NOMAC's to cover their non-funded obligations in its corporate leverage calculation due their non-funded nature and very low likelihood of them being called based on historical evidence. Accordingly, the Company has restated 2021 figures for comparability purposes.

[2] Equity attributable to owners of the Company before other reserves, net of intangible assets such as goodwill and project development costs.

Leverage ratios

The Company's management monitors two ratios with respect to its net leverage position, namely Parent Net Leverage to POCF ratio and Parent Net Leverage to Net Tangible Equity ratio.

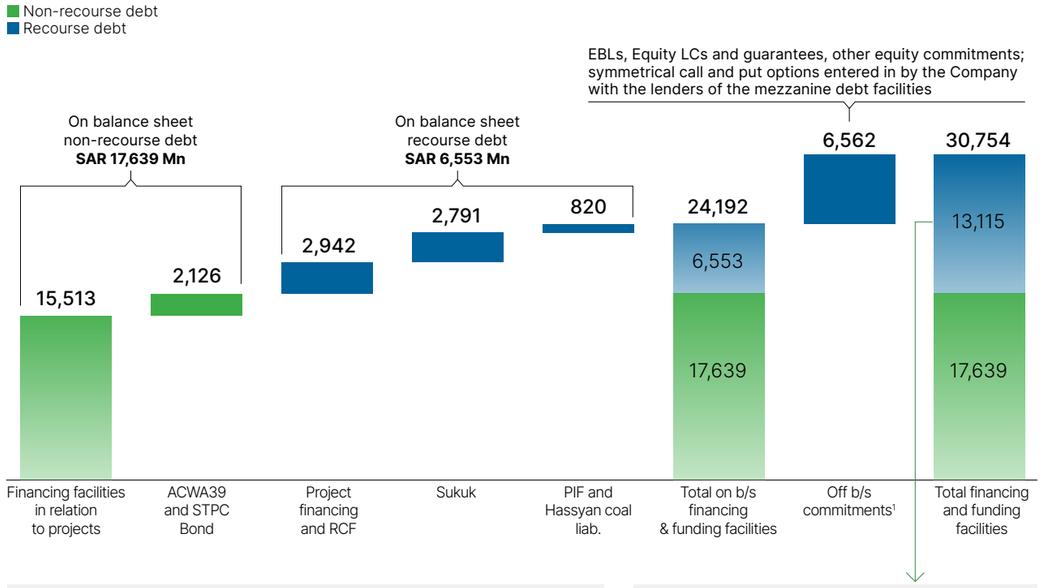
As at 31 December 2022, the Parent Net Leverage to POCF ratio stood at 2.12x (times) and was 2.91x (times) lower than the 5.03x (times) as at 31 December 2021, mainly due to higher POCF (please refer to *the section Parent operating cash flow ("POCF")).*

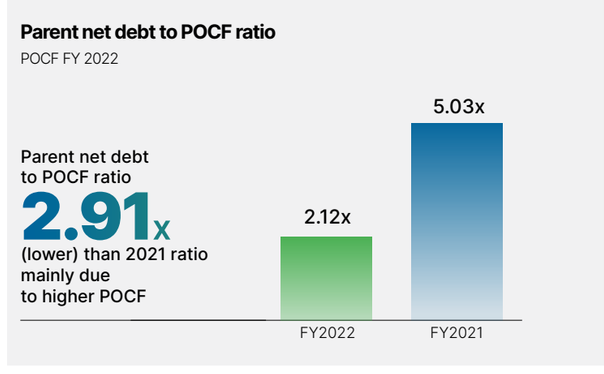
As at 31 December 2022, the Parent Net Leverage to Net Tangible Equity ratio stood at 0.64x (times) and remained stable versus 2021 as a result of proportional increases in parent net leverage and net tangible equity balances between 2021 and 2022.

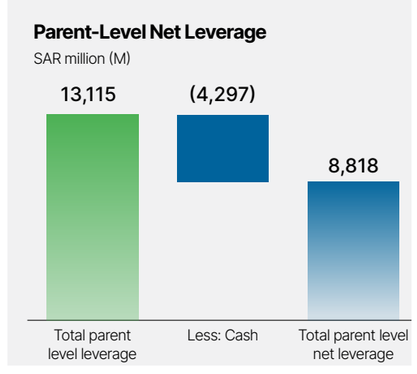
Leverage and parent net debt

Long–term financing and funding facilities

As at 31 Dec 2022, SAR in millions







Source: Company information

[1] In 2022, the Company has decided not to include the guarantees on behalf of its subsidiaries or associates including NOMAC's to cover their non-funded obligations in its corporate leverage calculation due their non-funded nature and very low likelihood of being called based on historical evidence. Accordingly, the Company has restated 2021 figures for comparability purposes.

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OPERATIONAL REVIEW

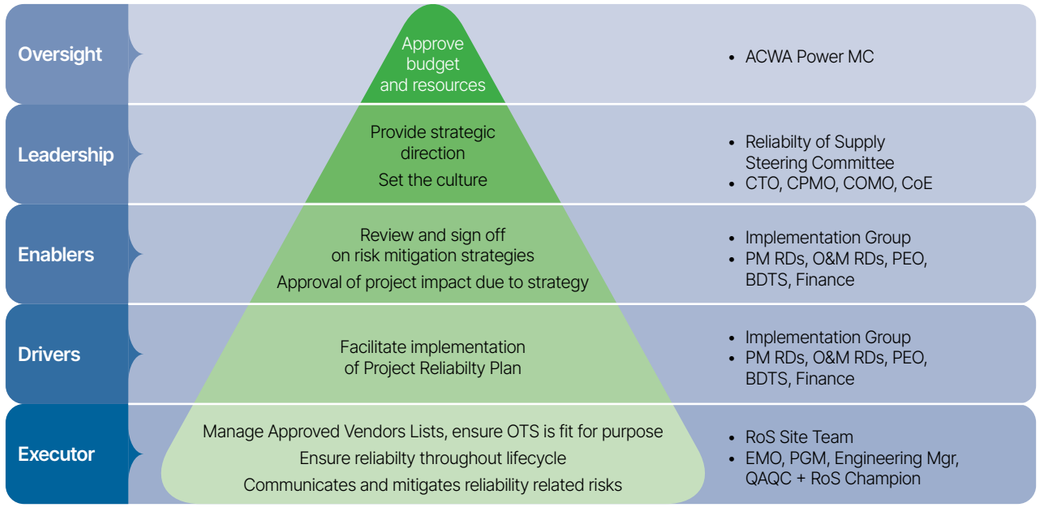
Setbacks on account of unplanned outages

While reliability of supply, ultimately measured at plant level as the power and water made available for dispatch ("plant availability") is core to our operational performance, 2022 has been a disappointing one, given the number and duration of unplanned plant outages in some of our critical plants.

During 2022, we faced several reliability challenges mainly due to equipment issues (as in IBRI IPP in Oman and Al Mourjan IPP in Saudi); construction defects as at Noor 3 CSP IPP in Morocco; and other factors impacting various projects across the portfolio. Thanks to the outstanding efforts by our O&M teams and the support of the original equipment manufacturers (OEMs), all these plants have been brought back online in the shortest possible time.

Largely affected by the unusually long outages in Noor 3 CSP and Al Mourjan gas plants, our consolidated power availability for the year stayed at 87% and it was one of the lowest historically. In this context, overall power availability excluding these two plants was at 90% – still lower than our best, and our renewable plant availability was at 97%, if Noor 3 CSP's year-long outage is excluded from the calculation. Our desalinated water plants' consolidated availability at 97% for 2022 was in line with our historical stellar track record.

Reliability of supply improvement initiatives



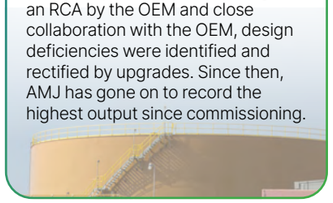
The reliability of supply (RoS) is one of our fundamental business priorities in ACWA Power as we understand the importance of sustaining an uninterruptible supply of electricity and desalinated water to the communities we serve. Hence, the company, with the support of the respected organisation "EPRI" (Electric Power Research Institute), has defined a unique reliability improvement programme that focuses on the full plant life cycle, from project bidding, design and construction to operation, by looking at all critical equipment and ensuring that we are in a proactive mode. Under the comprehensive RoS framework, this programme defines the roles and responsibilities of different stakeholders and an appointed ROS Steering Committee (CTO, CPMO, COMO) provides strategic direction and sets the culture.

In 2022, we decided to invest with additional capex across functional teams to address all chronic issues identified mainly due to equipment design issues, QA/QC construction defects and other factors. We launched the RoS Enhancement Programme as a fleetwide approach that focuses on eliminating the common causes of equipment failures. It is a continuous reliability improvement programme that uses the fleet performance analysis outcomes to identify new targets for the RoS mitigation actions periodically. Some examples of actions taken in this programme included the design-related issues with the GT26 compressor, Al Mourjan turbine generator and NOORo III molten salt tank.

GT26 – several design issues have been uncovered on the 2006 version of the compressor where vane natural frequency interactions / excitation have led to multiple forced outages. With the support of the original equipment manufacturer (OEM) and third-party expertise support, we have analysed the issues and compressor upgrades have been implemented.

AL Mourjan (AMJ)

A single prolonged event on a steam turbine generator was a major contributor to the losses reported at Al Mourjan in 2022. Following an RCA by the OEM and close collaboration with the OEM, design deficiencies were identified and rectified by upgrades. Since then, AMJ has gone on to record the highest output since commissioning.



Noor 3 salt tanks

A hot molten salt tank was found leaking salt at the end of 2021 in the Noor 3 project. Repair of the tank including improvement in the design was performed and finalised. Start-up of the plant and synchronisation finished on 4 December 2022. ACWA Power/ NOMAC are monitoring the repaired tank and the rest of the systems to anticipate other failures. New engineering has been defined to build a new tank as a permanent solution that eventually will warrant reliability of the plant in the long term.

The proactive side of ACWA Power reliability improvement efforts is now focusing on the early stage of the asset life cycle through the execution of the RoS checklist at the design, installation, and commissioning phases. These checklists are created based on the fleet lessons learned database, Failure Modes and Effects Analysis, an external risk survey, insurance recommendations and personal records for the critical plant equipment. To ensure continuous monitoring and tracking of all actions implemented, we launched a comprehensive digital platform that manages the checklists creation, review, update and implementation process, which enables us to identify reliability risks as early as possible so the feasible risk mitigation can be planned and executed before the O&M phase.

To enhance our operation as well, we have launched two major programmes.

The first one emphasises the single point of failure of "high" residual risk components that have a partial and/or full impact on plant availability (power and water).

This initiative helps determine plant spares requirements to enhance the maintenance strategy and work management while improving the equipment uptime.

The second one is a critical systems mitigation plan for reliability risks that pass to the O&M stage; this focuses on critical plant systems risk mitigation through the implementation of a continuous asset health dashboard, condition monitoring programmes, asset life assessment, risk-based inspection, and other means. This allows the O&M team to be proactive and mitigate any possible risks.

To complement these efforts, ACWA Power uses the state-of-the-art predictive analytics solution within two Monitoring and Prediction centres (MPCs), one each in Dubai and Jeddah, which plays a pivotal role in the early detection of anomalies, performance degradations and diagnostic analysis so that corrective actions can be better planned and executed at lower costs and with less service interruption. Such solutions use machine learning (ML), artificial intelligence (AI), and physics-based analytics to build digital twin modelling of the full plant.

Finally, in response to these outages and to bring the affected plants back to service in the shortest possible time, our O&M team is continuously partnering and working hard with the OEMs to manage any foreseen challenge.

Our reliability vision

As we keep growing, we expect more challenges; hence, we continue to improve our reliability culture, increase standardisation, and enable more digitalisation to comply more with the international best practice in digital asset management so we experience less than anticipated failures or events of harm, despite operating in complex or risky environments. Our continuous goal is to remain the most responsible and reliable operator.

Safety

Safety is our core value and the cornerstone of our projects under construction and operations, which accumulated 80 million manhours in 2022 and a lost-time incident (LTI) rate of 0.02. Although we place the greatest emphasis on the safety of our people and plants towards creating a zero-harm culture, we could not prevent the tragic loss of three colleagues while working at Umm El Quwain, Sirdarya and QIPP projects in 2022.

We are relentless and will continue to work towards achieving our goal of zero workplace injury. Having set up an Executive Safety Committee, comprising C-Suite executives as well as Head of Safety, to ensure that full focus is applied to this fundamental value, we also engaged an independent third party to conduct a rigorous review of our policies and procedures in place. Simultaneously, we are investing more in training our staff to be more conscientious about their safety and that of their colleagues in the workplace, at all times. You can read more on our safety KPIs and measures we are undertaking in the Company's Sustainability Report that will be issued soon.

↗ Please also refer to the Sustainability section of this Report on page 69.

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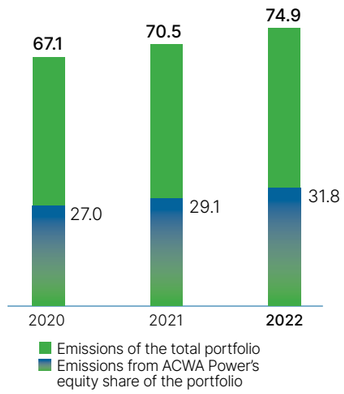
HIGHLIGHTS

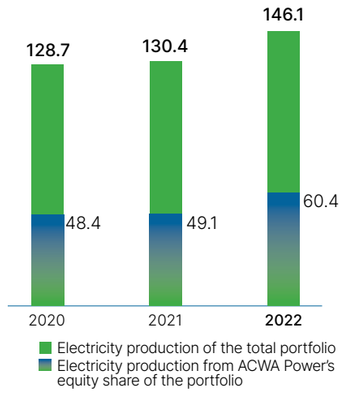


The total CO_2 emissions of ACWA Power's portfolio in 2022 were

74.9 mn t CO_2

The total CO_2 emissions of ACWA Power's share of the portfolio were

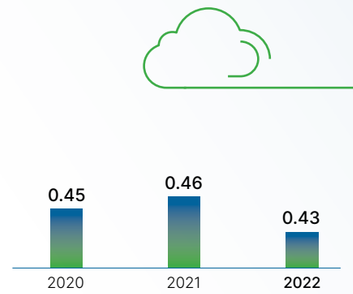
31.8 mn t CO_2



Although our absolute emissions increased in 2022 compared to 2021, the CO_2 intensity of gross electricity generation decreased in 2022.

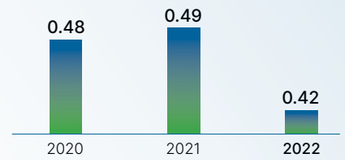
This is partly due to the fact our gross electricity production increased in 2022

146.1 mn MWh



CO_2 intensity of gross electricity generation of the total portfolio in 2022 was

0.43 t CO_2/MWh



CO_2 intensity of gross electricity generation of ACWA Power's equity share in 2022 was

0.42 t CO_2/MWh

ACWA Power's energy transition

We are committed to ...

- **decarbonise our** portfolio and focus on **renewables** and transitional **low CO_2** emitting assets,
- the reporting standards recommended by the Task Force on Climate-Related Financial Disclosures **(TCFD)** and is in the process of developing a plan to achieve and monitor our **climate-change** related **commitments**

During 2022 ...

- 2,400 MW Hassyan IPP — **conversion** of operation from clean **coal to natural gas — 30 million tonnes CO_2 emission saving by 2030**[1]
- **Sale** of Shuqaiq IWPP **(oil-fired asset) — permanently reducing the carbon footprint of our portfolio by c. 1.9 million tonnes of CO_2 per year**[2]
- **Conversion** of Shuaibah 3 IWPP, an **oil-fired asset into an RO desalination plant** in line — reducing the carbon footprint of our portfolio by c. 3.5 million tonnes of CO_2 per year[2] with the Kingdom's energy transition vision 2030
- Addition of five new renewable projects to our portfolio.

2022

No coal

39%
Renewables
% of total portfolio capacity in GW

2030

50% reduction in emissions intensity
ACWA Power will reduce its emissions intensity by 50% compared to 2020

50+%
Renewables
% of total installed capacity, GW

2050

Net Zero
Maximum use of up to 5% carbon capture credits

95+%
Renewables
% of total portfolio capacity in GW

[1] Based on 55% capacity factor
[2] ACWA Power's equity share equivalent.

SUSTAINABILITY REVIEW

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY, AND ENERGY TRANSITION, TAKES INGENUITY

ACWA Power regards sustainability and ESG as essentially the same because for us to have a sustainable operation we seek to conform to internationally recognised environmental, social and governance standards. This review demonstrates ACWA Power's commitment to sustainability and contains our ESG strategy, framework and metrics.

It is widely accepted that sustainability and ESG reporting is a dynamic process and that organisations are typically on a journey of improvement. Hence, ACWA Power reviews and updates its reporting every year in the light of our growth and development, evolving international standards, changing stakeholder needs, and our progress in data capture and analysis.

Our sustainability reporting aligns with the principles of the Global Reporting Initiative (GRI) 2021 and we aim to report in full compliance with GRI and World Economic Forum (WEF) standards in due course.

The WEF has established a set of 'Stakeholder Capitalism Metrics' to help companies align their reporting on performance against environmental, social and governance (ESG) indicators and track their contributions towards the SDGs on a consistent basis. This has been developed within the International Business Council, a community of over 120 global CEOs, and seeks to improve the ways that companies measure and demonstrate their contributions towards creating more prosperous, fulfilled societies and a more sustainable relationship with our planet.

In 2023, we will be monitoring international best practice, refining our ESG strategy and framework, conducting further stakeholder analysis and rolling out our own comprehensive ESG dashboard of metrics.

We are acutely aware that our health and safety record includes, tragically, three fatalities in 2022 and regard the avoidance of accidents as our first and foremost priority in 2023.

Our 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 relevant 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 has an ESG reporting framework and encourages sustainable investment, in collaboration with market participants such as issuers and investors.

ACWA Power's ESG strategy is integral to our business strategy — we see it as a source of long-term value creation. 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. 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. It is shaped by our stakeholders' priorities and, as such, we engage with a variety of key stakeholders, including employees, off-takers, partners, shareholders and suppliers.

In 2021, 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 . In 2022, ACWA Power's digital team began building a comprehensive ESG platform which will source all the required ESG data points, and help us better monitor and report our ESG related KPIs.

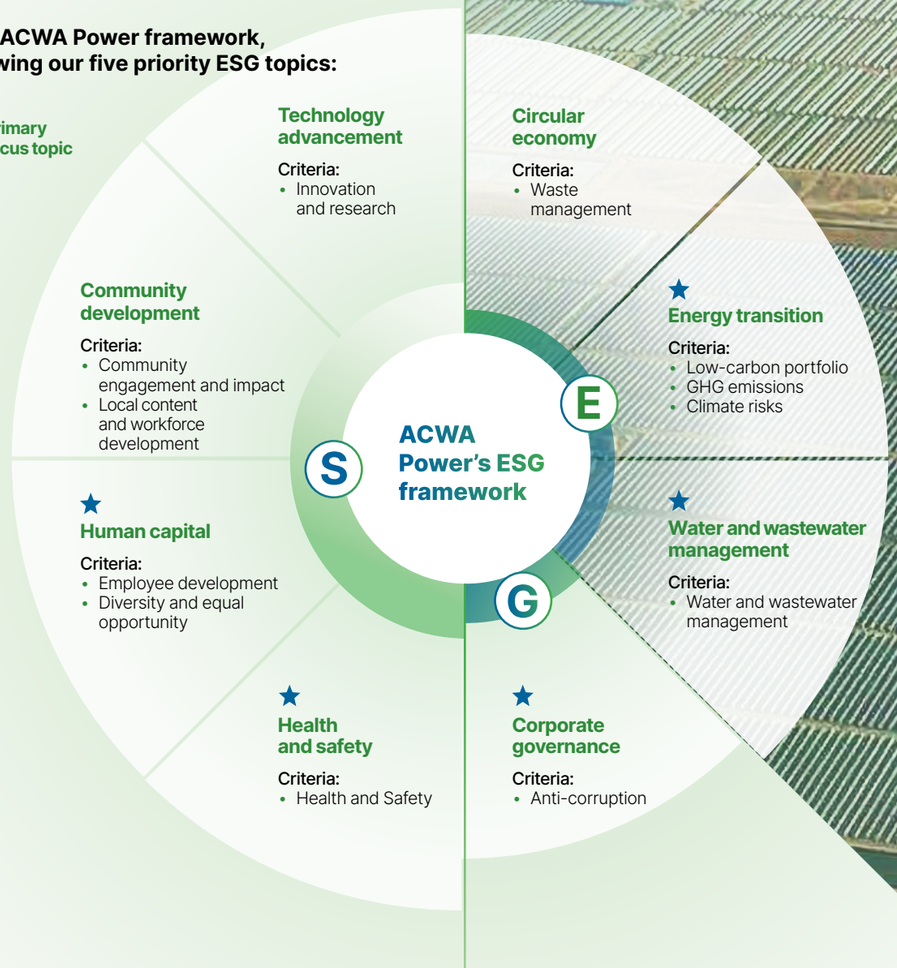
ACWA Power's ESG framework

In 2021, 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 practice. 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.

We see materiality as dynamic and want to ensure agility in our ESG strategy and framework development. It was important to ensure we have dedicated experts working towards implementing the framework with cross-functional working teams set up to implement the initiatives.

Our stakeholder requirements and regulatory landscape are constantly evolving and we review and update our ESG strategy and framework accordingly.

The ACWA Power framework, showing our five priority ESG topics:



SUSTAINABILITY REVIEW

OUR APPROACH TO SUSTAINABILITY

Our ESG governance

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

In 2022, ACWA Power's dedicated sustainability and CSR function 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.

The United Nations' Sustainable Development Goals

According to the UN, 'The Sustainable Development Goals (SDG) are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere'. The 17 SDGs were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals.

ACWA Power has selected the SDGs which are most aligned with our activities and impacts, and these are shown in colour within the infographic on the right.

Our ESG reporting journey

Our public listing in 2021 heightened our commitment to further disclosure on ESG related topics.

In 2022, we continued to work on improving the collection and reporting of our ESG KPIs, continuously aiming to provide the relevant information that key stakeholders need to make informed decisions about our ability to create value in the short, medium and longer term.

In 2023 we will appoint a leading third-party ESG auditor to inspect our operations and certify our performance.

The audit will provide an independent point of view and identify areas for improvement, and represent another step on our ESG journey.

Developing our 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.

We are planning to refine our primary ESG KPIs in 2023.

An innovative approach to ESG data management

We continue to strengthen internal reporting systems and processes and strive for the ongoing improvement of our ESG data management. With 68 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.

ACWA Power's digital team has been building a comprehensive ESG platform which will source all the required ESG data points, and help us better monitor and report our ESG related KPIs.

We are now automating data collection from the company's departments to reduce the risks of human errors and achieve a streamlined process which will provide immediacy and transparency. We plan to have the system fully operational in 2024.

Our ESG reporting process — listening to stakeholders

ACWA Power's reporting process ensures that increasing disclosure 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, rather than by 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.

THE INGENUITY TO MEET KSA'S VISION 2030 TARGETS

Saudi Vision 2030

ACWA Power aligns its sustainability strategy with the Saudi Vision 2030 objectives for an ambitious nation, thriving economy and vibrant society. ACWA Power's central focus on energy transition and its renewable energy and water projects contribute to the Kingdom of Saudi Arabia's diversification policy, create local employment, provide career opportunities for women and help to give the nation a sustainable future that is less dependent on the oil industry.

Taking the three strands of Saudi Vision 2030:

Ambitious Nation: ACWA Power is using its nimble entrepreneurialism, innovative capacity and speed to market to advance Saudi Arabia at home and abroad.

Thriving Economy: ACWA Power's energy transition is diversifying the economy from reliance on fossil fuels and creating local employment.

Vibrant Society: ACWA Power works closely with government and national institutions to strengthen national identity while, at the same time, working in partnership with governments and organisations abroad to advance energy transition and deliver affordable power and water to those who need it, wherever they may be.

The Vision was cascaded into strategic objectives to enable effective implementation through Vision Realisation Programmes

SUSTAINABILITY REVIEW

ENVIRONMENTAL

Leading and enabling energy transition

Climate change

At the heart of our strategy lies our publicly declared target to reduce the GHG intensity of our electricity production from our portfolio by 50% by 2030 compared to 2020, 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

We aim to meet our target by focusing our investments on renewables and transitional low CO_2 emitting assets, including capturing viable fuel-switch opportunities and increasing and optimising the energy efficiency of our portfolio.

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

In conducting our emission calculations for 2022, 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 Scope 1 emissions include direct emissions from stationary fuel combustion from our thermal assets. ACWA Power's Scope 2 emissions include indirect emissions from grid-supplied electricity as a source for our assets.

We excluded the Scope 1 emissions from owned transportation 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% of total Scope 1 and 2 emissions. However, ACWA Power will work towards estimating these emissions in future.

In 2022, the total (Scope 1 and 2) CO_2 emissions across all assets measured 74.9 million tonnes, of which ACWA Power's share was 31.8 million tonnes.

Since 2021, we have calculated the CO_2 emission intensity of our gross electricity generation by including Scope 1 and Scope 2 emissions from electricity production. We have calculated the CO_2 intensity figure retrospectively for 2020 and 2019 using this same approach. We also calculate the CO_2 emission intensity of Reverse Osmosis (RO) water desalination as well as of thermal water desalination.

The total CO_2 emissions of ACWA Power's portfolio in 2022 were

74,950 '000 t CO_2,

compared to
70,532,000 t CO_2 in 2021 and
67,083,000 t CO_2 in 2020.

The total CO_2 emissions of ACWA Power's share of the portfolio were

31,842 '000 t CO_2,

compared to
28,987,000 t CO_2 in 2021 and
26,979,000 t CO_2 in 2020.

Although our absolute emissions increased in 2022 compared to 2021, the CO_2 intensity of gross electricity generation decreased in 2022. This is partly due to the fact our gross electricity production increased in 2022 (146,083,709 MWh, compared to 130,442,959 MWh in 2021).

CO_2 intensity of gross electricity generation of the total portfolio in 2022 was

0.43 t CO_2 / MWh

compared to
0.46 t CO_2 / MWh in 2021 and
0.45 t CO_2 / MWh in 2020.

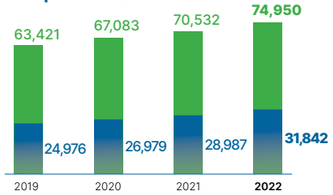
CO_2 intensity of gross electricity generation of ACWA Power's equity share in 2022 was

0.42 t CO_2 / MWh

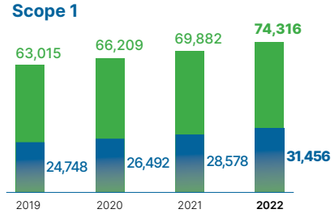
compared to
0.49 t CO_2 / MWh in 2021 and
0.48 t CO_2 / MWh in 2020.

CO_2 emissions – Gross

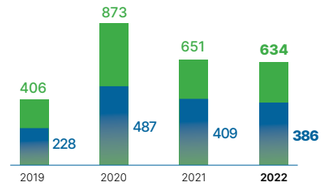
Total CO_2 emissions, '000 t CO_2
Scope 1 and 2



CO_2 emissions, '000 t CO_2
Scope 1

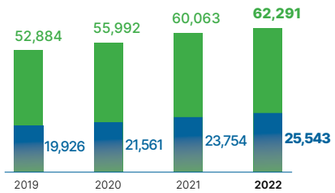


CO_2 emissions, '000 t CO_2
Scope 2

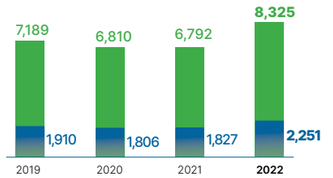


CO_2 emissions – Scope 1

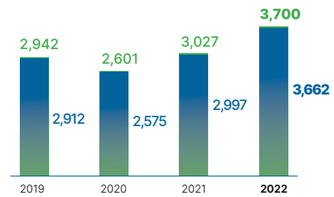
Scope 1 emissions for electricity production, '000 t CO_2



Scope 1 emissions for water desalination (thermal desalination), '000 t CO_2

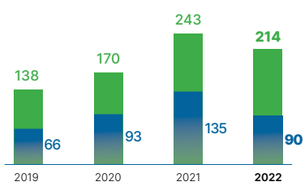


Scope 1 emissions for steam production, '000 t CO_2

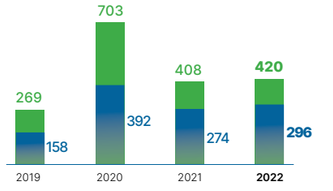


CO_2 emissions – Scope 2

Scope 2 emissions for electricity production, '000 t CO_2



Scope 2 emissions for water desalination (RO), '000 t CO_2



Emissions of the total portfolio

Emissions from ACWA Power's equity share of the portfolio

ACWA Power CO_2 emission intensity of the total portfolio

		2019	2020	2021	2022
CO_2 intensity of gross electricity generation	t CO_2 / MWh	0.45	0.45	0.46	0.43
CO_2 intensity of RO water desalination	kg CO_2 / m^3	4.40	3.76	3.73	3.32
CO_2 intensity thermal water desalination	kg CO_2 / m^3	13.01	12.24	12.07	12.05

CO_2 emission intensity of ACWA Power's equity share of the portfolio

		2019	2020	2021	2022
CO_2 intensity of gross electricity generation	t CO_2 / MWh	0.50	0.48	0.49	0.42
CO_2 intensity of RO water desalination	kg CO_2 / m^3	5.02	3.90	4.11	3.60
CO_2 intensity thermal water desalination	kg CO_2 / m^3	13.84	13.02	12.96	12.36

SUSTAINABILITY REVIEW

ENVIRONMENTAL

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.

GREEN HYDROGEN

THE NEXT STEP IN 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. The world uses one hundred million tonnes a year of grey hydrogen for a range of products contributing to 4% of carbon emissions. We should be looking to convert that immediately to green. Green hydrogen is created using renewable sources of energy to isolate and collect 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 developing the first large scale hydrogen production plant in the world. 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. The mega-plant will integrate 4 GW of solar and wind energy to produce up to 600 tonnes per day of carbon-free hydrogen, to then convert to liquid green-ammonia to transport and export to the world. The project is scheduled to be onstream in 2026. 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.

Leveraging our first mover advantage in the at-scale green hydrogen space, we are already working with governments to develop similar at-scale green hydrogen projects. We have signed MOU agreements representing billions of dollars with the governments of the countries including Uzbekistan and Egypt for exploring opportunities to develop new green hydrogen projects in addition to starting long-term contract discussions with hydrogen offtakers in Austria, Korea, and Indonesia.

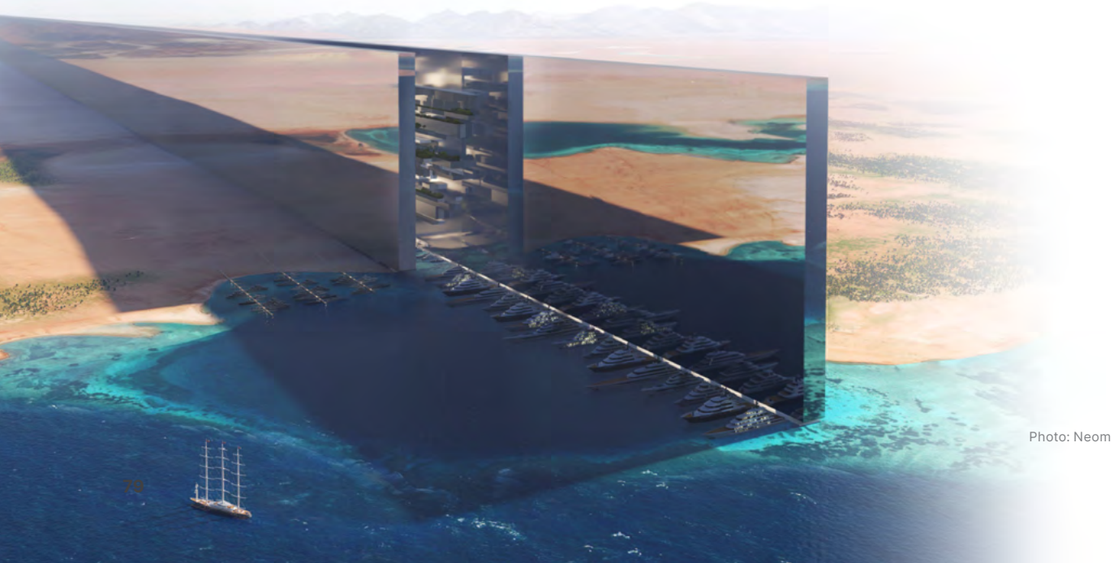


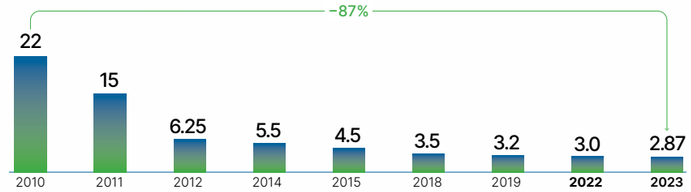
Photo: Neom

Sustainable and technologically advanced water management

We operate in water-scarce regions, such as the Gulf, where global issues such as climate change, population growth, industrialisation and water waste are likely to increase water scarcity in the future. But heavy dependence on desalination poses sustainability risks in itself, with cost and environmental impacts 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. This will play a critical part in reducing water production costs significantly and contributing to our sustainability and ESG goals.

In desalination we have achieved an energy consumption reduction of 87% since 2009. We have gone through three phases to accomplish this: the first phase, from 2009 to 2012, entailed moving away from thermal coupling to seawater reverse osmosis (SWRO) and this enabled us to reduce the Specific Power Consumption (SPC) from 22 kWh/m^3 to 6.5 kWh/m^3; the second phase, up until 2017, was a period when we improved our design and operations such that we reduced our SPC to below 4 kWh/m^3; during our most recent phase, up until now, the market has experienced significant increases in the price of energy and yet, with our paradigm shift in design, membrane analysis and big data analytics, we have kept the SPC at a level of only 3 kWh/m^3. In fact, we have recently launched Taweelah 3 IWP, the very first RO plant partly using renewable energy source and we designed the Rabigh 3 IWP, the first plant in Saudi Arabia to be built on a pressure centre design.

Specific Power Consumption of our desalination plants, kWh/m^3



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.

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

↗ For further details, please refer to the Innovation and technology section of the report on page 41

SUSTAINABILITY REVIEW

ENVIRONMENTAL

Waste management

ACWA Power has 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 have 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.

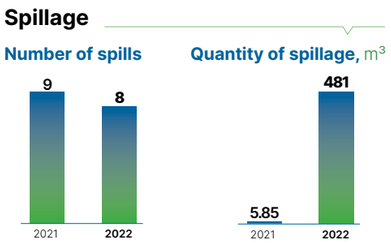
Unfortunately, in 2022, we had two notable spillages: the Shuqaiq IWPP, not an ACWA Power project but managed by NOMAC, had a spill of 330 m^3 due to an accident of external origin; in addition, ACWA Power's CEGCO decommissioning project in Jordan had a 145 m^3 of spill.

We also experienced an increase in fly ash from our Rabigh Power Company project but this was due in part to the fact that some accumulations from 2021 were included in the data.

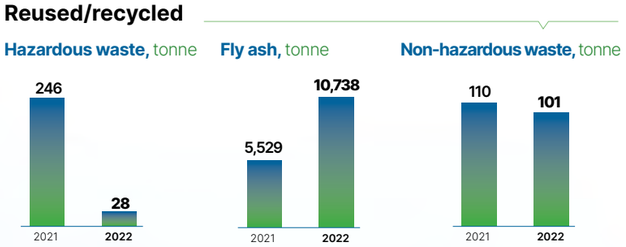
These were regrettable incidents but essentially isolated occurences and do not fundamentally undermine our progress, nor alter our commitment to totally sustainable and pre-emptive waste management.

Waste generated

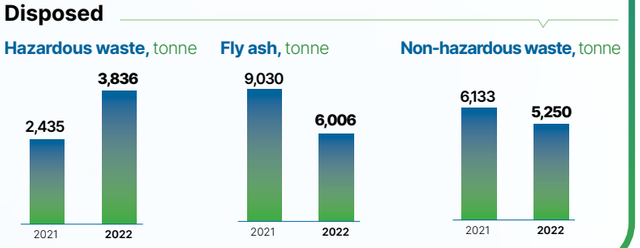
Spillage



Reused/recycled



Disposed



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.

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. ESIAs identify and assess potential environmental impacts resulting from the project's construction and ongoing operational activities.

Actionable mitigation and management measures are implemented based on ESIAs 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 and security, workers' conditions, and occupational health and safety.

Since 2010, ACWA Power has had an Environmental Management System (EMS) that meets the requirements of the ISO 14001:2015 standard, which has been certified to the ISO 45001 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.

Innovative green technology

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

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

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 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 operational, 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 February 2022 KAUST and ACWA Power reached new formal agreements to improve seawater desalination processes further, as well as monitor and predict desalination plant operations.

↗ For further details, please refer to the Innovation and technology section of the report on page 41

SUSTAINABILITY REVIEW

SOCIAL

People and community

Focusing on our most important asset, our people

OUR INVENTIVE TEAM

Our new People Strategy

In November 2022, Faisal Jadu became our new Chief People, Culture, and Communications Officer (CPCCO), taking over from Yara Anabtawi, who made a considerable contribution to the development of ACWA Power's strategy and transformation of our HR services into a mature function.

Faisal has extensive experience in strategic planning, change management, human capital, leadership development, governance and controls, and organisational effectiveness.

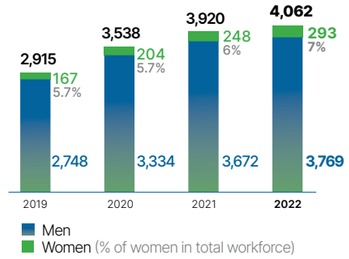
Since his appointment, Faisal has been conducting extensive reviews and is formulating a new strategy, which will become an integrated element of ACWA Power's new strategic direction that will be launched in 2023.

Focus areas for the new People Strategy are:

- **Enhance organisation agility** by reinforcing a collaborative and entrepreneurial mindset. The focus will be to build capacity by incorporating Strategic Workforce Planning to anticipate future talent needs and develop our existing workforce while exploring new talent pools and enabling innovative /collaborative forums across the organisation to encourage employees to continue to challenge the norms.
- **Develop and rollout ACWA Power's Employee Value Position**, incorporating our culture and values, to attract and retain the right talent to service the organisation future talent needs.
- **Utilise the newly developed ASPIRE performance management framework** to align employee goals with organisational objectives and setting clear performance expectations while providing regular and timely feedback, to ensure employees are focused on achieving the organisation's mission and objectives.
- **Build strong leadership and management capabilities** by rolling out human-centered leadership and management development programmes, to cultivate a strong pipeline of future leaders, improve employee engagement, and drive business results.
- **Continue to support the One ACWA Power culture** while fostering an environment that supports physical, mental, and emotional wellbeing of all our employees and promotes a workplace culture that celebrates and embraces diversity.
- **Leverage technology to streamline HR processes**, reduce administrative burdens, and provide employees with self-service options for accessing HR services while focusing on employee journeys to deliver a brilliant employee experience.
- **Acknowledge and celebrate our employees** for their contributions, achievements, and milestones, while demonstrating that their work is valued and appreciated by rolling out corporate wide peer-to-peer recognition programmes.

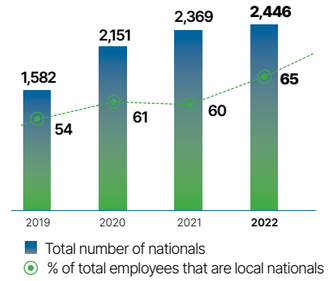
Human capital

Full-time employees



Managers and directors

Local nationals



In 2022, our workforce consisted of 4,062 employees spread across 12 countries where we operate in, with female employees comprising 7% of the total workforce. By the end of 2022, 8% of manager and director-level roles were occupied by female employees.

The organisation is committed to developing and utilising local talent wherever we operate with a clear focus on uplifting communities we operate in. Our commitment to supporting local workforces was reflected in our employment of 2,446 local employees, representing 65% of the total workforce and an increase of 11% over the past four years.

The table below is another example of ACWA Power's commitment to developing and utilising local talent, as a result of which the organisation has a high level of local employment in the communities where we operate. The only exception to this is Bahrain where we are exploring additional talent pools to incorporate in our talent acquisition strategy and UAE which is home to ACWA Power's international office.

Inviting and empowering our people to succeed

To achieve our goal of full energy transition and serve our stakeholders successfully, we rely on a range of talent drawn from the diverse communities where we operate. People being one of the three core values for ACWA Power, we aim to have an inclusive culture where employees have a sense of belonging and feel valued.

The organisation recognises that diversity has many dimensions, including but not limited to, race, ethnicity, gender, age, religion, language, education, and socio-economic background, and is working to incorporate all these dimensions in the future People strategy to enable an Employee Value Proposition to retain and attract diverse talent.

Country	Headcount	Locals	Expats	Localisation
Azerbaijan	1	1		100%
China	16	16		100%
Ethiopia	1	1		100%
Jordan	15	13	2	87%
Saudi Arabia	1,391	1,104	287	79%
Bahrain	75	36	39	48%
Egypt	38	36	2	95%
Morocco	176	171	5	97%
Oman	234	190	44	81%
South Africa	73	68	5	93%
Turkey	68	68	0	100%
UAE	892	36	856	4%
Uzbekistan	38	32	6	84%
Vietnam	12	12		100%

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Employee life cycle — attract, retain and develop our people

In line with the new People strategy, the organisation is also focusing on providing an amazing employee experience while achieving the end goal of having one talent pool across the organisation. This is being enabled by implementing a single global HR Information system, with employee and manager self-service capabilities, supported via a knowledge database allowing employees to have easy access to required information and provide them the ability to service most of their needs independently, without any follow-ups.

In 2021, the organisation moved to the new ASPIRE performance management process which started the shift from conventional, rating-based assessment to a talent management framework which aims to yield insights from staff and stimulate high performance. The rollout of this continues to progress with complete employee population coverage by mid-2023.

As a continuation of the talent assessment and development process, in 2022 the organisation identified successors for our main leadership roles and developed individual development plans to ensure readiness.

The organisation completed talent reviews for 54 senior managers and identified successors for critical and pivotal roles in corporate and project areas, incorporating localisation, diversity, and inclusion. A similar exercise was completed, which involved 204 managers, where successors were identified, and individual development plans were launched to prepare them for future career moves.

Continuous learning is critical to ensuring our talent stays engaged and up to speed on recent developments. 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 Learning Management System Platform, offers more than 1,600 learning resources covering technical, HSSE and behavioural topics.

Course categories	Count of completions (total)	Sum of total time spent in class minutes/hours
Compliance	15,496	1,202,622/20,044
Functional training	941	55,009/917
HSSE	12,542	1,489,963/24,833
Leadership	996	272,083/4,535
Onboarding	556	11,484/1,891
Soft skills	1,917	312,359/5,206
System training	261	2,063/34
Technical training	35,362	3,150,107/52,502
Information security	4,141	51,770/863
Grand total	72,212	6,547,461/109,124

In 2022, the use of our LinkedIn-based learning programme increased by 13%. 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 have transformed our in-person development training into interactive virtual learning experiences by increasing the number of bespoke courses by 50% compared to 2021.

Through Mishkaty, our learning management system, users accessed upskilling sessions and technical competence assurance programmes, achieving a cumulative 109,124 learning hours during the year.

The table above represents the training provided through Mishkaty, covering various domains, in 2022.

To develop our leaders for tomorrow, our flagship Leadership Development Programme (LDP) was run in partnership with PwC Academy, as part of which 16 participants graduated in 2022.

In collaboration with HULT EF Corporate Education, the organisation also developed and launched the new EMO Accelerator programme under which 15 colleagues were enrolled in the 2-year programme.

The organisation has also worked to develop and sponsor multiple different training programmes, some of which are listed below:

- Saudi Graduate Development Programme as part of which 24 Saudi graduates went through on-the-job training, comprehensive rotation, and classroom training.
- Workforce Development Programme, supported by the Ministry of Energy, as per which 29 candidates were trained on various domains, covering HR, business intelligence, renewable energy and HSE.
- Reverse Osmosis Programme which trained 25 candidates on RO technology and maintenance.
- KSA Young National Development Programme as part of which 18 trainees were aligned with business development, portfolio management, finance, engineering, and compliance.
- UAE Young National Development Programme as part of which six trainees were aligned with business development, health and safety, engineering, and HR.
- Orphans (Waed Programme), supported by the Chairman, to help support 40 orphans to become employable in renewable energy and reverse osmosis sectors.

Supporting our people's well-being

We give our corporate employees the flexibility to work from home and in their home countries and make digital collaboration tools available to maintain efficiency and productivity. In April 2023, we rolled out a new policy that gives employees flexibility and empowers line managers to support their teams with the focus on delivery rather than how and from where work is delivered. Guidelines have been designed to reward tenure with the organisation with the eligibility increasing based on years of service, irrespective of grade. We believe that this new model will bring many benefits to our organisation and our employees.

To enable people to manage changes to the way they live and work, 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 a 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% of respondents were satisfied with the support they received and 99% were aware of pandemic-related safety protocols.

Welfare management

In 2021, ACWA Power engaged a third party to design and implement a due diligence process to assess welfare management at construction projects. This was a pilot programme in Taweelah and Um Al Quwain projects 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, such as those of the International Finance Corporation, and good practice.

In 2022 we used the data acquired to design the ACWA Power Welfare Management System for the development of future projects.

The importance of safety

Safety remains our highest priority and we seek new ways to instil a safe, secure, healthy and environmentally-friendly workplace.

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

Following this tragic setback, we set up an Executive Safety Committee, comprising C-Suite executives as well as Head of Safety, to ensure that our full focus is applied to this fundamental value. Our new Safety Task Force reports to this Committee. We also engaged an independent third party to conduct a rigorous review of our policies and procedures. Furthermore, we are investing more in training our staff to be more conscientious about their safety and that of their colleagues in the workplace, at all times. We believe these steps will transform our safety culture and contribute towards achieving our goal of zero harm. We also work to ensure the well-being of our people and to support their growth.

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.

HSSE strategic framework

Inspired by our desire to contribute towards the zero harm goal and guided by our values, we are designing a HSSE strategy framework that creates maximum impact and provides sustainable solutions.

To ensure a consultative process, we have embarked on a strategy formation journey including multiple interventions. These assisted in generating meaningful dialogue, creating a safe space for people to not only contribute but also take responsibility and commit towards our shared strategy framework. The objectives are to:

- define a detailed strategic framework for the region laying out our strategic pillars (the why), defining sub objectives for each pillar (the what) and designing interventions to implement (how); and
- create inter-functional and regional ownership and shared goals.

We are developing the HSSE strategy based on five steps:

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Diagnosis was conducted by a third party with one-on-one interviews with all functional and regional heads to create a roadmap to identify our strategic pillars and address opportunities collectively.

This strategic framework, guided by ACWA Power's vision, mission and values, helps define our long-term direction, milestones, objectives and the required actions.

By regularly tracking our KPIs, the ACWA Power HSSE team can determine whether its interventions are having the desired impact and adjust as needed.

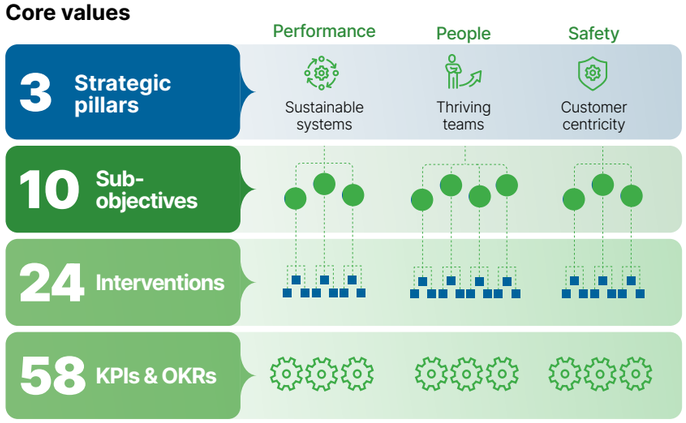
Having a well-defined strategy framework will help us to be more structured and proactive. However, we require structured processes of stakeholder engagement, leadership assurance and commitment, robust systems and a well-defined digitalisation process. We have initiated the development of the strategy in 2022 and will implement it during 2023.

Digital transformation of HSSE performance reporting

One of the key objectives in ACWA Power's HSSE Policy is to standardise, monitor and benchmark HSSE performance regularly at all our sites to ensure continuous improvement. We have been relying on Excel based HSSE performance reporting whereby data consolidation requires extra time and effort for trending and analysis. We have now transformed our HSSE performance reporting to digital reporting.

With digital tools sites can generate their HSSE Performance reports using Synergi Life automated report generation feature eliminating the need for manual reports, reducing the possibility of errors, and freeing up team time to do analysis. Global HSSE Dashboard will provide management teams with a 360 degree real time view of accurate data anywhere, any time.

Core values



Third Eye

Given the scale of effort over the next five years, the implementation of the transformation programme will require prioritisation thus:

- Prioritise digital programmes with highest impact
- Take into account the business-logic dependencies of digital programmes
- Ensure fair coverage of programmes across the business units

We are investing in digital solutions to enhance workers' safety. Our AI based digital solution, used in the field, analyses unsafe behaviour in a fast and timely manner to prevent incidents. Processing in real-time, the power plant camera video feeds analyse workers behaviour through the adoption of computer vision algorithms and platforms, while respecting their privacy (no video is recorded and no biometric information is collected). This improves safety on our premises.

The Third-Eye AI plant infrastructure opens up a number of possible future use cases, from vehicles speed-tracking to AI driven drone inspections. In addition, third party vision algorithms can be implemented in the existing software platform without increasing spending for further software.

We have successfully concluded a pilot project at one of our sites, and we are undergoing an industrialisation review to implement this AI based digital solution across our portfolio in 2023.

Safety Task Force (STF)

As part of ACWA Power's continuous drive towards safety enhancement, the Company's leadership has established a Safety Task Force (STF) reporting to the Safety Executive Committee. The STF is conferred with developing a specific set of safety culture step change initiatives. The STF has a mix of members from construction, operations, corporate safety, and business functions from across the portfolio. As part of the Safety Task Force onboarding, the team has conducted several background sessions to review the findings in ABS Group's 360° construction site review, historical cultural surveys conducted across the business, trends of incident/accident reports, and outcomes of the recent audits conducted. The STF conducted a face-to-face session over two days in June 2022 when nine key areas were agreed as primary focus points in our drive to zero harm:

1. Procedures
2. Permit To Work (PTW) system
3. EPC contract
4. Leadership engagement
5. Training and competency assurance
6. Structured communication
7. Recruitment and integration
8. Accountability
9. Digitalisation

We are highly committed in implementing these nine elements action across the company in 2023 and progress is monitored directly by the Safety Executive Committee. We are confident the implementation of the STF initiative will bring a positive change and drive the culture to achieve zero harm.

ACWA Power's life-saving rules

ACWA Power is committed to providing a safe and healthy working environment. Life-saving rules are intended to supplement and support existing company management systems, programmes and policies.

12 office life saving rules

Ergonomics & display, screen equipment
Ensure correct posture and safe sittings when using the office workstations and the display screen equipment.

Electricity
Do not use frayed, cut or cracked electrical cords, and report any damages.

Energy isolation
Verify Process/Mechanical/Electrical Isolation and Zero energy before work begins and use the specified life protecting equipment.

Slips and trips
Protect yourself against tripping and slipping hazards and keep walking areas dry and clear from clutter or obstructions.

Fire & emergency
Evacuate immediately to designated assembly point and follow the emergency procedures.

Manual handling
Avoid twisting the back or leaning sideways when lifting an object.

Safe driving
Follow safe driving rules, wear your seatbelt, don't use phone while driving and don't exceed speed limits.

Security
Obtain authorisation before entering premises, report any threat and follow all security instructions.

Line of fire
Keep yourself and others out of the line of fire. Observe the hazards around you and apply SWA. Be safe and work safely.

Fit for duty
Ensure you have the required knowledge for the job, ensure your health and fitness for work. No alcohol or drugs while working or driving.

Food safety & hygiene
Check the expiry date of food items and wash hands properly before handling food and before eating.

Stairs & elevators
Don't use the elevator during an emergency. Take the stairs and use handrails.

*No smoking/vaping/e-cigarettes allowed except in the designated areas.

12 golden life saving rules

Work authorisation
Work with a valid work permit when required

Conduct gas test when required
Verify Gas tests conducted to avoid exposure to explosive, flammable, toxic or life threatening vapours.

Energy isolation
Verify process/mechanical/electrical isolation and zero energy before work begins and use the specified life protecting equipment.

Confined space
Obtain authorisation before entering a confined space.

Bypassing safety control
Obtain authorisation before overriding or disabling safety contorls.

Working at height
Protect yourself against a fall when working at height more than 1.8 m (6 ft).

Safe driving
Follow safe driving rules, wear your seatbelt, don't use phone while driving and don't exceed speed limits.

Security
Obtain authority before entering premises, report any threat & follow all security instruction.

Line of fire
Keep yourself and others out of the line of fire. Observe the hazards around you and apply Stop Work Authority (SWA). Be safe and work safely.

Safe mechanical lifting
Plan lifiting and control the area, establish, maintain, and honour barriers and exclusion zones.

Fit for duty
Ensure you have the required knowledge for the job, ensure your health and fitness for work. No alcohol or drugs while working or driving.

Excavation
Verifying a safe means of access and egress, Establish, maintain, and honour barriers and exclusion zones.

*No smoking/vaping/e-cigarettes allowed except in the designated areas.

SUSTAINABILITY REVIEW

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Health, Safety, Security & Environment (HSSE)

Please see the below table for HSE related data for 2022

Health and safety		2019	2020	2021	2022
ACWA POWER TOTAL (OPERATIONAL + CONSTRUCTION)					
Hours worked (million)	total	52	62	104	80
Lost Time Incidents (LTIs)	total	12	10	2	4
Recordable incidents	total	53	36	26	27
Total Case Incident Rate (TCIR)	average rate	0.20	0.12	0.05	0.07
Fatality	total	2	0	2	3
LOST TIME INCIDENTS (LTIS)					
LTI – employees	total	1	1	0	1
LTI – contractors	total	1	1	2	3
LTI rate	average rate	0.03	0.03	0.01	0.02
OPERATIONAL PROJECTS					
Hours worked (million)	total	14	13	13	13
Lost Time Incidents (LTIs)	total	2	2	0	1
Recordable incidents	total	13	10	12	14
Total Case Incident Rate (TCIR)	average rate	0.18	0.15	0.18	0.21
Fatality	total	0	0	0	2
LOST TIME INCIDENTS (LTIS)					
LTI – employees	total	1	1	0	1
LTI – contractors	total	1	1	0	0
LTI rate	average rate	0.03	0.03	0	0.04
CONSTRUCTION PROJECTS					
Hours worked (million)	total	38	49	91	66
Lost Time Incidents (LTIs)	total	10	8	2	3
Recordable incidents	total	40	26	4	10
Total Case Incident Rate (TCIR)	average rate	0.21	0.11	0.03	0.03
Fatality	total	2	0	2	1
LOST TIME INCIDENTS (LTIS)					
LTI – employees	total	0	0	0	0
LTI – contractors	total	10	8	2	3
LTI rate	average rate	0.06	0.03	0.01	0.01

Lost time incidents

The overall LTI rate was 0.02. This was achieved by adopting industry best practice, advanced monitoring tools, notably Synergi Life, compliance assurance programmes (such as OHSE (Occupational Health, Safety and Environment) and process safety audits), sharing of lessons learned and ongoing HSSE (Health Safety Security and Environment) training and development.

Enhancing Process Safety Maturity

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. The system includes:

- 100% implementation of internal process safety reviews
- Training for the PSM champions
- Permit To Work enhancements

80 million
hours worked

0.02
Lost Time Incident rate (operational and construction)

SUSTAINABILITY REVIEW

SOCIAL

Corporate social responsibility

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 energy transition initiatives.

Stimulating the Kingdom's ingenuity

We continue to support the considerable 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 in the power and water sectors.

It is part of ACWA Power's drive to achieve the renewable energy goals set out in Vision 2030 and builds on our successful track record of utilising cutting-edge technology to transform operations.

Our community initiatives

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 2022, most of our CSR support was allocated to supporting various social and environmental initiatives in the Kingdom of Saudi Arabia, Morocco and South Africa.

Reversing desertification and planting 10 billion trees in Tashjeer

Context

With increased urbanisation and industrialisation, Saudi Arabia has faced increased desertification of its environment - a challenge for this already arid country.

Solution

In order to tackle this, the Saudi government has identified the reversal of desertification as part of its Saudi Green Initiative policy. Objective 5 of the programme involves planting 10 billion trees and rehabilitating 40 million hectares of land within the coming decades.

ACWA Power, a 40+% government-owned entity, contributed to these efforts by engaging in an extensive tree planting programme titled Green Initiative – Tashjeer in the Makkah Province, western Saudi Arabia. In 2022, via Shuaibah Water & Electricity Company (SWEC) and Shuaibah Expansion Project Company (SEPCO), ACWA Power's subsidiaries, the Company invested SAR 1.6 million to plant one million seedlings of local varieties of trees across housing communities and football fields in the province.

Impact on SDGs

The initiative has been inspired by both the Saudi Green Initiative and the United Nations' Sustainable Development Goals, specifically:

- SDG 13. Climate action
- SDG 11. Sustainable cities and communities

SUSTAINABILITY REVIEW

SOCIAL

Creating record-breaking desalination capacity

Context

Saudi Arabia is a water-scarce country that heavily relies on desalination to meet its water needs. According to the U.S-Saudi Business Council, about 60% of the country's water supply comes from desalination .

Case study: Rabigh 3 IWP

The Rabigh 3 Independent Water Plant (IWP), developed by ACWA Power, is a large-scale desalination project that provides clean and safe drinking water to the residents of the Kingdom. It is a reverse osmosis desalination plant that can produce 600,000 m^3 of water per day. The project has been recognised as the the world's largest reverse osmosis desalination facility by the Guinness World Records™ in 2022 and has been awarded the Excellence in Water Desalination award by the International Desalination Association (IDA). It currently meets the water needs of one million households in Makkah Al Mukarramah and Jeddah.

The breakthrough project was developed with the latest reverse osmosis (RO) technology, which is considered one of the most efficient and cost-effective desalination methods. For the first time, Saudi Arabia placed an energy cap of 3.5 kW per hour on a desalination plant, which reduces the energy consumption and in turn reduces the entire desalination sectors average tariff by 30–40%, resulting in reduced overall carbon emissions.

The SAR 2.6 billion project is the first desalination plant of its size in the private sector with 100% Saudi workforce. Rabigh 3 IWP embodies an ideal model for projects that contribute to increasing local content in the water desalination sector through the localisation of skills and expertise needed by the sector; as well as enhancing the capabilities of young Saudi talent as they actively participate in the implementation, operation and management of pioneering projects worldwide.

Impact

The Rabigh 3 IWP has had a significant impact in addressing the water scarcity challenges in Saudi Arabia, as well as bolstering the local community and the environment. The project has enhanced the quality of life for the residents of the western province of Makkah by providing them with access to safe and clean drinking water and job opportunities.

Impact on SDGs:

6 CLEAN WATER AND SANITATION

Producing 600,000 m^3 of clean water per day, and helping to increase access to safe and reliable water supply for communities in the Kingdom.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The project is a major infrastructure development that uses advanced technologies and innovation to meet the country's water needs.

13 CLIMATE ACTION

Designed to minimise its carbon footprint and reduce its dependence on fossil fuels in desalination by using RO technologies, energy recovery systems and advanced membrane processes.

8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth: creating employment opportunities during the construction and operation phases of the plant.

The project is expected to continue operating in the long-term and to serve as a benchmark for other desalination projects worldwide. The future targets for the project include maintaining high standards of water quality and sustainability to ensure it continues to meet the water needs of the region.

Creating record-breaking, low tariff solar power

Context

Solar power is highly attractive as a renewable form of energy but it has been historically unable to deliver sufficiently low tariffs to justify large-scale rollout.

Case study: Sakaka PV IPP

ACWA Power undertook the Sakaka PV IPP project in collaboration with Al Gihaz holding company, and aimed to bring to life the government's vision to energise and empower communities across Saudi Arabia, and deliver an equitable, sustainable, and prosperous future. Sakaka PV IPP was the first-ever utility-scale renewable energy project in Saudi Arabia and was awarded to ACWA Power in 2018 by the Saudi Arabia Renewable Energy Project Development Office (REPDO). The project is located in the Al Jouf region of Saudi Arabia, and generates 300 MW of electricity using photovoltaic solar panels. The project was commissioned in 2019 and is currently operational.

Solution

At a time when solar power tariffs were not competitive enough to support large-scale commercial deployment of solar power plants, ACWA Power offered a world record-breaking tariff of US cents 2,3417/kWh (8,781 halalas/kWh) at the time and was selected as the most competitive compliant offer from submissions made by consortia of eight local and international bidders. Sakaka PV IPP became the first-ever utility scale solar power plant in the Kingdom and a benchmark for national and international companies to measure against.

The USD 1.2 billion project aims to provide clean and sustainable energy to the people of Saudi Arabia, while also contributing to the Saudi Vision 2030 to diversify the country's energy mix and reduce its reliance on fossil fuels. The project generates 300 MW, enough to power around 75,000 homes and reduce carbon emissions by over 430,000 tonnes per year. Sakaka PV IPP was developed as an Independent Power Producer (IPP) project, meaning that ACWA Power will operate and maintain the project for a period of 25 years, after which ownership will be transferred to the Saudi Government.

In addition, ACWA Power combated unemployment by creating new employment opportunities for Saudi youth. The company is nurturing and upskilling young Saudis to become the next generation of leaders in the fields of water desalination and power technologies. The Sakaka PV IPP serves as a significant contributor to local employment in the Kingdom through 100% local employment in the Al Jouf region. Localisation also involved raising the share of local contracts with domestic companies that meet international quality standards.

Impact on SDGs

The Sakaka PV IPP project has a positive impact on several SDGs, particularly SDG 7, which aims to ensure access to affordable, reliable, sustainable and modern energy for all. The project provides clean and sustainable energy to the people of Saudi Arabia, improving their access to clean energy and ensuring energy security. Furthermore, it heralded the Kingdom's expansion into solar power and was succeeded by numerous utility-scale clean energy.

The impact of the Sakaka PV IPP on the Sustainable Development Goals can be found in the following areas:

7 AFFORDABLE AND CLEAN ENERGY

The project generates 300 MW of clean energy through state-of-the-art photovoltaic panels, which supply more than 75.000 households with green power and offsets over 430,000 tonnes of carbon dioxide per year.

8 DECENT WORK AND ECONOMIC GROWTH

The project employs 100% Saudis, and ACWA Power is nurturing and upskilling young Saudis to become the next generation of leaders in the fields of water desalination and power technologies.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The project brings ACWA Power's global technological and industrial expertise to the Kingdom to build the first ever utility-scale renewable energy plant, thereby diversifying energy sources and stimulating sustainable economic development in the Kingdom.

13 CLIMATE ACTION

The project contributes to reducing greenhouse gas emissions by offsetting over 430,000 tonnes of carbon dioxide per year.

17 PARTNERSHIPS FOR THE GOALS

Partnerships for the Goals: the project is a result of robust collaboration and a demonstration of the public-private partnership model that serves as a crucial driver of sustainable development in various developing countries.

SUSTAINABILITY REVIEW

SOCIAL

Closing the gap between tertiary education and employment in Saudi Arabia

Context

According to the OECD, Saudi Arabia has a gap between tertiary education and adults who gain employment. According to their research, just 74% of adults who have gained tertiary education are employed, which is one of the lowest rates in any OECD or partner countries.

Solution

To tackle this gap, ACWA Power found that targeting students while they are young would ensure that they would continue to work after attaining university education. In the summer of 2022, the company launched a training programme at the Higher Institute for Water and Power Technologies (HIWPT) for high school students. The main objective of this programme is to contribute to the development of skills and employability of the Saudi youth, regardless of gender.

Classes focused on:

- Renewables as future power resources
- Environmental and climate change
- Selected behavioural change topic promoting energy efficiency and responsible water usage
- Selected online safety and health training
- Selected online soft skills and self-development training
- Basic computer literacy skills
- Special online English language training

Impact on SDGs

The programme is designed to achieve

SDG 8 Decent work and economic growth as the curriculum focuses on practical, topical themes related to energy and sustainability.

FOSTERING INGENUITY AT HIWPT

المعهد العالي لتقنيات المياه والكهرباء
Higher Institute for Water and Power Technologies

ACWA Power supports HIWPT, which strives to be the best training institute in Saudi Arabia in the water and energy sectors by creating career opportunities through innovative technical training.

> "I am very impressed with HIWPT's remarkable progress to reinforce its commitment to help the government's ambition for the betterment of our community and our country by offering high-level training initiatives and a proper training ground for our youth."
>
> **Mr Mohammad Abunayyan**
> Chairman of ACWA Power, November 2022

In 2022, HIWPT launched female training programmes with one on reverse osmosis desalination, with 15 trainees, and ACWA Power intends to sponsor about 60 female trainees in July 2023. Other programmes will include health and safety and renewable energy.

Virtual reality welding training at HIWPT

100%
utilisation of training capacity

10,000+
trainees since establishment

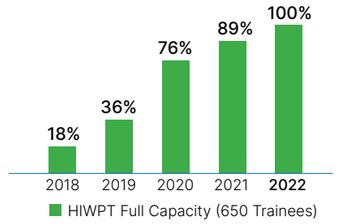
761
current trainees enrolled

8
national and international certifications

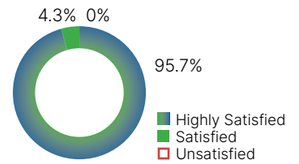
18
diploma programmes supported by HRDF

42
sponsorship partners and counting

Capacity Improvement



Customer Satisfaction



An annual survey conducted by a third party.

SUSTAINABILITY REVIEW

GOVERNANCE

Striving for corporate excellence

Corporate governance framework

In its effort to act in the best interests of its shareholders by delivering sustainable shareholder value and to ensure compliance with the Corporate Governance Regulations issued by the Capital Market Authority ("CMA") of Saudi Arabia, ACWA Power uses a Corporate Government Framework (the "Framework") that models best practice as defined by the CMA and the Companies Law (the "Law") of Saudi Arabia in addition to other applicable benchmark practices and standards. To this end we have four independent Board members and a total of 11 non-Board members on our committees.

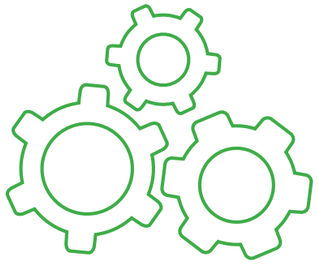
The governance dynamics at ACWA Power

Internal Code

- Code of conduct and business ethics
- Employee compliance
- Whistle-blowing committee

Oversight and Management

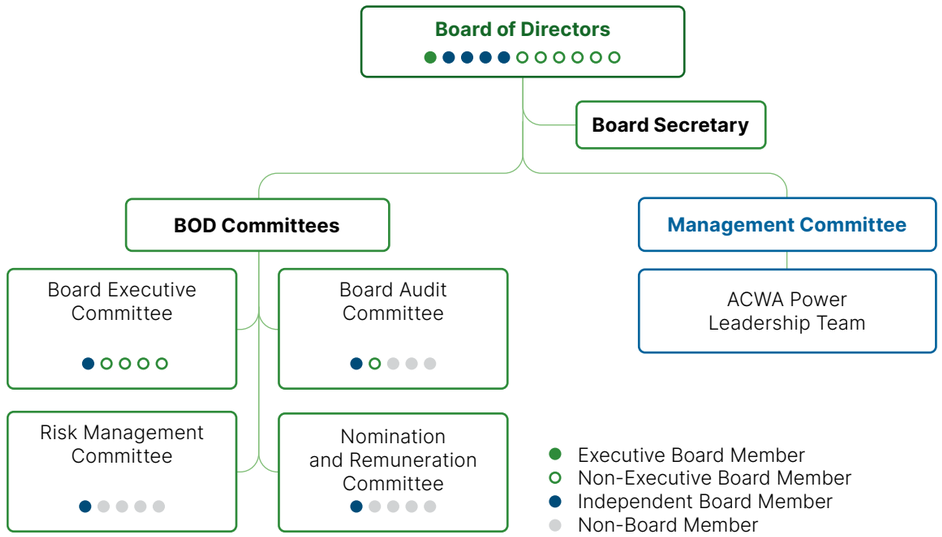
- Interface with the group companies
- Enterprise risk management
- Internal audit & control
- Continuous performance monitoring



Saudi Arabia's Legal & Regulatory Framework

- Constitutional documents – Articles, Bylaws
- External audit
- Annual Report
- Sustainability Report

Robust corporate structure with dedicated committees



The Company aims to be a world class entity in its corporate governance affairs by continuing to model its framework in line with international best practice in terms of transparency, sufficient disclosure and fair administration. The IPO process in 2021 was helpful in both confirming the high standard that the Company has achieved ever since it adopted a code for corporate governance in 2009 while it was still a private company and allowing it to identify and capture opportunities to further reinforce and upgrade its governance standards.

The key sources for the application codes ("Codes") under the Framework are the Corporate Governance Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by the CMA in addition to corporate governance best practices.

The Company has adopted a Code of Corporate Governance ("Code of CG"), in line with applicable laws and regulations, which was approved by the Board of Directors of ACWA Power (the "Board") on 7 April 2021 (corresponding with 25 Sha'aban 1442H) to support and adopt principles of good governance, including accountability, transparency, responsibility and fairness. Further, the Company, guided by its Board of Directors, continues to assess and examine its governance agility by comparing its systems with established international practices in order to further strengthen its internal reporting, disclosures and controls.

To ensure effective, consistent, and continuous application of the governance standards set by the Code of CG, the Company has implemented several policies and manuals, including but not limited to:

- Code of Corporate Governance
- Board and Board Committee's Charters
- Policies and Criteria for the Selection of Board Members, Committee Members and the Senior Executives consistent with capital market requirements and guidelines and shareholders rights;
- Remuneration Policy;
- Code of Business Conduct and Ethics Policy;
- Compliance Management Framework;
- Related Party Transaction and Conflict of Interest Policy regulating, amongst other things, conflict categories as it pertains to directors, senior executives and employees
- Documentation and Retention Policy
- Third Party Due Diligence and KYC Policy
- Distribution of Dividends Policy
- Whistle-blower Policy
- Company Stakeholders Policy
- Disclosure and Transparency Policy and Procedures

SUSTAINABILITY REVIEW

GOVERNANCE

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.

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.

↗ Refer to the Governance report on page 105 of this Annual Report for further details.

Governance body

The Board of Directors of ACWA POWER Company (the "Company" or "ACWA Power") (the "Board") is the ultimate responsible body within the Company that is elected by the Ordinary General Assembly, in accordance with applicable laws and regulations. Without prejudice to the Capital Markets Law, Companies Law, applicable regulations, the Company's Bylaws and the internal governance of the Company, the Board assumes the responsibility of providing direction, guidance and leadership on strategy, operations, and business expansion in the Kingdom of Saudi Arabia and internationally, while assessing opportunities, challenges, risks and associated mitigative measures. Furthermore, the Board oversees the Company's internal controls, compliance framework and risk register.

The Board is vested with full powers by the Shareholders to manage the business of the Company and supervise its affairs, as per the Company's Articles of Association and Bylaws. To optimise the management of the Company and upon appointment on 5 January 2022, the Board restructured its committees into four functional Board Committees (the "Board Committees"). Board Committees have been established to assist and provide insight and support to the Board in fulfilling its fiduciary responsibilities, namely the Board Audit Committee; the Nomination and Remuneration Committee; the Board Executive Committee; and the Risk Management Committee. All Board Committees have their respective charters that stipulate the respective Board Committees' roles, responsibilities and delegated powers within the context of their specific expertise. The Board Committees deliberate and oversee various matters and provide quarterly updates and reporting to the Board for information, guidance and/or approvals, as applicable. In addition to committees mandated by regulations, the Board may at any time establish specialised committees, as may be needed, for effective governance, oversight, and operations of the Company.

The Board Term:

The Board term began on 5 January 2022 for a period of three years ending on 4 January 2025. Subsequently, the Board at its meeting held on 16 January 2022 resolved to appoint Mr Mohammad Abdullah Abunayyan (Non-Executive Member) as Chairman of the Board; Mr Suntharesan Padmanathan (Executive Member) as Vice-Chairman of the Board; Mr Mohammad Abdullah Abunayyan and Mr Suntharesan Padmanathan as the Company's representatives in front of the Capital Market Authority and the Saudi Exchange; and Ms Hager Al Twegieri as Secretary of the Board. As per the Company's Bylaws, the term of a director is for a period not to exceed three (3) years, subject to renewal or extension by the ordinary general assembly. Nevertheless, there is no limit on the number of terms that a non-executive/executive board member may serve on the Board.

On 29 November 2022, the Company published an announcement on the Saudi Exchange regarding the Board's recommendation to increase Board seats from 11 to 12 upon the effectiveness of the Companies Law issued by Royal Decree No. (M/132) dated (1/12/1443H) and its implementing regulations and to start of the nomination period for the 12th Board seat to be elected during the next Extraordinary General Assembly[1].

Areas of expertise

- Strategy
- Global business development and operations
- Finance, audit, accounting, internal controls
- Risk management
- Governance
- ESG
- Compliance
- Information technologies and digitalisation
- Industry knowledge

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

↗ For further details on the Board of Directors, kindly refer to the Governance report on page 105 of this Report.

[1] The Company's Extraordinary General Assembly, held on 12 February 2023, elected Mr Raad Al-Saady as the twelfth member of the Board for the current Board term. Subsequently, the Board on 14 February 2023 resolved to appoint Mr Raad Al-Saady as Vice-Chairman of the Board and Managing Director, considering Mr Paddy Padmanathan had voluntarily requested from the Board to be relieved of his role as Vice-Chairman while remaining as a Board member for the remainder of the current Board Term

SUSTAINABILITY REVIEW

GOVERNANCE

Board Committees

Board Executive Committee

Pursuant to Article (28) of the Company's Bylaws, the Company has established a Board Executive Committee which comprises five (5) board members appointed by the Board for a period not exceeding the term of the Board membership, exclusively consisting of members of the Board. The Chairman of the Board chairs the Board Executive Committee. The Board Executive Committee is responsible for, amongst other things, receiving and evaluating any proposals submitted to it from, and recommended for approval 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, in line with its approval authorities. In addition, the Board Executive Committee oversees the Company's business and investment operations by analysing investment policies, strategies, transactions, opportunities and performance of the Company.

Board Audit Committee

Pursuant to Article 51 of the CGR, and in compliance with the CMA Corporate Governance Regulations, the Board Audit Committee was formed by a resolution of the General Assembly dated 5 January 2022. The Board Audit Committee consists of one (1) Independent Director, one (1) Non-Executive Director and three (3) non-Board members, one of whom is the Chairman of the committee. In line with the CMA Corporate Governance Regulations, none of the members of the Board Audit Committee is a member of the Executive Management.

Board Risk Management Committee

Pursuant to article (29) of the Company's Bylaws, the Company has an established Risk Management Committee (RMC), which was formerly known as the Risk and Compliance Committee. The committee consists of five (5) members, serving for a period not exceeding the term of the Board membership. The Risk Management Committee advises the Board on the Company's risk appetite, monitors the Company's principal strategic, financial, operational, business, and reputational risks or exposures, advises and recommends actions to minimise such risks, and provide oversight and guidance as to the overall risk management functions within the Company. The Risk Management Committee executes its responsibilities in accordance with the legal and regulatory requirements, and the Risk Management Committee Charter.

Nomination and Remuneration Committee

In compliance with the Corporate Governance Regulations and Article 30 of the Company's Bylaws, the Company has established a Nomination and Remuneration Committee (NRC) on 5 January 2022. The 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 2022, the NRC Chairman is an Independent Board member and there is no Board Executive members serving on the NRC.

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 assurance that the leadership and human capital resources required for the Company to achieve its purpose and strategic objectives are met. The Nomination and Remuneration Committee executes its responsibilities in accordance with laws, regulations and the NRC Charter.

↗ For further details on the Board Committees and other corporate governance mechanisms, kindly refer to the Governance report on page 105 of this Report.

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.

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:

- Ensuring the highest standards of ethics and compliance with all applicable laws, regulations, rules and policies.
- Detecting and swiftly correcting identified compliance gaps.
- 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.

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 the same.

SUSTAINABILITY REVIEW

GOVERNANCE

Our whistle-blowing programme

At ACWA Power, our commitment to integrity and transparency extends to implementing an efficient and confidential whistle-blowing 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.

ACWA Power is committed to conducting its business with the highest standards of ethics and integrity by treating employees and partners with utmost respect and professionalism, fostering a culture of compliance and accountability for own actions, and promoting an environment where employees, third parties and stakeholders are encouraged to raise their concerns confidently regarding any unethical behaviour or any wrongdoing in the Company.

As part of that commitment, we have recently revised and rolled out the whistle-blower policy. Flowing from this policy, we are now rolling out the revised whistle-blower procedure, which, together with the whistle-blower policy, constitutes the whistle-blower programme at ACWA Power.

The purpose of the whistle-blower procedure is to define the processes and actions that must be followed to blow the whistle and report identified concerns through dedicated channels.

The main objectives of this procedure are to:

- raise awareness on the whistle-blower programme in place at ACWA Power;
- explain the importance of reporting serious concerns;
- explain who is a whistle-blower and when to blow the whistle;
- identify the types of concerns to be reported;
- list the commitment expected from whistle-blowers;
- identify channels available to report concerns;
- provide an overview on the mechanism to investigate and remedy any wrongdoing;
- set out the key performance indicators (KPI) of the whistle-blower programme.

This procedure should be read in conjunction with ACWA Power's whistle-blower policy and code of conduct and ethics policy.

This whistle-blower procedure applies to all employees of ACWA Power, including business units and wholly owned subsidiaries.

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 unfavourable 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.

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, in 2021, 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 31.**

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.

Integration of climate risks in our risk approach

In addition to the environmental, operational and financial risks to our businesses, climate-related risks are 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).

Physical climate risks

In 2022 we established bespoke methodology and approach to develop climate threats/opportunities matrix and identify climate change risk exposure. This entails structured conversations with key business teams across business units before climate risk reporting becomes an obligation, which is likely to come soon across several countries. When the company has a climate risk framework in place, we may start mapping it to any future requirements such as TCFD. This means the Company will be ready when these requirements become obligatory.

Our process

Step 1: Defining climate change elements across technology and their activities, in line with the King Abdullah Petroleum Studies and Research Centre (KAPSARC) workshop held in June 2022

Step 2: Integrating Step 1 into a risk management framework to capture all climate change risks as a catalogue/ risk diary, then reviewing every three or five years,

Step 3: Establishing governance for climate risks while assessing both threats and opportunities; determining how the company will identify, assesses and manages climate-related risks and agreeing review periods.

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GOVERNANCE REPORT

CORPORATE GOVERNANCE FRAMEWORK

In its effort to act in the best interests of its shareholders by delivering sustainable shareholder value and to ensure compliance with the Corporate Governance Regulations issued by the Capital Market Authority ("CMA") of Saudi Arabia, ACWA Power uses a Corporate Government Framework (the "Framework") that models best practices as defined by the CMA and the Companies Law (the "Law") of Saudi Arabia in addition to other applicable benchmark practices and standards.

The Company aims to be a world-class entity in its corporate governance affairs by continuing to model its framework in line with international best practices in terms of transparency, sufficient disclosure and fair administration. The IPO process in 2021 was helpful in both confirming the high standard that the Company has achieved ever since it adopted a code for corporate governance in 2009 while it was still a private company and allowing it to identify and capture opportunities to further reinforce and upgrade its governance standards.

The key sources for the application of codes (the "Codes") under the Framework are the Corporate Governance Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by the CMA in addition to corporate governance best practices.

The Company has adopted a Code of Corporate Governance (the "Code of CG"), in line with applicable laws and regulations, and which was approved by the Board of Directors of ACWA Power (the "Board") on 7 April 2021 (corresponding with 25 Sha'aban 1442H) to support and adopt principles of good governance, including accountability, transparency, responsibility and fairness. Further, the Company, guided by its Board of Directors, continues to assess and examine its governance agility by comparing its systems with established international practices in order to further strengthen its internal reporting, disclosures and controls.

To ensure effective, consistent, and continuous application of the governance standards set by the Code of CG, the Company has implemented several policies and manuals, including but not limited to:

- Code of Corporate Governance
- Board and Board Committee's Charters
- Policies and Criteria for the Selection of Board Members, Committee Members and the Senior Executives consistent with capital market requirements and guidelines and shareholders rights
- Remuneration Policy
- Code of Business Conduct and Ethics Policy
- Compliance Management Framework
- Related Party Transaction and Conflict of Interest Policy regulating, amongst other things, conflict categories as it pertains to directors, senior executives and employees
- Documentation and Retention Policy
- Third Party Due Diligence and KYC Policy
- Distribution of Dividends Policy
- Whistle-Blower Policy
- Company Stakeholders Policy
- Disclosure and Transparency Policy and Procedures

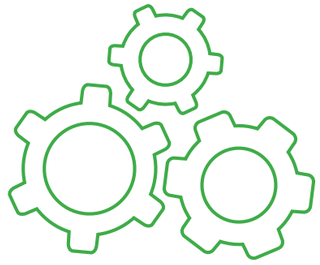
The governance dynamics at ACWA Power

Internal Code

- Code of conduct and business ethics
- Employee compliance
- Whistle-blowing committee

Oversight and Management

- Interface with the group companies
- Enterprise Risk Management
- Internal Audit & Control
- Continuous performance monitoring



Saudi Arabia's Legal & Regulatory Framework

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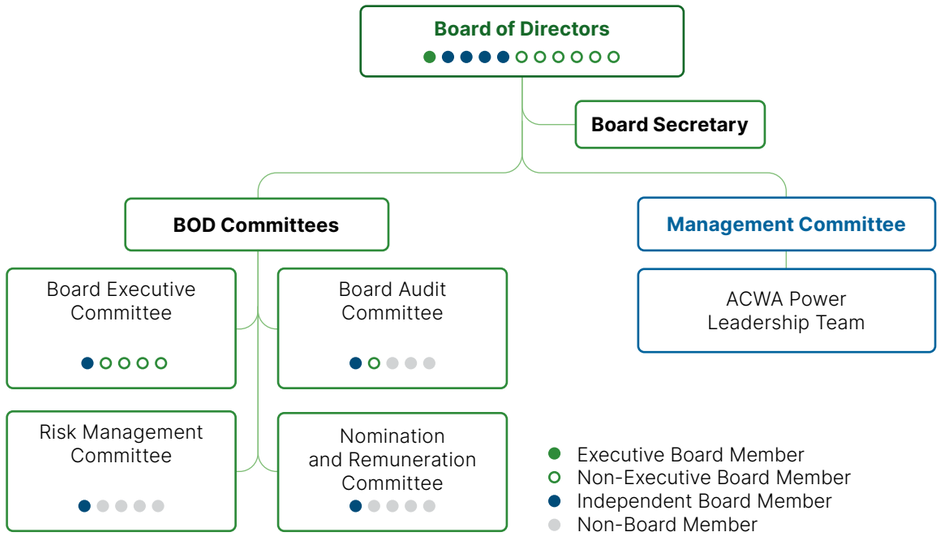
Robust corporate structure with dedicated committees



GOVERNANCE REPORT

THE BOARD OF DIRECTORS STRUCTURE AND RESPONSIBILITIES

The Board of Directors of ACWA POWER Company (the "Company" or "ACWA Power") (the "Board") is the ultimate responsible body within the Company that is elected by the Ordinary General Assembly, in accordance with applicable laws and regulations. Without prejudice to the Capital Markets Law, Companies Law, applicable regulations, the Company's Bylaws and the internal governance of the Company, the Board assumes the responsibility of providing direction, guidance and leadership on strategy, operations, and business expansion in the Kingdom of Saudi Arabia and internationally, while assessing opportunities, challenges, risks and associated mitigative measures. Furthermore, the Board oversees the Company's internal controls, compliance framework and risk register.

The Board is vested with full powers by the Shareholders to manage the business of the Company and supervise its affairs, as per the Company's Articles of Association and Bylaws. To optimize the management of the Company and upon appointment on 05 January 2022, the Board restructured its committees into four functional Board Committees (the "Board Committees"). Board Committees have been established to assist and provide insight and support to the Board in fulfilling its fiduciary responsibilities, namely: the Board Audit Committee; the Nomination and Remuneration Committee; the Board Executive Committee; and the Risk Management Committee. All Board Committees have their respective charters that stipulate the respective Board Committees' roles, responsibilities and delegated powers within the context of their specific expertise. The Board Committees deliberate and oversee various matters and provide quarterly updates and reporting to the Board for information, guidance and/or approvals, as applicable. In addition to committees mandated by regulations, the Board may at any time establish specialized committees, as may be needed, for effective governance, oversight, and operations of the Company. .

The Board term:

The current Board term began on 05 January 2022 for a period of three years ending on 04 January 2025. Subsequently, the Board at its meeting held on 16 January 2022 resolved to appoint Mr Mohammad Abdullah Abunayyan (Non-Executive Member) as Chairman of the Board; Mr Suntharesan Padmanathan (Executive Member) as Vice-Chairman of the Board; Mr Mohammad Abdullah Abunayyan and Mr Suntharesan Padmanathan as the Company's representatives in front of the Capital Market Authority and the Saudi Exchange; and Ms Hager Al Twegieri as Secretary of the Board. As per the Company's Bylaws, the term of a director is for a period not to exceed three (3) years, subject to renewal or extension by the Ordinary General Assembly. Nevertheless, there is no limit on the number of terms that a non-executive/executive board member may serve on the Board.

On 29 November 2022, the Company published an announcement on the Saudi Exchange regarding the Board's recommendation to increase Board seats from 11 to 12 upon the effectiveness of the Companies Law issued by Royal Decree No (M/132) dated (01.12.1443H) and its implementing regulations and to start the nomination period for the twelfth Board seat to be elected during the next Extraordinary General Assembly[1].

[1] The Company's Extraordinary General Assembly, held on 12 February 2023G, elected Mr Raad Al-Saady as the twelfth member of the Board for the current Board term. Subsequently, the Board on 14 February 2023 resolved to appoint Mr Raad Al-Saady as Vice-Chairman of the Board and Managing Director, considering Mr Paddy Padmanathan had voluntarily requested from the Board to be relieved of his role as Vice-Chairman while remaining as a Board member for the remainder of the current Board Term

Evaluation of the Board and the Board committees

In line with guiding article (39/E) of the Corporate Governance Regulations issued by the CMA, the Board appointed an external third-party consultancy firm to assess its performance. The consultancy firm has proven records of conducting board assessments with local and international multinational companies. The selection and screening of the third party consultancy firm was in line with the endorsement and recommendation of the Board Nomination and Remuneration Committee.

> Procedure taken by the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

As required by the CMA's Corporate Governance regulation, the Board participates in the Company's General Assembly meetings, which serves as a platform for shareholders to provide their suggestions and remarks directly to the members of the Board.

GOVERNANCE REPORT

THE BOARD OF DIRECTORS
(THE "BOARD")

The Board of Directors comprised eleven (11) esteemed and highly experienced individuals in the regional and international business community, under the chairmanship of Mr Mohammad Abunayyan. The following table includes the names, titles, membership statuses and appointment dates of the members of the Board.

Mr Mohammad Abunayyan
Chairman
Non-executive
Appointment date: 5 January 2022

Mr Omar AlMadhi
Director
Non-executive
Appointment date: 5 January 2022

Mr Abdullah AlRowais
Director
Non-executive
Appointment date: 5 January 2022

Mr Paddy Padmanathan
Vice-Chairman and Chief Executive Officer
Executive
Appointment date: 5 January 2022

Dr Ibrahim Al-Rajhi
Director
Non-executive
Appointment Date 5 January 2022

Mr Omar Almidani
Director
Non-executive
Appointment date: 5 January 2022

Mr Esmail Alsallom
Director
Independent
Appointment date: 5 January 2022

H.E. Mr Ahmed Alhakbani
Director
Independent
Appointment date: 5 January 2022

Mr Fahad Alsaif
Director
Non-executive
Appointment date: 5 January 2022

Dr Madelyn Antoncic
Director
Independent
Appointment date: 5 January 2022

Mr Li Ping
Director
Independent
Appointment date: 5 January 2022

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

MR MOHAMMAD ABUNAYYAN

Chairman
Non-executive

Profile

Mr Mohammad Abunayyan, a Saudi national, the Founder and Chairman of the Board of Directors of ACWA Power, a publicly listed company in the Saudi Stock Exchange (Tadawul), that is driving the energy transition through transformative solutions in clean energy, water desalination, and green hydrogen.

An accomplished business leader with over four decades of experience in varied sectors, Mr Abunayyan is widely recognised as a key authority in the water and energy sectors globally.

Under his strategic leadership, ACWA Power has emerged as an agile, high-growth, power and water champion that is enabling Saudi Vision 2030 goals and delivering power and water, reliably and responsibly, at low cost, to communities across the world.

Founded in 2004, ACWA Power has expanded rapidly and is currently operating in 12 countries across the Middle East, Africa, Central Asia and Southeast Asia.

Mr Abunayyan has embedded cost leadership, technological expertise, and operational excellence within the company's operating model and established strong public-private sector partnerships with a clear purpose to deliver the highest level of sustainable value to all stakeholders, while also focusing on driving community impact. He is a strong advocate and enabler of local talent and content in all the markets that ACWA Power operates in.

Mr Abunayyan also serves as Chairman of Vision Invest, Dussur and is on the executive board of numerous reputed organisations in KSA and the region.

Academic and professional qualification

- High school diploma, Alyamamah High School, Saudi Arabia, 1979.

Current positions

- Non-Executive founding Board member, NEOM Investment Fund.
- Non-Executive Director, Shuaa Energy 3 PSC.
- Chairman, the Saudi – Emirati Coordination Council.
- Non-Executive Director, King Abdulaziz Historical Center.
- Non-Executive Director, Ministry of Finance Advisory Council.
- Non-Executive Director, Jizan Integrated Gas and Power Transformation Company.
- Non-Executive Director, Local Content and Procurement Authority.
- Non-Executive Director, Higher Education Fund.
- Non-Executive Director, Noor Energy 1 PSC.
- Non-Executive Chairman, Saudi Arabian Industrial Investments Company (DUSSUR).
- Non-Executive Director, Hassyan Energy Phase 1 PSC.
- Non-Executive Chairman, Jazan Gas Projects Company.
- Non-Executive Director, Shuaa Energy 1 PSC.
- Non-Executive Chairman, Arabian Qudra Energy Limited Company.
- Non-Executive Chairman, Gas Industry Company for Industrial Services.
- Non-Executive Chairman, Yanbu Project Company for Electric Power.
- Non-Executive Director, Saudi Arabian Industrial Investments Company (DUSSUR).
- Non-Executive Chairman, Saudi Airlines Cargo Company.
- Non-Executive Director, Lafana Investment Company.
- Non-Executive Director, Rafal Real Estate Development Company.
- Non-Executive Vice-Chairman, Tarabot Development and Investment Company.
- Non-Executive Chairman, Saudi Tabreed Company.
- Non-Executive Chairman, Vision International Investment Company.
- Non-Executive Director, Neom Green Hydrogen Company Ltd.

Past professional experience

- Non-Executive founding Board member, NEOM Industrial City.
- Non-Executive Director, Industrial Board.
- Non-Executive Vice-Chairman, Etihad Energy International Company.
- Non-Executive Vice-Chairman, Global Ports and Rails.
- Non-Executive Chairman, Qurayyah project limited Company.
- Non-Executive Director, Welspun Middle East Pipes Company.
- Non-Executive Chairman, Qurayyah Investments Company.
- Non-Executive Chairman, Hajr for Electricity Production Company.
- Non-Executive Director, ACWA Power Khalladi.
- Non-Executive Director, Pohang Iron and Steel Company.
- Non-Executive Chairman, Al Mourjan for Electricity Production.
- Non-Executive Chairman, Rabigh Investments Company.
- Non-Executive Chairman; ACWA GAttendedç.
- Non-Executive Chairman; ACWA Power Enerji Anonim Sirketi.
- Non-Executive Chairman; KSB Arabia.
- Non-Executive Director, Aziz European Pipe Factory for Trading and Contracting.
- Non-Executive Director, Saudi Agricultural Development Co. (INMA).
- Non-Executive Chairman, Abunayyan Group.
- Non-Executive Director, Saudi Tumpane Company.
- Non-Executive Chairman, ACWA Power SolAfrica Bokpoort.
- Non-Executive Director, Sun and Life Company.
- Non-Executive Director, Desert Aluminum Company Ltd.
- Non-Executive Chairman, Central Electricity Generating Company.
- Non-Executive Chairman, ENARA Energy Investments PSC.
- Non-Executive Chairman, Floating Ships for Water Projects Company.
- Non-Executive Chairman, Rabigh Expansion Company.
- Non-Executive Chairman, Multiple Shares Company.
- Non-Executive Chairman, Al Raeda Energy.
- Non-Executive Chairman, Higher Institute for Water and Power Technologies.
- Non-Executive Chairman, ACWA Power Barka SAOG (Barka 1).
- Non-Executive Chairman, Projects Acquisition Company.
- Non-Executive Director, Rabigh Operations & Maintenance Company.
- Non-Executive Director, Industrial Cities Development and Operating Company, Trading and Contracting.
- Non-Executive Chairman, Kahromaa Limited.
- Non-Executive Vice-Chairman, First National Operation & Maintenance Company.
- Non-Executive Director, Jubail Water & Power Company.
- Non-Executive Chairman, SGA Marafiq Holdings Company.
- Non-Executive Chairman, Shuqaiq Arabian Company for Water & Electricity.
- Non-Executive Chairman, Saudi Malaysia Water & Electricity Company.
- Non-Executive Chairman, Shuaibah National Company for Water and Power.
- Non-Executive Chairman, Multiforms LLC.
- Non-Executive Chairman, International Barges Co. for Water Desalination.
- Non-Executive Chairman, Alimtiaz Operation & Maintenance Company.
- Non-Executive Director, Altoukhi Company for Industry, Trading and Contracting.
- Non-Executive Chairman, Beatona Company.
- Non-Executive Director, Saudi Research & Marketing Group.
- Non-Executive Chairman, Shuqaiq International Water & Electricity Company.
- Non-Executive Director, Shuqaiq Water & Electricity Company.
- Non-Executive Director, Tanmiah Transport Company.
- Non-Executive Chairman, Saudi Malaysia Operation & Maintenance Services Company.
- Non-Executive Director, Saudi Agriculture Development Company.
- Non-Executive Director, Saudi Deyaar.
- Non-Executive Director, Shuaibah Expansion Holding Company.
- Non-Executive Director, Shuaibah Expansion Project Company.
- Non-Executive Director, Rabigh Arabian for Water & Electricity Company.
- Non-Executive Chairman, Shuaibah National Company for Water and Power.
- Non-Executive Director, Riyadh Chamber of Commerce.
- Non-Executive Director, Grains Organisation.
- Non-Executive Director, SAMBA Financial Group.
- Non-Executive Director, National Agriculture Development Company (NADEC).

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

MR PADDY PADMANATHAN

Vice-Chairman and Chief Executive Officer
Executive

Profile

Mr Paddy Padmanathan is the Vice-Chairman & Chief Executive Officer of ACWA Power having joined the company as head of Business Development in 2005 and then from 2007 to 2021. A seasoned engineer and energy expert with over 40 years of experience, Mr Padmanathan has led the company as it grew from a start-up, to what it is today, a company that has a portfolio of assets in 13 high-growth markets across three continents. At ACWA Power, he has guided the business strategy to deliver power and desalinated water reliably and responsibly at competitive rates. He is also steering ACWA Power's leadership in contributing to the energy transition, underpinned by a strong ESG framework, with some of the largest renewable energy parts in the world and the first ever major inclusion of renewable energy in desalination and now expanding to the field of producing green hydrogen at scale with the first major plant in construction.

Prior to joining ACWA Power, Mr Padmanathan served as the Vice-President and Corporate Officer at Black and Veatch, a major global engineering and construction company, where he was responsible for developing privately financed power, water, and wastewater projects in over a dozen countries.

Mr Padmanathan holds a degree in engineering from the University of Manchester, a postgraduate qualification in Civil Engineering production from University of Lancaster and serves on the boards of several water and power companies.

Academic and professional qualification

- Bachelor of Civil Engineering from University if Manchester, UK. 1979G.
- Post Graduate Studies in Civil Engineering production, University of Lancaster.

Current positions

- Non-Executive Director of BESIX and Heliogen, Non-Executive Vice-Chairman of Zhero BV and Xlinks and Non-Executive Chairman of Desolenator BV.
- He is also holding a number of positions as a representative of the Company, including the following:
- Director, ACWA Power Ouarzazte (Noor1),
- Director, ACWA Power Ouarzazate II,
- Director, ACWA Power Ouarzazate III,
- Director, ACWA Power Uzbekistan Project Holding Co. (DIFC),
- Director, ACWA Power Uzbekistan Wind Proj. Holding Co. (DIFC),
- Chairman, ACWA Industrial Investment Co. (AIICO), a Limited Liability Co,
- Chairman, ACWA Power Ouarzazate IV,
- Chairman, ACWA Power Khalladi,
- Chairman, ACWA Power Boujdour,
- Director, Arabian Co. for Water and Power Projects (APP),
- Director, ACWA Power Salalah 2 IPP Project Holding Co Ltd (DIFC),
- Director, ACWA Power Ethiopia project Holding Co (DIFC),
- Director, ACWA Power Kom Ombo Project Holding Company Ltd (DIFC),
- Director, ACWA Power Water Projects Ltd (DIFC), a Private Co/LTD,
- Director, ACWA Power Global Services (DIFC),
- President, ACWA Power Laayoune,
- Chairman, ACWA Güç IŞLETME VE YÖNETİM SANAYİ VE TİCARET ANONiM ŞİRKETİ,
- Chairman, ACWAPOWER ENERJİ ANONİM ŞİRKETİ,
- Director, ACWA Power AL Dur II Holding Co WLL,
- Director, ACWA Power FEWA Project Holding company Limited (DIFC) [formerly AP Sohar],
- Director, ACWA Power IBRI Project Holding Company Limited (DIFC),
- Director, ACWA Power Luxor Project Holding Company Limited (DIFC) [formerly AP Barka],
- Director, ACWA Power Green Energy Company Limited (DIFC) [formerly AP Bahrain],
- Director, ACWA Power Salalah Project Holding Co Ltd (DIFC),
- Director, ACWA Power DGC Project Holding Co. Ltd. (DIFC),
- Director, ACWA Power Harbin Holdings Limited (JAFZA),
- Director ACWA Power Management and Investments One, a Private Co/LTD,
- Director, ACWA Power Capital Management Ltd (DIFC),
- Director, ACWA Power Treasury Holding Co. Ltd,
- Director, ACWA Power Conventional Energy (DIFC),
- Director, ACWA Power Oasis 1 Ltd (JAFZA),
- Director, ACWA Power Oasis 2 Ltd. (JAFZA),
- Director, ACWA Power Global Services Branch,
- Director, ACWA Power Solar Limited (JAFZA), an Offshore Co./LLC,
- Director, ACWA Power General Holdings 1 Ltd (JAFZA), an LLC,
- Director, ACWA Power Energy Holdings Ltd. (JAFZA),
- Chairman, ACWA Power CF Karad PV Park EAD,
- Director, ACWA Power Moatize Holdings Ltd (JAFZA),
- Director, ACWA Power Plovdiv Holdings (JAFZA),
- Director, ACF Renewable Energy, a Private Limited Liability Co,
- Director, ACWA Power Bahrain Holdings WLL, a Limited Liability Co,
- Director, ACWA Power Kirikalle Holding WLL,
- Director, ACWA Power Coastal Holdings (JAFZA),
- Director, ACWA Power Inland Holdings (JAFZA),
- Director, ACWA Power Jordan Holding (JAFZA),
- Director, APBP TSA Company, a Private Co,
- Director, ACWA Power Barka Services 1,
- Director, ACWA Power Barka Services 2,
- Director, ACWA Power Global Holdings (JAFZA),
- Director, ACWA Power International Holding (JAFZA),
- President & CEO, International Water and Power Company (ACWA Power).

Past professional experience

- Corporate Officer & Vice-President, Black & Veatch Africa Limited.
- Chief Executive, Black & Veatch Africa Limited.
- Executive Director, Burrow Binnie International Ltd.
- Engineer and Manager, John Burrow and Partners Overseas.
- Researcher, IDC Group Limited and University of Lancaster.

DR IBRAHIM AL-RAJHI

Director
Non-executive

Profile

Dr Ibrahim Al-Rajhi is a member of the Board of Directors at ACWA Power.

In a career spanning nearly 30 years across diverse sectors, Dr Al-Rajhi has demonstrated adaptability, dynamism and leadership. A highly educated business executive, Dr Al-Rajhi has worked and steered organisations in industries such as food and beverage, travel and tourism, logistics, real estate, construction and education.

He is currently an active board member in several small and medium enterprises and non-profit organisations in Saudi Arabia.

Dr Al-Rajhi holds a Bachelor's degree in systems engineering from King Fahd University of Petroleum and Minerals; a Master of Science in management from Hult International Business School and a Doctorate in Human Resources Management from London Metropolitan University.

Academic and professional qualification

- Bachelor's degree in systems engineering from King Fahd University of Petroleum and Minerals, 1994.
- Master of Science in management from Hult International Business School, 1996.
- Doctorate in Human Resources Management from London Metropolitan University, 2008.

Current positions

- Chairman of the Board, Modern Mailing Company located in Jeddah.
- Chairman of the Board, Tibah Airports Development Company, located in Madinah.
- Chairman of the Board, Tibah Airports Operation Company, located in Madinah.
- Member of Nama Al-Rajhi Humanity Establishment.
- Member of the Board of Hessah Ibrahim Al Qubaisi Endowments.
- Vice-Chairman of the Board of Directors of Hessah Ibrahim Al Qubaisi Academic Excellence Program.
- Member of the Board, National Center for Family Busine.
- Member of the Board, Family Business Council-Gulf.

Past professional experience

- Chairman of the Board, Arabian Cement Company from 2016 to 2020.
- Member of the Board, Arabian Cement from 1999 to 2016.
- Member of the Board, Al-Rajhi Holding Group from 2009 to 2021.
- Member of the Board, Al Ajyal Holding Co. from 2014 to 2017.
- Member of the Board, ACWA Power, from 2018 to 2020.
- Member of the Board, Al Arrab Contracting Co. from 2012 to 2017.
- Chairman of the Board, Mada Infrastructure Holding Co. from 2012 to 2016.
- Chairman of the Board, General Enterprise & Trading Company (GETCO) from 2008 to 2017.
- Member of the Executive Committee in Sulaiman Al-Rajhi Holding Company, from 2011 to 2018.
- Member of the Board, Sulaiman Al-Rajhi Real Estate Company from 2012 to 2017.
- Member of the Board, AL-Watania Poultry from 2011 to 2017.
- Project General Manager, Al-Watania Poultry from 1999 to 2008.
- Deputy General Manager, Al-Watania Poultry from 1996 to 1999.
- General Manager, Fursan Travel & Tourism from 1994 to 1995.

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

H.E. MR AHMED ALHAKBANI

Director
Independent

Profile

Mr Alhakbani has over 20 years' experience in management.

Possessing sector agnostic skills, he has worked in, and provided board-level steering advice to companies operating in information technology, food and beverage, energy, transport and logistics, aviation, and trade.

He is currently Chief Executive Officer of Al hulul Al Mobassatah Financial Company (SiFi).

Prior to this role, Mr Alhakbani served as the Governor and Board Member of the Saudi Customs Authority.

From 2016 to 2017, he was the Deputy Minister for Foreign Trade in Saudi Arabia's Ministry of Commerce and Investment.

A seasoned board director for companies and governmental entities, ranging from GASCO, Saudi Airlines to the Saudi Food and Drug Authority and Communication, Space and Technology Commission amongst others. Mr Alhakbani started his career in the private sector, first at Microsoft, and then at Cisco Systems.

Mr Alhakbani earned a Bachelor of Science degree in computer and information systems from King Saud University. He also holds a master's in business administration from INSEAD.

Academic and professional qualification

- Bachelor of Science degree in computer and information systems from King Saud University, 2000.
- Master's in business administration from INSEAD, 2009.

Current positions

- Member of Board of Directors of Nuclear and Radiological Regulatory Commission.
- Member of Board of Directors of Communication, Space and Technology Commission.
- Chairman of Board of Directors of Uptown Jeddah Company.
- Member of GCC Supreme Council consultative Authority and Head of the Saudi Delegation.
- Member of Board of Directors, Chairman of the NRC, and Member of the Executive Committee of Saudi Arabian Airlines.
- Vice-Chairman of the Board of Directors of Saudi Azm for Communications and Information Technology.
- Member of Board of Directors of Obeikan Glass Company.
- Chairman of Board of Directors of Wajbat Osraty (Siwar).

Past professional experience

- Member of Board of Directors, Chairman of NRC, and a Member of the Executive Committee of Local Content & Government Procurement Authority.
- Member of Board of Directors, Chairman of Privatization Committee, Chairman of Engineering Committee of the General Customs Authority.
- Chairman of Board of Directors, Chairman of NRC and Executive committee of King Fahad Causeway Authority.
- Chairman of Board of Directors, Chairman of Executive Committee of TABADUL Saudi Company for Exchanging Information Online.
- Member of Board of Directors, Chairman of NRC of Saudi Arabian Airlines.
- Member of Committee of Directors, Chairman of NRC of Flyadeal Saudi Airlines.
- Member of Board of Directors, Member of Executive Committee of Saudi Food and Drug Authority.
- Governor of the General Authority of Customs, Member of Board of Directors, Chairman NRC of Saudi Ports Authority.
- Member of Board of Directors, Chairman of NRC of National Gas Company.
- Member of Board of Directors of Natural Gas Distribution Company.

MR FAHAD ALSAIF

Director
Non-executive

Profile

Mr Alsaif currently is Senior Managing Director, heads the Public Investment Fund's Global Capital Finance Division, where he oversees PIF's Global Capital Financing activities, of PIF and its portfolio companies.

Mr Alsaif worked on developing PIF's green financing framework and obtaining an investment grade inaugural credit rating by international rating agencies, and subsequently launching PIF's debut international bond programme; issuing the first green bond with a 100-year tranche, the first bond of its kind globally by a Sovereign Wealth Fund, simultaionusly, among other efforts that support PIF and its portfolio companies in diversifying the sources of capital to fund transformational projects across different sectors

Mr Alsaif hold several Board positions in national and international companies. Including the Chairmanship of the Aircraft Leasing Company (AviLease) and Emaar the Economic City. In addition.

Mr Alsaif has more than 25 years of experience in leading diverse functions including treasury, investment, debt capital management and corporate finance.

He started his career in the private sector and served senior positions in both Saudi British Bank (SABB) and HSBC Saudi Arabia for over a decade. Following his private sector stint, Mr Alsaif then took on a public sector role within Saudi Arabia's Ministry of Finance, where he served as a senior advisor to the Minister, His Excellency Minister of Finance, and establsihed and headed the ministry's debt management function, later renamed as National Debt Management Centre (NDMC), where he served as the Chief Executive Officer and Board member.

During his time at NDMC, he worked on executing the sovereign meduim-term debt strategy, and on the set up of the primary dealership (local sukuk), international sukuk and bonds, such as dollar-denominated bond programme, negative-yielding euro-denominated bond issuance, obtaining the credit rating of the government, and government financings through Export Credit Agencies.

A graduate in information systems from King Fahad University of Petroleum and Minerals. Mr Alsaif is also a member of PIF's Management Committee and Management Liquidity Committee, and is also the chairman and member of multiple boards at the PIF's portfolio companies, Vision 2030 Realisation Programmes, government-related entities and private companies including in the financial sector.

Academic and professional qualification

- Bachelor degree in Management Information Systems from King Fahd University of Petroleum and Minerals, 1998.

Current positions

- Senior Managing Director and Head of the Global Capital Finance Division – PIF.
- Non-Executive Board member, Bahri Company.
- Board Chairman, Aircraft Leasing Company (AviLease).
- Board Chairman, Emaar The Economic City.
- Non-Executive Board member, Gulf International Bank..
- Non-Executive Board, Board Executive Committee, and Nomination and Remuneration Committee member, The Saudi Real Estate Refinance Company (SRC).
- Member of the Financial Sector Development Programme.
- Investment Committee member, National Development Fund.
- Investment & Financing Committee member, NEOM.
- Non-Executive Board member, Board Executive Committee member, ACWA Power.
- Non-Executive Board member, Voluntary Carbon Market Company.
- Member of the Investment Committee, Events Investment Fund.
- Member in the Advisory Committee for investment in the municipal sector.

Past professional experience

- Advisor to His Excellency the Minister of Finance.
- CEO and Board member at National Debt Management Center.
- Deputy Managing Director – SABB.
- General Manager, Global Banking Services and Markets – SABB.
- General Manager and Head of Corporate Finance and Capital Markets – HSBC Saudi Arabia.
- General Manager and Head of Debt Capital Management – HSBC Saudi Arabia.
- Head of Risk Advisory, Treasury Department – SABB.
- Head of Investment and Trade Department, Treasury Department – SABB.

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

MR OMAR ALMADHI

Director
Non-executive

Profile

Mr AlMadhi is the Co-Head of MENA Direct Investments at the Public Investment Fund (PIF). Recognised as a leading corporate executive, Mr AlMadhi has over two decades of experience driving strategic growth within businesses in the Kingdom.

Prior to joining PIF, he held the position of Senior Managing Director & member of the Board at Abdul Latif Jameel (ALJ) Investments. Preceding his role at ALJ, Mr AlMadhi was an advisor to the Minister of Labor in Saudi Arabia, served as the CEO of Volkswagen Group Saudi Arabia, and held a number of positions at SAGIA, McKinsey and Saudi Aramco.

He was named a Young Global Leader by the World Economic Forum, joining the class of 2017. In naming Mr AlMadhi, the Forum characterised him as "a recognised corporate executive who has emerged a champion of job creation, employment and infrastructure in Saudi Arabia."

Academic and professional qualification

- Executive Education (Global Leadership & Public Policy for the 21st Century), Harvard Kennedy School.
- Master of Business Administration (MBA), MIT Sloan School of Management.
- BSE In Chemical Engineering, University of Pennsylvania.

Current positions

- Co-Head of Direct Investments, MENA Investments Division Public Investment Fund (PIF).
- Board member, Riyad Bank.
- Board member, Saudi Arabian Industrial Investments Company (Dussur).
- Board Investment Committee Chairman, Saudi Arabian Industrial Investments Company (Dussur).
- Vice-Chairman, Jada Fund of Funds.
- Vice-Chairman, Regional Voluntary Carbon Market Company.
- Chairman, National Automotive & Mobility Investment Company.
- Chairman, Iliad Partners.
- Chairman of the Board, Awad Capital.

Past professional experience

- Chairman of the Board & Board Executive Committee, Saudi Fisheries Company.
- Board member, National Agricultural Development Company (NADEC).
- Board member, Shuqaiq Three Company for Water LLC.
- Investment Committee member, Abdul Latif Jameel Land.
- Advisory Board member, Four Principles.
- Board member, Abdul Latif Jameel Logistics.
- Board member, Saudi Sports for All Federation.
- Board member, Abdul Latif Jameel Real Estate Finance Company.
- Board & Executive Committee member, Job Creation & Employment Commission.
- Board member, Endeavor Saudi Arabia.
- Senior Managing Director & member of the Board, Abdul Latif Jameel Investments.
- Chief Executive Officer, Volkswagen Group Saudi Arabia.
- Assistant Deputy Governor – Research, Analysis, Saudi Arabian General Investments Authority (SAGIA).
- Associate, Mckinsey & Company.
- Process Engineer, Saudi Aramco Shell Refinery Company (SASREF).
- Research Engineer, Saudi Aramco.

MR ABDULLAH ALROWAIS

Director
Non-executive

Profile

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

Academic and professional qualification

- Master of Science in Computer and Information, University of Detroit Mercy, Michigan, USA. 1997.
- Advance Diploma in Accounting, The Economics Institute, University of Colorado, Boulder, USA ,1996.
- Bachelor's in accounting, King Saud University, Riyadh, SA, 1992.

Current positions

- Board of Director, Saudi National Bank (SNB).
- Board of Director, Saudi Tourism Authority.
- Board of Director, Bawan Company.
- Audit Committee member, Roshn Company.
- Audit Committee member, Jeddah Central Development Company.
- Audit Committee Chairman, Noon Company.
- Audit Committee Chairman, Boutique Collection Company.
- Audit Committee member, Saudi Information Technology Company.
- Chief Audit Executive of Internal Audit, Etihad Etisalat Company (Mobily).

Past professional experience

- Board of Director, Samba Financial Group.
- Audit Committee member, Alinma Tokio Marine.
- Audit Committee member, Saudi Arabian General Investment Authority.
- Audit Committee member, Deutsche Gulf Finance.
- Founding member, Board of Director, and Chairman of Executive Committee, Institute of Internal Auditors (IIA KSA).
- Board of Directors, Manafea Holding.
- Associate General Auditor, Saudi Aramco.
- IT Audit Manager, Saudi Aramco.
- Internal Auditor, Saudi Arabian Monetary Agency.

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

MR OMAR ALMIDANI

Director
Non-executive

Profile

Mr Omar Almidani is the President and Chief Executive Officer of Vision International Investment Company (Vision Invest), a leading Saudi Development and Investment Holding Company with active investments in the power & water, industrial gases, district cooling, wastewater treatment, logistics and environmental solutions sectors. Mr Almidani has served in multiple roles within Vision Invest over the past 11 years. Mr Almidani is a member of the Young Presidents Organisation and holds a Bachelor of Commerce Degree (Finance) with Honours from the John Molson School of Business in Montreal, Canada. Mr Almidani sits on the Board of Directors of several Saudi companies, including Saudi Tabreed, Qudra Energy and Miahona.

Academic and professional qualification

- Bachelor of Commerce in Finance with honour degree, John Molson School of Business, Montreal, Canada, 2002.

Current positions

- President and Chief Executive Officer, member of Board of Directors and member of the Executive Committee, Vision International Investment Company.
- Non-Executive Director, Estydama Development Projects Company.
- Non-Executive Director, Miahona Company.
- Non-Executive Director, and Chairman of the Nomination, Remuneration & Compensation Committee, Saudi District Cooling Company.
- Non-Executive Director, Arabian Qudra Energy Ltd..
- Non-Executive Director, Chairman of Management Development & Compensation Committee, Member of Audit, Finance and Risk Committee, Member of Investment Committee, and member of Corporate Governance & Nominating Committee, Air Products Qudra for Energy.
- Non-Executive Director, Jubail Waves for Gases Company.
- Non-Executive Director, Jazan Gas Projects Company.
- Non-Executive Chairman, Ajyad Knowledge Company for Education and Training.
- Non-Executive Director, Beatona Company.
- Non-Executive Director, Saudi Integrated Waste Management Company.
- Non-Executive Director, Sahara Aluminium Company.
- Non-Executive Director, Wave One Project Company Limited.
- Non-Executive Director, Buildings Efficiency Company.
- Non-Executive Chairman, Yanbu Project Company for Electric Power Limited.
- Non-Executive Director, Vision Invest Limited (ADGM).
- Non-Executive Director, Rafal Real Estate Development Company.
- Non-Executive Director, Magma Holdings Limited (ADGM).
- Non-Executive Director, VI Gas Pipelines Holding I Limited (ADGM).
- Non-Executive Director, VI Gas Pipelines Holding II Limited (ADGM).
- Non-Executive Director, Vision Invest Pipelines Holding I Limited (ADGM).
- Non-Executive Director, Vision Invest Pipelines Holding II Limited (ADGM).

Past professional experience

- Non-Executive Chairman, East Pipes Integrated Company for Industry, from 2020 to 2022.
- Non-Executive Chairman, Integrated Tower Company for Telecommunications, from 2020 to 2022.
- Non-Executive Director, Etihad Energy International Company, from 2019 to 2021.
- Chairman, Multiforms LLC (UAE), from 2019 to 2020.
- Non-Executive Chairman, Jeddah Water Services Company, 2018 to 2022.
- Non-Executive Chairman, Industrial Cities Development and Operation Company, from April 2019 to October 2020.
- Non-Executive Chairman, Riyadh Water Production Company, from July 2018 to October 2020.
- Non-Executive Chairman, Jazzirah Environment Company, from 2018 to October 2020.
- Non-Executive Director, Power Acquisition Company, from 2014 to 2019.
- Non-Executive Director, Health Solutions Medial Company, from 2018 to 2019.
- Non-Executive Director, Arabian Japanese Membrane Company, from 2017 to 2018.
- Chief Executive Officer, Beatona Company, from 2011 to 2017.

MR ESMAIL ALSALLOM

Director
Independent

Profile

Mr Alsallom is the Chief Executive Officer of the Kingdom of Saud Arabia's National Infrastructure Fund (under establishment). Formerly he served as the Group Chief Executive Officer of Al-Rajhi Holding Group (RHG), a leading development and investment company headquartered in KSA with local and international operations and investments. Mr Alsallom chairs and/or is a member of the Board of Directors of several esteemed organisations in KSA, regionally and internationally. In addition, Mr Alsallom led executive roles in flagship organisations including the Head of Corporate Finance in the Structured Finance department of Banque Saudi Fransi. He received a Bachelor's in Industrial Engineering from King Saud University and completed a Leadership Development programme from Harvard University, USA.

Academic and professional qualification

- Leadership development certificate, Harvard university, USA, from 2017 to 2019.
- Bachelor of Science in Industrial Engineering, King Saud University, KSA, 2005.

Current positions

- CEO, National Infrastructure Fund.

Past professional experience

- Chief Executive Officer of Al-Rajhi Holding Group.
- Chairman, Electroputere SA.
- Director, Havas Ground Holding Co.
- Director, Taibah Airports Development Company.
- Director, BTA Food and Services Company.
- Director, Saudi ATU Trading Limited Co.
- Manager Director, MADA Infrastructure Holding Company.
- Chairman, Electroputere SA.
- Advisory Board member, Al Arrab Contracting Company.
- Director, United Mining Investments Company.
- Head of Corporate Finance, Banque Saudi Fransi.

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

DR MADELYN ANTONCIC

Director
Independent

Profile

Dr Madelyn Antoncic is a member of the Board of Directors at ACWA Power.

Dr Antoncic is a highly educated leader with nearly four decades of experience in academia, banking and finance, intergovernmental organisations, and non-profits.

An economist by training, her experience spans global markets across all asset classes in large, complex, global financial institutions in both the private and public sector. She held various senior market roles at Goldman Sachs, Barclays Capital, Lehman Brothers and Principal Global Investors.

After a long and distinguished career in banking and finance Dr Antoncic returned to academia and public service positions. She spent four years at the World Bank as Vice President and Treasurer, where in addition to her significant financial responsibilities she led capacity building and technical assistance programmes for World Bank member countries that focused on asset, debt, and risk management, and was responsible for maintaining the World Bank's AAA-credit rating. She is known for her leadership in financial innovation in implementing national climate-related disaster risk reduction and mitigation structures to help developing economy countries mitigate and transfer climate-related financial and other risks to the markets. She is currently a Senior Fellow at New York University Development Research Institute. The primary focus of her work is achieving sustainable economic development and climate change solutions by helping foster better capital allocation to emerging and developing economies. Most recently, she served as senior advisor to UNCTAD on sustainability standards reporting and was CEO of SASB, a non-profit private-sector sustainability standards setter, and was CEO of Global-AI, a not-for-profit Big Data and AI institute. She began her career as an Economist at the Federal Reserve Bank of New York, and she has taught Economics at the Graduate and Undergraduate NYU Stern Schools of Business in New York. Dr Antoncic is an internationally recognized industry leader and expert on risk management and governance. She is published widely on various economic topics including on ESG and is recipient of numerous awards.

Dr Antoncic holds a bachelor's degree from Southampton College, and a Master of Philosophy and a Doctor of Philosophy both in economics, with a minor in finance from New York University.

Academic and professional qualification

- New York University, Stern School, Ph.D., Economics with a minor in Finance 1983
- New York University, Stern School, Master of Philosophy 1981
- Southampton College, B.A., Summa cum Laude 1976

Current positions

- Senior Fellow, New York University Development Research Institute.
- Director and Founder, Sustainable Economic and Climate Development (SECDEV) Initiative.
- Member Research Advisory Panel, UK Foreign, Commonwealth and Development Office (FCDO) and the Norwegian Agency for Development Cooperation (NORAD).
- Member Editorial Board, Journal of A.I., Robotics, and Workplace Automation.
- Member Editorial Board, Journal of Risk Management in Financial Institutions.
- Board of Directors S&P Global Ratings.
- Board of Overseers of the Weill Cornell Medicine (WCM) and Graduate School of Medical Sciences of Cornell University.
- WCM Business and Finance Committee.
- WCM Special Committee on Research.
- WCM Development Committee.
- WCM International Affairs Committee.
- WCM Physicians' Organization Committee.

Past professional experience

- Vice President and Treasurer, The World Bank and the International Development Association (IDA).
- Senior Advisor to UNCTAD.
- CEO, Global Algorithmic Institute.
- Chief Executive Officer, Sustainability Accounting Standards Board (SASB) Foundation.
- Executive Director, Principal Global Investors.
- Managing Director Lehman Brothers Holdings Inc.
- Director, Treasurer Barclays Capital Inc. and Barclays Bank PLC.
- Vice-President, Goldman Sachs & Co.
- Former Policy Member, Counterparty Risk Management Policy Group III (CRMPG III).
- Former Member of the Committee for Market Best Practices.
- Former Board of Directors FinTech Masala Advisors': FTAC III and IV.
- Former member of the board of One-to-World.
- Former Member and Vice-Chairman World Bank Group.
- Pension Finance Committee.
- Former member Steering Committee and Co-chair Public Sector Issuers Forum.
- Former member of the Board of Directors of the Girl Scout Council of Greater New York.
- Former member of the Board and of the Executive Committee Barclay's Capital.

MR LI PING

Director
Independent

Profile

Mr Li currently serves as an Independent Director at China State Construction Engineering Corporation Ltd. An experienced management professional, Mr Ping has three decades of experience in the information and technology sectors, where he has overseen global investments and expansions, mergers & acquisitions activity, and the management and operations of listed companies.

His previous roles include being a Board member of the China Reform Holdings Corporation and CNIC Corporation, Chief Executive Officer of China Communication Corporation Services Ltd., the Deputy Director General of China Telecommunications of the Ministry of Posts and Telecommunications and many others.

Mr Li received a bachelor's degree from Beijing University of Posts and Telecommunications, where he majored in radio communication engineering. He also holds a master's in Business Administration from the State University of New York at Buffalo.

Academic and professional qualification

- Bachelor degree in Radio communication from Beijing University of Posts and Telecommunication, 1976.
- MBA Degree from the Management School, State University of New York at Buffalo in 1989.

Current positions

- Board member of China State Construction Engineering Corporation Ltd.

Past professional experience

- Board member, China Reform Holdings Corporation Ltd.
- CEO and Chairman of China Communication Services Corporation Ltd.
- Executive Director of the Board and Senior Executive Vice-President of China Telecom and China CCS.
- Deputy Director General of Department of Telecommunications of Ministry of Posts and Telecommunication.

The Board of Directors meetings and attendance in 2022

In 2022, there were eleven (11) official Board meetings and two (2) annual strategy meeting session held. It must be noted that these meetings were planned, and the Chairman did not receive any request by two or more of the Board Members to hold an emergency meeting(s) during the year 2022. The record of such attendance is provided below:

Name	Title	Board meeting attendance													Total
		16-Jan	6-Feb[1]	27-Feb	15-Mar	16-Mar[2]	9-May	29-May	30-Jun	20-Sep	13-Nov	28-Nov	20-Dec	21-Dec[2]	
Mr Mohammad Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Paddy Padmanathan	Vice-Chairman	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	12
Dr Ibrahim Al-Rajhi	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
H.E. Mr Ahmed Alhakbani	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Fahad Alsaif	Director	✓	✓	✓	✓	✓	✓	✓	✓	×	×	✓	✓	✓	11
Mr Omar AlMadhi	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Abdullah AlRowais	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Omar Almidani	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Esmail Alsallom	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	×	11
Dr Madelyn Antoncic	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Li Ping	Director	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	12

[1] On 06 February 2022, a board meeting and educational training was held whereby Mr. Mohammad Abunayyan did not attend the latter (i.e. education training session).
[2] The Board of Directors held two (2) strategy sessions during the year, on 16 March 2022 and 21 December 2022.

GOVERNANCE REPORT

THE BOARD OF DIRECTORS (THE "BOARD")

Remuneration and incurred expenses of the Board during 2022

The members of the **current** Board of Directors are paid an annual remuneration of three hundred and fifty thousand Saudi Riyals (SAR 350,000) and an attendance fee of three thousand Saudi Riyals (SAR 3,000) for each meeting. The Board of Directors received a total remuneration, inclusive of fixed and variable remuneration, in their capacity as Directors and members of Board committees (if applicable) of **SAR 4,231,750**, for the year 2022. In line with the Companies Law, the aggregate annual remuneration payable to any Director shall not exceed the capped amount of SAR 500,000 per year.

All amounts in SAR

#	Name	Fixed remunerations							Variable remunerations					End-of service awards	Aggregate amount	Expenses Allowance
		Specific amounts	Allowance for Attending Board meetings	Allowance for Attending Committee Meetings	In-Kind benefits	Remuneration for the technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profit	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares			
INDEPENDENT DIRECTORS																
1	H.E. Mr Ahmed Alhakbani[1]	327,500	30,000	30,000				387,500								
2	Mr Esmail Alsallom[1]	293,750	30,000	45,000				368,750								
3	Dr Madelyn Antoncic[1]	339,500	30,000	18,000				387,500								
4	Mr Li Ping[2]	350,000	39,000	33,000				422,000								
EXECUTIVE DIRECTORS																
5	Mr Paddy Padmanathan	350,000	39,000	–				389,000								
NON–EXECUTIVE DIRECTORS																
6	Mr Mohammad Abunayyan[1]	287,750	27,000	54,000				368,750								
7	Dr Ibrahim Al-Rajhi	350,000	42,000	–				392,000								
8	Mr Fahad Alsaif[1]	299,750	27,000	42,000				368,750								
9	Mr Omar AlMadhi[1]	284,750	30,000	39,000				353,750								
10	Mr Abdullah AlRowais[2]	350,000	42,000	33,000				425,000								
11	Mr Omar Almidani[1]	287,750	30,000	51,000				368,750								
Total		3,520,750	366,000	345,000				4,231,750								

[1] In line with applicable law and regulation, the aggregated annual remuneration payable to any director shall not exceed the capped amount of 500 KSAR whereby the board members serves on a board committee and hence has reached the cap.

[2] In line with the applicable regulation, Messrs. AlRowais and Ping have exceeded the 500 KSAR remuneration cap considering their membership in the Board Audit Committee.

GOVERNANCE REPORT

BOARD COMMITTEES

As at 31 December 2022, there were four Board committees: Board Audit Committee (“BAC”); Nomination and Remuneration Committee (“NRC”); Board Executive Committee (“BEC”); and Risk Management Committee (“RMC”).

Board Audit Committee and its Report for 2022

Pursuant to Article 51 of the CGR, and in compliance with the CMA Corporate Governance Regulations, the Board Audit Committee was formed by a resolution of the General Assembly dated 05 January 2022. The Board Audit Committee consists of one (1) Independent Director, one (1) Non-Executive Director and three (3) non-Board members, one of which is the Chairman of the Committee. In line with the CMA Corporate Governance Regulation, none of the members of the Board Audit Committee are members of the Executive Management.

ACWA Power operating model

As per the operating model adopted by ACWA Power, the subsidiaries are governed through ACWA Power representatives in the subsidiaries’ Boards and Board audit committees.

Summary of the Board Audit Committee duties and responsibilities performed in 2022

In 2022, the Committee carried out various activities within its scope of responsibilities, of which the main activities were as follows:

a) Financial reporting
- Review and recommend to the Board of Directors the approval of the quarterly results and year-end consolidated financial statements.

b) Internal audit
- Review and approve the internal audit department’s charter, plan and outputs and ensure whether the function has the necessary authority and resources to carry out its work while maintaining its independence.
- Review and assess internal audit reports and monitor the tracking and follow-up of implementation process determining whether or not appropriate actions are taken in respect of the internal audit recommendations therein.

c) External audit
- Review the external auditor’s plan, scope of work, the results of the financial audits, the relevant audit reports and management letter.
- Seek confirmation of the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities.
- Confirm that appropriate assistance was given by the Executive Management team to the external auditor and that no difficulties were encountered during the course of the audit.
- Review bids received for external audit services and recommend the appointment of external auditors for the quarterly and year-end audits in 2023.

d) Compliance
- Review the report of the Compliance Department on the Company's compliance with the relevant laws, regulations, policies and instructions.
- Review and endorse the related party transaction for the Board’s approval.
- Oversee the existence of a whistleblowing reporting facility which captures, and records matters raised by any stakeholders, including the Executive Management and employees.

Board Audit Committee Assessment of the Internal Audit Control

Based on the outcomes of internal audit reports, meetings with the External Auditor and management’s confirmation, nothing material has come to the attention of the Board Audit Committee that would indicate significant weakness in the system of internal and financial controls. Under the Committee’s supervision, ACWA Power has continued to assess and review its system of internal and financial controls to ensure they remain fit for purpose to support the Company in achieving its strategic objectives, improving the efficiency and effectiveness of operations, and ensuring compliance with all applicable laws and relevant regulations. However, the Board Audit Committee emphasises that due to the geographical spread of ACWA Power’s operations, the Committee is unable to conclude on the comprehensiveness of the internal and financial controls and procedures. The Board Audit Committee supports the management’s on-going efforts to continuously improve the effectiveness and efficiency of the internal and financial control procedures globally.

Profiles of Board Audit Committee members in 2022 who are not Board Directors

MR KHALID AL-RABIAH

Chairman of the Board Audit Committee

Academic and professional qualification
Bachelor’s degree in accounting, University of Toledo, in 1991.

Current positions
- Chairman of the Board, Arab Company for Drug Industries and Medical Appliances (ACDIMA).
- Board & Investment Committee Member & Chairman of the Board Risk Committee, Yanbu National Petrochemical Company (Yansab).
- Board and Audit Committee Member, Tunisian Saudi Bank (TSB).
- Board Member & Chairman of the Board Executive Committee, Al Dowyan Real Estate Group.
- Board & Chairman of the Board Audit Committee at Abdullah Al Othaim Investment Co.
- Board member & Chairman of the Board Audit Committee at East Pipes Integrated Co. for Industry (EPIC).
- Board member & Chairman of the Audit Committee at Tarabot Charitable organisation.
- Founder and Chairman, Khalid Al Rabiah Financial Advisory.

Past professional experience
- Chairman, the Saudi Stock Exchange “Tadawul”.
- CEO, Methanol Chemical Company.
- CFO, Saudi Arabian Amiantit Company.
- Accountant, Saudi Arabian Monetary Agency, SAMA.

MR MIKE CHUNG

Member of the Board Audit Committee

Academic and professional qualification
- Chartered accountant, Institute of Chartered Accountants in England & Wales, in 1995.
- Aerospace systems engineering, Southampton University, in 1991.

Current positions
- Managing Director, Chief Audit Executive, Public Investment Fund.
- Member of the Board Audit Committee, Maaden, Mining Company.
- Chairman of the Board Audit Committee, Savvy Games Group.
- Member of the Board Audit Committee, Ceer.

Past professional experience
- Chief Risk & Compliance Officer, Prudential, Indonesia.
- Chief Audit Executive, Prudential Asia.
- Managing Director, Head of Audit, Barclays Bank Asia.
- Regional Head of Audit in UK & Europe, Deutsche Bank.
- Manager, KPMG.

GOVERNANCE REPORT

BOARD COMMITTEES

MR RASHEED AL-RASHEED

Member of the Board Audit Committee

Academic and professional qualification

- Higher Diploma in Management Information Technology Systems, King Saud University, Saudi Arabia, in 1988G.

Current positions

- Member of the Board and member of the Audit Committee of Dr Sulaiman Al Habib Medical Services Group Company since December 2021.
- Member of the Board of ALHassan Ghazi Ibrahim Shaker Company since 2022.
- Vice-Chairman of the Board of Saudi District Cooling Company since 2021.
- Chairman of the Board of Al Ramz Real Estate Company since 2020.
- Member of the Board, member of the Executive Committee, member of the Audit Committee and member of the Nomination and Remuneration Committee of SAL Saudi Logistics Services since 2019.
- Member of the Board of Tarabot Investment and Development Company since 2012.
- Managing Director of Tarabot Investment and Development Company since 2014.
- Member of the Board and Chairman of the Executive Committee, member of the Audit Committee and member of the Nomination and Remuneration Committee of Saudi Airlines Cargo Company since 2012.
- Member of the Board and member of the Executive Committee of Vision International Investment Company (formerly Arabian Company for Water and Power Development) since 2007.
- Member of the Board of Himmah Capital Limited since 2022.
- Member of the Board of Managers and Chairman of the Risk and Audit Committee of Jazan Gas Projects Company since 2015.
- Member of the Board of Managers of Tarabot Air Cargo Services Company since 2014.
- Member of the Board of Managers of ALAthat Company since 2014.
- Member of the Board of Managers of Saudi Integrated Company for Waste Treatment since 2013.
- Chairman of the Board of Managers of Zelan Arabia Company since 2007.

Past professional experience

- Chairman of the Board of Managers at Network Coverage Company for Communication in Riyadh from 2020 to June 2021.
- Chairman of the Board of Managers at Dhahran Valley Colling Company in ALKhobar from 2019 to August 2021.
- Member of the Board of Managers at Integrated Towers Company for Communication in Riyadh from 2019 to August 2022.
- Owner of AL Ramz Real Estate Company in Riyadh from 2017 to August 2019.
- Chairman of the Board of Managers at Saudi Riyadh Cooling Company in Riyadh from 2015 to August 2021.
- Chairman of the Board of Managers at Riyadh Water Production Company in Riyadh from 2015 to 2020.
- Member of the Board of Managers at Global Ports & Railways Company in Riyadh from 2014 to 2019.
- Member of the Board of Managers at Central District Cooling Company in Makkah Al Mukarramah from 2011 to October 2021.
- Managing Director at Saudi District Cooling Company in Al Khobar from 2011 to August 2021.
- Chairman of the Board of Managers at Saudi Dhahran Cooling Company in Al Khobar from 2009 to August 2021.
- Chairman of the Board of Managers at Saudi Tabreed Operations & Maintenance Company in Al Khobar from 2009 to August 2021.
- Board Member at Saudi District Cooling Company in Al Khobar from 2008 to August 2021.
- Member of the Board of Managers at Welspun Middle East Pipes Company in Dammam from 2008 to 2014.
- Member of the Board of Managers at Arabian Japanese Membrane Company in Riyadh from 2008 to 2014.
- Board Member at International Company for Water and Power Projects in Riyadh from 2008 to 2022.
- President & CEO at Arabian Company for Water and Power Development Company (formerly ACWA Holding) from 2007 to 2014.
- Member of the Board of Managers at Shuaibah Water and Electricity Company in Jeddah from 2006 to 2009.
- Board Member at Abdullah Abunayyan Group from 2006 to 2009.
- Member of the Board of Managers at Shuqaiq Water and Electricity Company in Jazan from 2006 to 2009.
- Member of the Board of Managers at Rabigh Water and Electricity Company in Jeddah from 2006 to 2009.
- Member of the Board of Managers at Arabian Company for Water and Power Projects from 2004 to 2011.
- Group Vice-President & Chief Financial Officer at Abdullah Abunayyan Group from 2000 to 2007.
- Senior Management Information Advisor at AL Rashed Certified Public Accountants from 1998 to 2000.
- Senior Management Consultant at AL Rashed Certified Public Accountants from 1996 to 1997.
- Management Consultant at AL Rashed Certified Public Accountants from 1993 to 1995.
- Computer Programmer and Systems Analyst at Royal Saudi Air Force (BDM International) from 1992 to 1993.
- Computer Programmer at Saudi Telecom Company (STC) from 1988 to 1992

Board Audit Committee meetings and attendance in 2022

In the year 2022, there were eleven (11) official Board Audit Committee meetings held. It must be noted that these meetings were planned, and the Chairman did not receive any request by two or more of the Board Audit Committee members to hold an emergency meeting during the year. The record of the members' attendance is provided below.

Name	Title	Board Audit Committee meeting attendance											Total
		6-Mar	10-Mar	28-Apr	10-May	15-May	9-Jun	22-Jun	10-Aug	5-Sep	2-Nov	13-Dec	
Mr Khalid Al Rabiah	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Rasheed Al-Rasheed	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Abdullah AlRowais	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Li Ping	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Mike Cheng	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

Remuneration of the Board Audit Committee during 2022

The members of the Board Audit Committee are paid an annual remuneration of one hundred and seventy-five thousand Saudi Riyals (SAR 175,000) and an attendance fee of three thousand Saudi Riyals (SAR 3,000) for each meeting, during a given year. The Board Audit Committee received a total remuneration of **SAR 1,046,000**[1] in the given year.

All amounts in SAR

Name	Fixed remuneration (except for the allowance for attending Committee meetings)	Allowance for attending Committee meetings	Total
BOARD AUDIT COMMITTEE MEMBERS			
1. Mr Khalid Rabiah	175,000	36,000	211,000
2. Mr Rasheed Al-Rasheed	175,000	33,000	208,000
3. Mr Abdullah AlRowais	175,000	33,000	208,000
4. Mr Li Ping	175,000	33,000	208,000
5. Mr Mike Cheng	175,000	36,000	211,000
Total	875,000	171,000	1,046,000

[1] An educational session was hosted by the Board of Directors, and attended by all members of the Board Audit Committee on 06 February 2022, with the exception of Mr. Rasheed AlRasheed. The attendance fee for board members, Messrs. AlRowais and Ping is reflected in the Board Remuneration table.

GOVERNANCE REPORT

BOARD COMMITTEES

Board Executive Committee

Pursuant to Article 28 of the Company's ByLaws, the Company has established a Board Executive Committee which comprises five (5) Board members, appointed by the Board for a period not exceeding the term of the Board membership, exclusively consisting of members of the Board. The Chairman of the Board chairs the Board Executive Committee. The Board Executive Committee is responsible for, amongst other things, receiving and evaluating any proposals submitted to it from, and recommended for approval 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, in line with its approval authorities.
In addition, the Board Executive Committee oversees the Company's business and investment operations by analysing investment policies, strategies, transactions, opportunities and performance of the Company.
The Executive Committee executes its responsibilities as outlined below, in accordance with the Company's Bylaws and Code of Corporate Governance.

- Review and approve investment/ divestment proposals.
- Review and recommend for the approval of the Board of Directors the Company's five-year business plans, operating plans, the capital expenditure programmes and other studies or plans that will have a significant impact on the operations of the Company.
- Review and recommend for the approval of the Board of Directors the Annual Business Development Plan (ABDP), Strategic Business Development Plan (SBDP) and Strategic Risk Review (SRR) proposed by the Executive Management, which identifies various investments, acquisitions and bid opportunities.
- Without prejudice to the provisions set out in the Company's Bylaws, review and recommend to the Board of Directors any amendments to existing or any new corporate investment principles or guidelines of a general nature proposed by the Executive Management for the financial assets.
For the avoidance of doubt, this does not include individual investments and /or bids where the Board Executive Committee has sole authority.
- Review, endorse and recommend the annual budget for the Board of Directors' approval.
- Ensure that the Company integrates sustainability in the development of its strategy.
- Review the sustainability action plan proposed by the Executive Management and monitor its implementation to ensure the Company is successful in achieving its sustainability goals.
- Approve Corporate Social Responsibility (CSR) initiatives in and/or out of Saudi Arabia where the Company invests or contemplates to have potential investments as determined by the Board Executive Committee. Furthermore, the Board Executive Committee may delegate such powers to the Chairman and/ or the Executive Management.
- Review and/or approve any other matter as delegated from the Board of Directors from time to time.

The Chairman of the Board Executive Committee presents quarterly updates to the Board of Directors on the Committee's discussions, recommendations/ endorsements.

Remuneration of the Board Executive Committee during 2022

The members of the Board Executive Committee are paid an annual remuneration of one hundred and fifty thousand Saudi Riyals (SAR 150,000) and an attendance fee of three thousand Saudi Riyals (SAR 3,000) for each meeting, during a given year.

The Board Executive Committee received a total remuneration of **SAR 902,250** in the given year. The aggregate annual remuneration payable to any member serving on the Board and its Board committees shall not exceed the capped amount of SAR 500,000 per year.

The remuneration paid for their BEC membership is to the extent of the capped amount if applicable.

All amounts in SAR

Names	Fixed remuneration (except for the allowance for attending Committee meetings)	Allowance for attending Committee meetings	Total
BOARD EXECUTIVE COMMITTEE MEMBERS			
1. Mr Mohammad Abunayyan	131,250	54,000	185,250
2. Mr Fahad Alsaif	131,250	42,000	173,250
3. Mr Omar AlMadhi	131,250	54,000	185,250
4. Mr Omar Almidani	131,250	51,000	182,250
5. Mr Esmail Alsallom	131,250	45,000	176,250
Total	656,250	246,000	902,250

Board Executive Committee meetings and attendance in 2022

In the year 2022, there were twenty-five (25) official Board Executive Committee meetings held. It must be noted that these meetings were planned, and the Chairman did not receive any request by two or more of the Board Executive Committee members to hold an emergency meeting during the year. The record of the members' attendance is provided below.

Name	Title	Board Executive Committee meeting attendance																								Total
		27-Jan	26-Feb	27-Feb	1-Mar	8-Mar	15-Mar	30-Mar	9-May	12-May	29-May	5-Jun	15-Jun	3-Jul	5-Jul	7-Aug	31-Aug	6-Sep	11-Sep	15-Sep	6-Oct	12-Oct	23-Oct	14-Nov	20-Nov	4-Dec	
Mr Mohammad Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	25
Mr Fahad Alsaif	Member	✓	✓	✓	✓	✓	✓	✓	✓	×	✓	×	✓	✓	✓	×	✓	✓	×	✓	×	✓	✓	✓	✓	✓	20
Mr Omar AlMadhi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	25
Mr Omar Almidani	Member	✓	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	23
Mr Esmail Alsallom	Member	×	×	✓	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	21

GOVERNANCE REPORT

BOARD COMMITTEES

Nomination and Remuneration Committee

In compliance with the Corporate Governance Regulations and Article 30 of the Company's ByLaws, the Company has established a Nomination and Remuneration Committee (NRC), on 5 January 2022. The 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 at 31 December 2022, the NRC Chairman is an Independent Board member and there are no Board Executive members serving on the NRC.

The Nomination and Remuneration Committee is responsible, amongst other things, for assisting and providing insights to the Board in fulfilling its fiduciary responsibilities by providing assurance that the leadership and human capital resources required for the Company to achieve its purpose and strategic objectives are available. The Nomination and Remuneration Committee executes its responsibilities as outlined below, in accordance with laws, regulations and the NRC Charter as provided below.

Responsibilities in relation to nomination

- Suggest clear policies and standards for membership of the Board and the Executive Management.
- Recommend to the Board the names of candidates nominated or re-nominated for the membership of the Board and/or Board Committees, in line with the Corporate Governance Regulations and the Company's Selection Policy, taking into account that such nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- Prepare a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- Determine the amount of time that the members shall allocate to the activities of the Board.
- Annually review the skills and expertise required of the Board members and the Executive Management.
- Review the structure of the Board and the Executive Management and provide recommendations regarding changes that may be made to such structure.
- Annually ensure the independence of Independent Directors and the absence of any conflict of interest if a Board member also acts as a member of the board of directors of another company.
- Provide job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Set procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Determine the strengths and weaknesses of the Board and recommend remedy solutions that serve the Company's interests.

Responsibilities in relation to remuneration

- Prepare a clear policy for the remunerations of the Board members and its committees and the Executive Management, and present such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclose and ensure the implementation of such policy.
- Clarify the relation between the paid remunerations and the adopted Remuneration Policy, and highlight any material deviation from the Remuneration Policy.
- Review on a periodic basis the Remuneration Policy and assess its effectiveness in achieving its objectives.
- Provide recommendations to the Board in respect of the remunerations of its members, the members of the Board committees and Executive Management, in accordance with the approved policy.
- Without prejudice to the provisions of the Companies Law and the Capital Market Law and their implementing regulations, the Committee shall see that the Remuneration Policy is in line with the following principles and provisions:
  - ensure consistency with the Company's approved long-term strategy, objectives and risk appetite;
  - provide remuneration packages with a view to encouraging the Executive Management to achieve the success of the Company and its long-term development, by, for example, making the variable component of the remuneration linked to sustained long-term performance;
  - determine remuneration based on job level, duties and responsibilities, educational and professional qualifications and competencies, practical experience, skills and level of performance;
  - be consistent and proportionate with the magnitude, nature and level of risks faced by the Company;
  - benchmark against practices of other similar companies in respect of the determination of remunerations, but avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations;
  - attract, retain and promote talented professionals and incentivise them to drive for materially positive business outcomes, aligned with the Company's approved strategy, objectives and risk appetite;
  - without prejudice to the provisions set forth in employment contracts, and/or appointment letters, and applicable law (i.e., the Labor Law), take into consideration situations where remuneration, except for the fixed remuneration, should be suspended or reclaimed if it is determined that such remuneration was set based on inaccurate information provided by a member of the Board, Board committee or the Executive Management, or where a Board, Board committee member and/or Executive Management failed to act in accordance with the Company's policies and/or codes or violated applicable laws and regulations, in order to prevent abuse of power to obtain unmerited remunerations; and
  - regulate the granting of the Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

Responsibilities in relation to corporate governance

- The Committee shall propose, for the Board's review and approval, a Code of Corporate Governance for the Company in accordance with the provisions set forth in the Corporate Governance Regulations.
- The Committee shall monitor the implementation of the Code, verify its effectiveness and propose amendments, if and where required, for the Board's review and approval. To this end, the Committee shall:
- verify that the Company is in compliance with the Code of Corporate Governance;
- review and propose updates to the Code pursuant to statutory requirements and best practices;
- review and propose the development of codes of professional conduct representing the Company's values, and other internal policies and procedures in accordance with applicable best practices; and
- regularly inform the Board members of the developments in corporate governance and best practices.

The Chairman of the Nomination and Remuneration Committee presents quarterly updates to the Board of Directors on the Committee's discussions and recommendations/endorsements.

GOVERNANCE REPORT

BOARD COMMITTEES

Profiles of Nomination and Remuneration Committee members in 2022 who are not Board Directors

MR JOHAN BRAND

Member of the Nomination
and Remuneration Committee

Academic and professional qualification
- MSc Business Economics, Erasmus University Rotterdam, Netherlands, in 1986.
- MA Corporate Law, Erasmus University Rotterdam, Netherlands, in 1985.
- MA Private Law, Erasmus University Rotterdam, Netherlands, in 1985.

Current positions
- NRC Member, Saudi Telecom Company.
- RNC Member, The Savola Group.
- Board Member, Almrakez/Cenomi.
- NRC Member, Nesma Company.
- Board Member, Nesma United Industries.
- RNC Member Ghobash Trading & Investments.
- Managing Director, Johan Brand Leadership Advisory.

Past professional experience
- Senior Partner and Consultant, Executive Search, Egon Zehnder.
- Head of Marketing/Director of PCI Management Institute, Pepsi Cola International.
- Brand Management, P&G Benelux.

MR AHMED AL-GHAMDI

Member of the Nomination
and Remuneration Committee

Academic and professional qualification
- Master's degree in MB, University of Hull, in 2009.
- Bachelor's degree in industrial engineering, in 2004.

Current positions
- Chief Human Resources Officer, STC.
- Non-Executive Director, Chairman of the Board, CCC.
- Non-Executive Director, Board and Executive Committee, STC channels.
- Independent Director, Nomination and Remuneration Committee, GOSI.
- Independent Director, Nomination and Remuneration Committee, Economic Cities Authority (ECZA).
- Independent Director, Nomination and Remuneration Committee, First Milling Company.
- Independent Director, Nomination and Remuneration Committee, SPIMACO Addwaeih.
- Independent Director, Nomination and Remuneration Committee, SAMI.

Past professional experience
- HR Planning & Organisation Design GM, STC.
- Human Capital Senior Associate, Mercer.
- Human Resources Head, NUPCO.
- Group Human Resources Head, LAZURDE Group.
- Recruitment Manager / Acting HR Manager, Al Safi Danone.
- HR Specialist, National Air Services (NAS).
- Section Manager – Hyper Panda, Azizia Panda – Savola.

MR TARIQ AL-AMOUDI

Member of the Nomination
and Remuneration Committee

Academic and professional qualification
- MBA, Strategy & HRM from Griffith University, Australia, in 2007.
- BBA, Marketing from Griffith University, Australia, in 2005.

Current positions
- Chief Human Resources Officer at Bupa Arabia.
- Chairman of the Board Nomination & Remuneration Committee (NRC) at Saudi Tourism Investment Company.
- Board Member & Audit Committee Member of Kaffa Efficiency Excellence.
- Member of the Board Nomination & Remuneration Committee (NRC) at Jeddah Downtown.
- Member of the Board Nomination & Remuneration Committee (NRC) at Uptown Jeddah Company.
- Member of the Board Nomination & Remuneration Committee (NRC) at Makkah Health Cluster.
- Member of the Board Nomination & Remuneration Committee (NRC) at Milling Company.
- Member of the Board Nomination & Remuneration Committee (NRC) at Endeavor.
- Member of the HR Committee at SAMA Advisory Council.

Past professional experience
- Chief Human Resources Officer at Bupa Arabia since 2017.
- Director in Human Resources at Procter & Gamble in 2016–2017.
- Global Director in Human Resources at Procter & Gamble in 2012–2016.
- Head of Human Resources at Procter & Gamble in 2007–2012.

MS ASEEL AL-BARQAWI

Member of the Nomination
and Remuneration Committee

Academic and professional qualification
- LLB, University of Dar Aluloom, in 2015.
- LLM, Northwestern University, in 2014.
- MBA from the University of Leicester, in 2008.
- Bachelor's degree in Legal Translation, King Saudi University, in 2002.

Current positions
- Senior Legal Counsel, The Bureau of Experts at the Saudi Council of Ministers.
- Independent Committee Member with the Governance Committee at the Real Estate Development Fund.
- Independent Board Member, Saudi Fransi Financing Company.
- Chair, NRC, Saudi Fransi Financing Company.
- Member, Investment and Securities Committee, Chamber of Commerce.
- WomenSpark Volunteer Board member.
- Founding Partner, Alef-baa Consulting.

Past professional experience
- Counsel, Latham & Watkins.
- Chief Legal Officer, Saudi Stock Exchange (Tadawul).
- Vice-President, Legal and Compliance, and Corporate Secretary, Credit Suisse SA.
- Head, Legal and Compliance, Standard Chartered SA.
- Compliance & Governance Manager, HSBC, Manager.
- Senior Investment Operations Supervisor, Banque Saudi Fransi.

GOVERNANCE REPORT

BOARD COMMITTEES

Nomination and Remuneration Committee meetings and attendance in 2022

In 2022, there were thirteen (13) official Nomination and Remuneration Committee meetings. It must be noted that these meetings were planned, and the Chairman did not receive any request by two or more of the Nomination and Remuneration Committee members to hold an emergency meeting during the year. The record of the members' attendance is provided below.

Name	Title	Nomination and Remuneration Committee meeting attendance													Total
		27-Jan	17-Feb	1-Mar	15-Mar	27-Mar	4-Apr	21-May	1-Jun	1-Sep	25-Sep	6-Nov	13-Nov	1-Dec	
H.E. Ahmed Alhakbani	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Johan Henri Brand	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Tariq Alamoudi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr Faisal Jadu[1]	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	×	×	10
Mr Ahmad Al-Ghamdi	Member	×	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	11
Mr Aseel Albarqawi[2]	Member	×	×	×	×	×	×	×	×	×	×	✓	✓	✓	3

[1] Mr. Faisal Jadu resigned as a member of the Nomination and Remuneration Committee on 01 November 2022 and was subsequently appointed as a member of the Executive Management of the Company, as Chief People, Culture and Communications Officer.

[2] The Board of Directors appointed Ms. Aseel Al-Barqawi as a member of the Nomination and Remuneration Committee, effective 02 November 2022.

Remuneration of the Nomination and Remuneration Committee during 2022

The members of the Nomination and Remuneration Committee are paid an annual remuneration of one hundred and fifty thousand Saudi Riyals (SAR 150,000) and an attendance fee of three thousand Saudi Riyals (SAR 3,000) for each meeting, during a given year. The Nomination and Remuneration Committee received a total remuneration of **SAR 904,500**[3] in the given year.

All amounts in SAR

Name	Fixed remuneration (except for the allowance for attending Committee meetings)	Allowance for attending Committee meetings	Total
NOMINATION AND REMUNERATION COMMITTEE MEMBERS			
1. H.E. Ahmed Alhakbani	112,500	30,000	142,500
2. Mr Johan Brand	150,000	42,000	192,000
3. Mr Tariq Alamoudi	150,000	42,000	192,000
4. Mr Faisal Jadu	112,500	33,000	145,000
5. Mr Ahmad Al-Ghamdi	150,000	36,000	186,000
6. Ms Aseel Albarqawi	37,500	9,000	46,500
Total	712,500	192,000	904,500

[3] An educational session was hosted by the Board of Directors, and attended by all members of the Nomination and Remuneration Committee, on 06 February 2022. The attendance fee for board member, H.E. Mr. Ahmed AlHakbani is reflected in the Board Remuneration table.

GOVERNANCE REPORT

BOARD COMMITTEES

Risk Management Committee

Pursuant to Article 39 of the Company's ByLaws, the Company has an established Risk Management Committee (RMC) which was formerly known as the Risk and Compliance Committee.
The Committee consists of five (5) members, serving for a period not exceeding the term of the Board membership. The Risk Management Committee advises the Board on the Company's risk appetite, monitors the Company's principal strategic, financial, operational, business, and reputational risks or exposures, advises and recommends actions to minimise such risks, and provides oversight and guidance as to the overall risk management functions within the Company.
The Risk Management Committee executes its responsibilities as outlined below, in accordance with the legal and regulatory requirements, and the Risk Management Committee Charter:

- developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors;
- determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level;
- ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months;
- overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein;
- regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example);
- preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;
- providing recommendations to the Board on matters related to risk management;
- ensuring the availability of adequate resources and systems for risk management;
- reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board;
- verifying the independence of the risk management employees from activities that may expose the Company to risk;
- ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk;
- reviewing any issues raised by the Board Audit Committee that may affect the Company's risk management; and
- ensuring the CRSSO (Chief Risk, Strategy and Sustainability Officer), within the scope and authority of his/her risk responsibilities, shall be given the right of unfettered direct access to the Chairman of the Board and to the Board Risk Management Committee.

Profiles of Risk Management Committee members in 2022 who are not Board Directors

GUY RICHELLE

Chairman of the Risk Management Committee

Academic and professional qualification
- Master's degree in Nuclear Engineering, University de Liege, Belgium, in 1978.
- Master's degree in Climate Change and Environment, King's College of London, in 2000.

Current positions
- Independent Board member and Executive Committee member, Vision invest international.

Past professional experience
- Non-Executive Vice-Chairman of the Board and Chairman of the Board Executive Committee of NOMAC in the Middle East.
- Member of the Nomination and Remuneration Committee of ACWA POWER.
- Senior Advisor to the CEO and to the NRC, and Chief Risk, Sustainability and Strategy Officer of ACWA POWER.
- ENGIE SA, Head of Business Development Oversight (BDO) and Acting CEO, Middle East Africa-Southeast Asia.
- ENGIE SA, Director Operational Projects.
- INTERNATIONAL POWER, Executive Director, COO.
- GDF SUEZ ENERGY INTERNATIONAL, Regional CEO, Middle East, Asia and Africa.
- WESTINGHOUSE NUCLEAR, Engineering Manager.
- ESKOM, classroom and simulator instructor.

JOHN WALKER

Member of the Risk Management Committee

Academic and professional qualification
- Honours degree in politics from the University of New England in Australia in 1982.

Current positions
- Chairman, Eastpoint Partners Limited (Hong Kong).
- Chairman, Asia, Glenfarne Infrastructure Holdings, LLC (New York).
- Vice-Chairman, Private Infrastructure Development Group (London).
- Chairman, Korea Renewable Energy Development & Operation (Korea).
- Deputy Chairman, Australia Korea Business Council.
- Chairman, Camarata Music Company (Korea).
- Chairman, Integra Communications (Korea).
- Advisory Board Member, BlackRock Infrastructure Solutions.
- Advisory Board Member, BrightNight Power (USA).
- Advisory Board Member, Nextwave Partners (Singapore).

Past professional experience
- Chairman of Macquarie Capital Asia.
- Chairman of Macquarie Group (Korea).
- Chairs Eastpoint Partners Limited.
- Head of Government Business, Asset and Infrastructure Group, Macquarie Group.
- Head of Government Business, Bankers Trust Australia.
- CEO, Chief Ministers Department, Australian Capital Territory.
- CEO, New South Wales Department of Transport, Australia.

GOVERNANCE REPORT

BOARD COMMITTEES

DAVID DEW

Member of the Risk Management Committee

Academic and professional qualification
- Master's Degree in Economics, University of Cambridge, in 1977.
- Associate of Chartered Institute of Bankers, in 1980.

Current positions
None

Past professional experience
- Managing Director, SABB Riyadh.
- Deputy Global Head, HSBC Amanah (Islamic Banking) and Chief Administrative Officer, HSBC Bank, Investment Banking.
- Chief Operating Officer, HSBC Bank USA.
- Chief Audit Officer, HSBC Bank, Buffalo, and Chicago.
- Deputy Managing Director, SABB, Riyadh.
- Deputy Chief Executive Officer, HSBC Bank, Singapore.
- Chief Executive Officer, HSBC Bank, Milan.

AYMAN ELARISS

Member of the Risk Management Committee

Academic and professional qualification
- Bachelor's degree in Engineering, Computer Engineering, The American University of Beirut, in 2001.
- Master of Science, Electrical Engineering, University of California, in 2003.
- MBA, INSEAD, in 2009.

Current positions
- Director, Public Investment Fund (Riyadh, KSA).

Past professional experience
- Senior Manager, Masdar (part of Mubadala Investment Company).
- Manager, The Monitor Group, a global strategy consulting firm.
- Software Engineer, Mobiclip (currently Nintendo European R&D).
- Lead Software Engineer, LG Electronics.

Risk Management Committee meetings and attendance in 2022

The Board Compliance and Risk Committee was formed on 3 October 2016. The Committee was renamed as the Risk Management Committee (RMC) on the Company's listing date. The Committee had (7) official meetings during the year 2022, as provided below.

Name	Title	Risk Management Committee meeting attendance							Total
		14-Mar	13-Jun	29-Aug	7-Sep	8-Sep	15-Sep	14-Dec	
Mr Guy Richelle	Chairman	✓	✓	✓	✓	✓	✓	✓	7
Mr John Walker	Member	✓	✓	✓	✓	✓	×	✓	6
Mr Ayman Elariss	Member	✓	✓	✓	✓	✓	✓	✓	7
Mr David Dew	Member	✓	✓	✓	✓	✓	✓	✓	7
Dr Madelyn Antoncic	Independent Director	✓	✓	✓	✓	✓	✓	✓	7

Paid Remuneration of the Risk Management Committee during 2022

The members of the Risk Management Committee are paid an annual remuneration of one hundred and fifty thousand Saudi Riyals (SAR 150,000) and an attendance fee of three thousand Saudi Riyals (SAR 3,000) for each meeting, during a given year. The Risk Management Committee received a total remuneration of SAR 823,500[1] in the given year.

All amounts in SAR

Names	Fixed remuneration (except for the allowance for attending Committee meetings)	Allowance for attending Committee meetings	Total
RISK MANAGEMENT COMMITTEE MEMBERS			
1. Guy Richelle	150,000	24,000	174,000
2. John Walker	150,000	21,000	171,000
3. Ayman Elariss	150,000	24,000	174,000
4. David Dew	150,000	24,000	174,000
5. Madelyn Antoncic	112,500	18,000	130,500
Total	712,500	111,000	823,500

[1] An educational session was hosted by the Board of Directors, and attended by all members of the Risk Management Committee on 06 February 2022. The attendance fee for board member, Dr. Madelyn Antoncic is reflected in the Board Remuneration table.

GOVERNANCE REPORT

Previous Board of Directors

The Board of Directors whose term commenced on 5 July 2019 and ended on 4 January 2022 (previous Board of Directors) held only one (1) meeting prior to the end of the term. Meanwhile, the previous Board committees did not hold any meetings in the current year.

The previous Board of Directors comprised eleven (11) esteemed and highly experienced individuals in the regional and international business community, under the chairmanship of Mr Mohammad Abunayyan. The below table outlines the Directors' names, titles, membership status and appointment dates.

Board Members[1]	Title	Status	Appointment Date
Mr Mohammad Abunayyan	Chairman	Non-executive	5 July 2019
Mr Thamer AlSharhan	Vice-Chairman	Non-executive	30 July 2020
H.E. Mr Mohamed Alnahas	Director	Non-executive	5 July 2019
Mr Sulaiman Al-Muhaidib	Director	Non-executive	5 July 2019
Mr Esmail Alsallom	Director	Non-executive	5 July 2019
Mr Raid Ismail	Director	Non-executive	5 July 2019
Mr Omar Almidani	Director	Non-executive	5 July 2019
Mr Abdullah AlRowais	Director	Non-executive	5 July 2019
Mr Rasheed Al-Rasheed	Director	Non-executive	5 July 2019
Mr Vincent de Rivaz	Director	Non-executive	5 December 2019
Dr Mohsen Khalil	Director	Independent	5 July 2019

The members of the **previous** Board of Directors were paid an annual remuneration of three-hundred and fifty thousand Saudi Riyals (SAR 350,000) and an attendance fee of three thousand Saudi Riyals (SAR 3,000) for each meeting. The Board of Directors received a total remuneration, inclusive of fixed and variable remuneration, in their capacity as Directors and members of Board committees (if applicable) until 4 January 2022 of **SAR 72,196**.

As at 3 January 2022, the Previous Board of Directors had one (1) Board meeting. The record of such attendance is provided below:

Name	Previous Board meetings and attendance in 2022		
	Title	03-Jan	Total
Mr Mohammad Abunayyan	Chairman	✓	1
Mr Thamer AlSharhan	Vice-Chairman	✓	1
Mr Sulaiman Al-Muhaidib	Board Member	✓	1
Mr Rasheed Al-Rasheed	Board Member	✓	1
Dr Mohsen Khalil	Board Member	✓	1
Mr Omar Almidani	Board Member	✓	1
H.E. Mohammed Alnahas	Board Member	✓	1
Mr Raid Ismail	Board Member	×	–
Mr Esmail Alsallom	Board Member	✓	1
Mr Abdullah AlRowais	Board Member	✓	1
Mr Vincent de Rivaz	Board Member	✓	1

All amounts in SAR

#	Name	Fixed remunerations							Variable remunerations					End-of service awards	Aggregate amount	Expenses Allowance
		Specific amounts[2]	allowance for attending Board meetings	Allowance for attending committee meetings	In-Kind benefits	Remuneration for the technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profit	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares			
	INDEPENDENT DIRECTORS															
1	Dr Mohsen Khalil	3,836	3,000					6,836								
	NON–EXECUTIVE DIRECTORS															
2	Mr Mohammad Abunayyan	3,836	3,000					6,836								
3	Mr Thamer AlSharhan	3,836	3,000					6,836								
4	Mr Sulaiman Al-Muhaidib	3,836	3,000					6,836								
5	Mr Rasheed Al-Rasheed	3,836	3,000					6,836								
6	Mr Omar Almidani	3,836	3,000					6,836								
7	H.E. Mohammed Alnahas	3,836	3,000					6,836								
8	Mr Raid Ismail	3,836	–					3,836								
9	Mr Esmail Alsallom	3,836	3,000					6,836								
10	Mr Abdullah AlRowais	3,836	3,000					6,836								
11	Mr Vincent de Rivaz	3,836	3,000					6,836								
	Total	42,196	30,000					72,196								

[1] Kindly refer to 2021 Board Report for the profile of the Previous Board of Directors.
[2] The specific amount refers to the annual remuneraiton payable to the members of the Board of Directors pro-rated for the four days they served in the year 2022.

GOVERNANCE REPORT

SENIOR EXECUTIVES

PADDY PADMANATHAN

President & Chief Executive Officer[1]

Paddy Padmanathan is the President & Chief Executive officer, and a member of the Board of ACWA Power. He is a key member of ACWA Power's executive leadership team, having spearheaded its expansion since 2005 when he joined the company as a Business Development Director.

A seasoned engineering and energy expert with over 40 years of experience, Mr Padmanathan helped ACWA Power go from strength to strength to become a company that today has a vast portfolio in various high-growth markets across three continents. At ACWA Power, he has guided the business strategy to deliver power and desalinated water reliably and responsibly at competitive rates. He is also steering ACWA Power's leadership in energy transition, underpinned by a strong ESG framework, enabling it to be part of one of the largest renewable energy projects in the world.

Prior to joining ACWA Power, Mr Padmanathan served as the Vice-President and Corporate Officer at Black and Veatch, a major global engineering and construction company, where he was responsible for developing privately financed power, water, and wastewater projects in over a dozen countries.

Mr Padmanathan holds a degree in engineering from the University of Manchester, a postgraduate qualification in Civil Engineering production from University of Lancaster and serves on the boards of several water and power companies.

ABDULHAMEED AL MUHAIDIB

Chief Financial Officer

Abdulhameed Al Muhaidib serves as the Chief Financial Officer at ACWA Power from Aug 2022.

With more than 13 years' experience, Mr Al Muhaidib is a skilled leader having held several positions in both Business & Finance at ACWA Power.

During the initial years of his career within the Group, Abdulhameed worked in Corporate Finance and served several roles in Project boards and committees, including NOMAC. Abdulhameed was then primarily involved in managing projects under execution in the UAE, including Noor Energy 1, which is the world largest CSP project.

Before joining the company, he worked at HSBC Middle East / Saudi Arabia in Global Investment Banking and Advisory.

Abdulhameed served/serves as board member, audit committee member and risk committee member in many organisations including HSBC Saudi Arabia, Saudi Arabian British Bank (SABB), Savola Group and several ACWA Power subsidiaries.

Abdulhameed holds a BBA Finance Major from the University of Miami as well as an MBA from the Pepperdine University Graziadio School of Business and Management. He was also selected and completed KSA Leadership 2030 Programme sponsored by HRH Mohammed bin Salman Foundation (MISK).

[1] Paddy Padmanathan was appointed Vice-Chairman of the Board on 16 January 2022 and served in this capacity during the year 2022. Subsequently, Paddy Padmanathan had voluntarily requested from the Board to be relieved of his role as Vice-Chairman while remaining as a Board member for the remainder of the current Board Term, the Board on 14 February 2023 resolved to appoint Mr Raad Al-Saady as Vice Chairman of the Board.

KASHIF RANA

Chief Portfolio Management Officer

Kashif Rana serves as the Chief Portfolio Management Officer (CPMO) of ACWA Power and was also the Chief Financial Officer (CFO) of ACWA Power till August 2022.

Having joined the Group as Director of Accounting, Controls and Taxation back in 2009, Kashif has successfully led finance activities for the Group and its investments in developing and implementing best practices around long-term planning, corporate finance, audits, accounting, reporting, insurance, corporate legal, treasury, and tax structuring, in addition to leading private security offerings with sovereign institutes of Saudi Arabia.

Prior to his appointment as CPMO, Mr Rana held the position of Chief Financial Officer at ACWA Power.

With 20 years' experience in the power and water sector, high on his list of significant achievements, is leading the extremely successful IPO and public listing of ACWA Power on the Saudi Stock Exchange (Tadawul) as well as managing the equity investors and transition to operating as a listed company.

Before joining ACWA Power, Mr Rana served as the CFO of AES Middle East.

Mr Rana sits on the board of several companies owned and operated by ACWA Power. He is a certified Chartered Accountant from the Institute of Chartered Accountants of Pakistan.

FAISAL JADU

Chief People, Culture, and Communications Officer

Faisal Jadu serves as the Chief People, Culture, and Communications Officer at ACWA Power.

A seasoned professional with over 18 years of experience in the human resources field, Mr Jadu was responsible for driving and formulating the HR function of several prominent organisations in Saudi Arabia. His areas of expertise entail strategic planning, change management, leadership development, governance and policies, and organisational effectiveness.

Mr Jadu started his professional career by joining Alawwal Bank's Future Managers Programme and then joined the Human Resources function where he held several executive roles. In 2011, Mr Jadu moved to Saudi British Bank (SABB) where he held several leadership positions before assuming the role of Chief Human Resources Officer.

Prior to joining ACWA Power, Mr Jadu served as the Chief Executive Officer of the Financial Skills Centre within the Ministry of Finance (MOF) in Saudi Arabia. He was responsible for establishing the Financial Skills Centre – a national initiative to develop the financial skills of government employees, which included over 500 government entities and up to 18,000 employees across the Kingdom.

Mr Jadu holds a bachelor's degree in Management Information Systems (MIS) from King Fahd University of Petroleum and Minerals (KFUPM), Saudi Arabia. He is also an independent member of the Board of Directors' Nomination and Remuneration Committee (NRC) of several Saudi entities.

GOVERNANCE REPORT

SENIOR EXECUTIVES

BART BOESMANS

Chief Technology Officer & Interim Chief Investment Officer

Bart Boesmans is the Chief Technology Officer at ACWA Power and is leading technology development at ACWA Power. He is also serving in a capacity of an interim Chief Investment Officer.

He brings over 25 years of international experience in the electrical power industry having held operational and executive leadership roles in a range of areas including engineering, business development, project execution and asset management.

Prior to joining ACWA Power, Bart's experience was primarily with Engie where he led several C-Suite roles for over 10 years across multiple geographies, the most recent one being Deputy Managing Director of Engie's Global Business Line Renewables. Before joining Engie, Bart was CEO of Laborelec, an internationally operating electricity research and O&M services center.

Since his early engagement in wind energy over two decades ago, Bart has been actively involved in a wide range of technologies including conventional power generation, natural gas, LNG transport and storage, green gases, solar PV and CSP, hydropower, battery storage, demand side management and microgrids.

Bart holds a master's degree and a PhD in Mechanical Engineering from the University of KU Leuven. He is also a visiting professor at the University where he teaches power generation engineering.

ALVARO PEREZ

Chief Digital Officer

Alvaro Perez joined ACWA Power as the Chief Digital Officer and is leading ACWA Power's digital transformation, as well as managing the Information & Communications Technology (ICT) functions.

He has over 20 years of experience within technology integration and has been responsible for leading large international IT projects where technology and digitisation were key for business transformation. Mr Perez had been a member of numerous boards including International Oracle Utilities Product Development Advisory Board and several American power generation associations, and participated as an entrepreneur in different ICO, blockchain and IoT initiatives.

Prior to joining ACWA Power, Mr Perez held different posts during the last 20 years at the largest top five utilities in America and Europe most prominent being CEO of their services companies, CIO and Head of their Digital Hubs where he mainly specialised in distributed generation, demand response and aggregation, energy efficiency and smart cities development.

Mr Perez is an Economic Science graduate from Complutense University, Spain. He also holds a degree in Executive Strategies from Harvard Business School.

GHASSAN H. SHAWLI

Chief Legal Officer

Ghassan H. Shawli, ACWA Power's Chief Legal Officer, is a legal veteran with 19 years of experience in senior leadership roles with reputable companies.

Prior to joining ACWA Power, Mr Shawli was the Chief Legal Officer for the Diriyah Gate Development Authority, advising on legal affairs and overseeing the build-up and performance of the department. He has also held the role of Vice-President of Legal Affairs for three years at The Saudi Arabian Airlines Cooperation as well as other senior positions at Saudi Aramco, cultivating deep sector expertise in the Kingdom.

Mr Shawli brings a wealth of experience as lead counsel on mega projects; mergers & acquisitions; corporate governance; and restructuring within various industries, with market cap sizes exceeding USD 20 billion dollars.

Mr Shawli is a certified New York State Bar attorney and holds a Bachelor of Science in Chemical Engineering from the University of Alabama and a Jurisprudence Doctorate degree from the Northwestern School of Law at Lewis & Clark College and is an admitted attorney by the New York State Bar.

PHILIP DECNUDDE

Chief Risk, Strategy and Sustainability Officer

Philip Decnudde is our Chief Risk, Strategy and Sustainability Officer at ACWA Power, and joined us in June 2021. In addition to taking undivided responsibility for this integrated function at ACWA Power, as a member of the Management Committee, Philip will join the other members of this committee to guide and support our ongoing efforts to achieve excellence in all spheres of our business and operations.

A seasoned practitioner in the industry, Mr Decnudde has over 35 years of experience, much of which has been achieved in senior leadership roles with some of the most well-known energy companies across the world. He brings with him a wealth of experience in Executive Leadership and Risk Management and is someone who has consistently championed the sustainability agenda wherever he has worked and has influenced their energy transition and renewable energy development strategies, with an emphasis on growth and enhancement of efficiency.

Prior to joining ACWA Power, Mr Decnudde held the position of Managing Director, Global Industrial Hub at Engie in Paris, where he oversaw the functions of 3 departments advising on business development and operational performance. Prior to this role, he served for a period as the CEO of Engie Latam in Chile, where he was responsible for the overall business activities across Latin America and driving the energy transition strategy in the region for the company he was serving.

Mr Decnudde will oversee the Risk, Strategy and Sustainability function and will also take responsibility for the CSR function at ACWA Power. Within the domain of championing risk management and overseeing the development of our activities within the agreed risk appetite of the Company, he will also be coordinating the Management Investment Committee and ensuring the effectiveness and integrity of the risk oversight and management process.

In the area of sustainability, in addition to championing environmental stewardship, social responsibility and good governance; and guiding and overseeing corporate social responsibility activities, he will also bring together ESG considerations into risk management and strategy at ACWA Power.

GOVERNANCE REPORT

SENIOR EXECUTIVES

STEFAN VERLEE

Chief Operations and Maintenance Officer

From July 2022, Stefan Verlee serves as the Chief Operations and Maintenance Officer for ACWA Power and as the President and Chief Executive Officer of First National Operations and Maintenance Company (NOMAC), a leading O&M provider that is 100 percent owned by ACWA Power. Mr Verlee was appointed President and Chief Executive Officer of NOMAC in July 2022.

A professional engineer with over 25 years' experience in operation and maintenance, Stefan previously served as Executive Vice President of NOMAC, leading the expansion of the international business since 2017 in providing safe, reliable, and cost-effective power and water to the communities we operate in and fully engaged in the energy transition.

Prior to joining NOMAC, Stefan was working with Engie, a leading energy company focused on energy transition, electricity and water generation, distribution, and services. He oversaw operation and maintenance of large-scale power and water projects in various continents, most recently as Chief Operating Officer of ENGIE Power and Water Middle East.

Stefan holds a master's degree in electro-mechanical engineering from the University of Leuven (Belgium) and an MBA in European Utility Management from the Jacobs University of Bremen (Germany)."

Senior Executives' Remuneration during the Year 2022

The aggregate remuneration paid to the Company's five highest paid Senior executives (including the CEO and CFO) including salaries, benefits and allowances during the year 2022 are set out in the table below.

1. Bonuses (STIP) given in the table are for 2021 paid in 2022.
2. Accruals for the year 2022
3. End of service accruals related to 2022 based on the law of the land
4. Newly appointed CFO's remuneration from the date of appointment is part of the data

All Amounts are in SAR		
Fixed Remuneration	Salaries	11,971,352
	Allowances	5,854,444
	In-kind Benefits	–
	Periodic remunerations	–
	Total	**17,825,796**
Variable Remunerations	Profits	–
	Short-term incentive plan[1]	4,827,518
	Long-term incentive plan[2]	7,311,407
	Granted Shares (insert the values)	–
	Total	**12,138,926**
End-of-service award In SAR[3]		862,644
Total remuneration for Board executives, if any		–
Aggregate Amount[4]		**30,827,365**

FURTHER DISCLOSURES

Remuneration Policy

The Remuneration Policy has been prepared by the Board Nomination and Remuneration Committee, approved by the Board and ratified by the General Assembly. The purpose of the Remuneration Policy is to set out the rules and guidelines in relation to specifying the method of remunerating its Directors, Board Committee members and the Executive Management.

General Remuneration Framework

As a general rule, any Remuneration payable by the Company to a Director, Board Committee member or member of the Executive Management must be in line with Applicable Legislation.

Any Remuneration payable to the Company's Directors, Board Committees members, and Executive Management shall be determined with the view of achieving the following objectives:

- to achieve the long-term success and development of the Company in line with its approved strategy and objectives;
- to be consistent with the size, nature and level of risks associated with the Company, and be within the boundaries of the Board's approved risk appetite for the Company;
- to meet the interests of the Company's shareholders;
- to ensure that the Remuneration is justifiable and is within the market benchmark of companies in similar sectors;
- to ensure coordination within the NR Committee in respect of future appointments;
- to ensure and maintain fairness and equality in terms of job level, duties and responsibilities, educational and professional qualifications, practical experience, skills and level of performance;
- to reasonably incentivize and retain a talented workforce necessary for the Company to achieve its business goals.

The Company should also take into account the general criteria set out under the Corporate Governance Regulations and other Applicable Legislation relating to payment of Remuneration to Directors, which include:

- The Remuneration must be fair and proportionate to the Director's activities carried out and responsibilities assumed, in addition to the objectives set out by the Board to be achieved during the financial year;
- The Remuneration must be based on the recommendation of the NR Committee, for the approval of the Board and the General Assembly;
- The level and composition of Remuneration should be sufficient and reasonable to attract and retain talented individuals to fulfill their respective roles;
- The Remuneration payable to Directors shall not be a percentage of the profits achieved by the Company nor be based on the profitability of the Company; and
- The Remuneration plans, policies or programmes must not be excessive in terms of what is standard practice, or which does not comply with the standards and rules set by the Supervisory Authorities.

Remuneration of the Board Directors

1. Each Board Member shall be paid a lump-sum amount of SAR 350,000 per year in consideration for his/her position as a Director and his/her contribution to the Board's activities. The Board may propose, following a recommendation from the NR Committee, to amend this amount subject to obtaining the General Assembly's approval.
2. Each Board Member shall also be paid an amount of SAR 3,000 as an attendance fee per Board meeting, whether attended in person or through any remote channel. Directors using their proxy will not be entitled to receive this attendance fee.
3. Save as mentioned under point # 5 below, the aggregate annual Remuneration payable to any Director shall not exceed the capped amount of SAR 500,000 per year as set by the Supervisory Authorities, and which may be amended from time to time.
4. The Company will reimburse the actual reasonable expenses incurred by a Director for attending Board and/or Board Committee meetings, including travel and accommodation expenses, in accordance with the Company's approved internal Travel and Expense Policy of the Members of the Board of Directors and Board Committees.
5. A Director may receive additional Remuneration for his/her membership in the Board Audit Committee, any executive, technical, administrative or advisory work assigned to him/her independently by the Company.
6. At any given time, Directors shall not participate in discussions pertaining to their own Remuneration.
7. Board members may not vote on agenda item(s) relating to their Remuneration at the General Assembly meetings.

GOVERNANCE REPORT

FURTHER DISCLOSURES

Remuneration of the members of the Board Committees

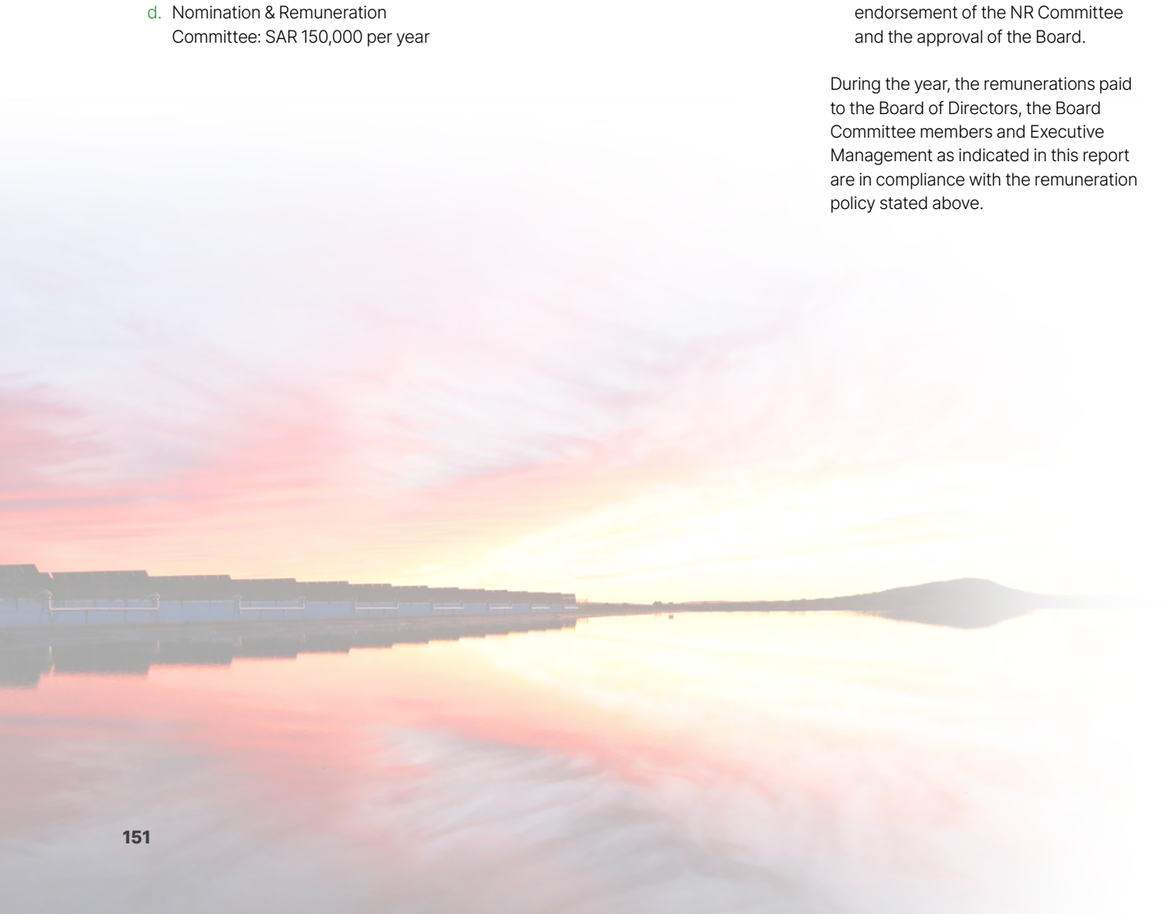
Without prejudice to Article 59(2) of the Corporate Governance Regulations which provides for the General Assembly to issue, upon a recommendation of the Board, a regulation which determines the remuneration of the Board Audit Committee members:

1. Each Board Committee member will be paid an annual lump-sum amount as recommended by the NR Committee and approved by the Board for each Committee he/she is a member of. The specific lump-sum amounts to be paid to the Board Committee members is as follows:
   a. Board Audit Committee: SAR 175,000 per year
   b. Executive Committee: SAR 175,000 per year
   c. Risk Management Committee: SAR 150,000 per year
   d. Nomination & Remuneration Committee: SAR 150,000 per year
2. Each Director who is also a member of any Board Committee shall receive a lump-sum amount in addition to the amounts he/she receives for his/her position as a Board Director or for any executive, technical, administrative or advisory work, assigned to him/her by the Company;
3. Each Board Committee member shall also be paid an amount of SAR 3,000 as an attendance fee per Board Committee meeting, whether attended in person or through any remote channel. The same amount is payable to any Director, who is not a Board Committee member, but who has been requested to participate at a Committee meeting, in accordance with the Corporate Governance Regulations. Committee members using their proxy will not be entitled to receive this attendance fee.

Remuneration of the Executive Management

1. The Remuneration payable to members of the Executive Management shall be recommended by the NR Committee and approved by the Board in accordance with the relevant employment contracts and internal policies.
2. The nature and classes of benefits applicable to the Executive Management, as well as the KPIs used to determine and recommend their Remuneration, shall be periodically reviewed by the NR Committee and approved by the Board.
3. The Company may offer the Executive Management variable Remuneration that is market-informed and subject to the fulfilment of pre-defined performance goals, whether short-term or long-term.
4. Such variable Remuneration plans shall be subject to the recommendation/endorsement of the NR Committee and the approval of the Board.

During the year, the remunerations paid to the Board of Directors, the Board Committee members and Executive Management as indicated in this report are in compliance with the remuneration policy stated above.



Shareholders

Ownership

As of 31 December 2022, the Company had issued and paid-up share capital of SAR 7,310,997,290 consisting of 731,099,729 shares of SAR 10 par value per share. Below are the substantial shareholders of the Company as at 31 December 2021 with an ownership of 5% or more of the issued shares:

Shareholder	Number of shares	Ownership %
The Public Investment Fund	322,881,439	44.16%
Vision International Investment Company	166,320,184	22.75%
Al-Rajhi Holding Group Company	81,918,658	11.20%

Ownership of Board members and Senior Executives

As of 31 December 2022, the following Board members held shares in the Company:

Name of Director	Number of shares	Ownership %
Mr Mohammad Abunayyan	26,651,452	3.65%
Dr Ibrahim Al-Rajhi	239,707	0.03%
Mr Esmail Alsallom	1,000	<0.1%
HE Mr Ahmed Alhakbani	32	<0.1%

General Assembly Meetings

During the year 2022, the Company held 3 General Assembly meetings. All meetings were attended by the Chairman of the Board, Mr Mohammad Abunayyan and the members of the Board and previous Board of Directors, with absentees as noted in the table below.

Meeting	Date	Board Member Absentees
Extraordinary General Assembly[1]	January 05, 2022	H.E. Mr. Mohammed Alnahas; and Mr Raid Ismail
Ordinary General Assembly	February 17, 2022	Mr Omar Almidani
Ordinary General Assembly	June 30, 2022	None

Dividend Policy

Pursuant to Article 9(c) of the CGR, each Shareholder acquires the rights attached to the Company's Shares, including the right to receive a portion of the dividends declared. The declaration and payment of any dividends will be recommended by the Board before being approved by the shareholders at a General Assembly meeting. The Company is under no obligation to declare a dividend and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's zakat position as well as legal and regulatory considerations. The distribution of dividends is subject to restrictions under financing agreements and any other project agreements to which the Company is a party from time to time (noting that as at 31 December 2022, there are no restrictions on the distribution of dividends according to the agreements entered by the Company), as well as certain limitations contained in the Bylaws (please refer to the company website for the Bylaws). If declared, dividends will be paid in Saudi Riyals.

According to Article 51 of the Bylaws, the Company's annual net profits shall be allocated, after deducting all general expenses and other costs, and after setting aside the reserves necessary to cover the investment losses and obligations, as deemed necessary by the Board, as follows:

- zakat amounts payable by the Shareholders will be calculated and paid by the Company to the relevant authorities;
- following the zakat deductions, 10% will be set aside for the statutory reserve, provided that the General Assembly may stop such allocation once the statutory reserve reaches 30% of the Company's paid up share capital;
- the General Assembly may, upon the Board's recommendation, set aside 1% of the net profits for the Company's voluntary reserve(s) established for specific purposes;

[1] The extraordinary General Assembly On 5 January 2022 was attended by the Previous Board of Directors.

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- the General Assembly may establish other reserves provided it is in the interest of the Company or it guarantees to the extent possible distribution of fixed dividends to the Shareholders. The General Assembly may also set aside certain amounts to establish or contribute to social union corporations for the Company's employees;
- following the above dividends will be distributed to the Shareholders in an amount not less than 1% of the Company's paid up share capital. Also, the General Assembly may, upon the Board's recommendation and as it sees fit, distribute further dividends; and
- if the Company suffers losses, such losses may be carried forward to the following financial year and no profits shall be distributed until the losses are completely recovered.

During 2021, the previous Board of Directors approved an annual dividend growth rate of 6–9% over the next 3 years.

In line with the above, on 26 January 2023, the Board of Directors approved a dividend payment of SAR 606.8 million (SAR 0.83 per share) for the year 2022, payable during 2023. The proposed dividends are subject to approval of the shareholders at the ordinary general assembly meeting.

The declared dividends of SAR 560 million for 2021 were approved by the shareholders at the ordinary general assembly of 30 June 2022 and paid on 21 July 2022.

The table below sets out a summary of the dividends declared by the company during the financial years ending 31 December 2021 and 2022 along with the ratio of dividends to the net profit attributable to the equity holders of parent:

SAR '000	2022	2021
Dividend declared	606,813	560,000
Net profit attributable to equity holders of parent	1,540,035	758,798
Distribution %	39%	74%

Number of requests by the Company of the Shareholders records in 2021

No.	Date of Request	Purpose
1	05-Jan-22	Extraordinary general Assembly
2	02-Feb-22	Shareholder Analysis
3	17-Feb-22	Ordinary General Assembly
4	05-Mar-22	Shareholder Analysis
5	03-Apr-22	Shareholder Analysis
6	13-Apr-22	Shareholder Analysis
7	09-May-22	Shareholder Analysis
8	05-Jun-22	Shareholder Analysis
9	30-Jun-22	Ordinary General Assembly
10	18-Jul-22	Dividend entitlement
11	03-Aug-22	Shareholder Analysis
12	13-Sep-22	Shareholder Analysis
13	13-Nov-22	Shareholder Analysis

Declarations based on Corporate Governance Regulations (CGR)

Non-implemented provisions of the CGR

The Company has implemented all applicable mandatory provisions contained in the Corporate Governance Regulations issued by the CMA, except the provisions noted below. As at 31 December 2022, it is anticipated the Corporate Governance Regulations will be subject to further amendments as a result of the issuance of the new Companies Law which may impact the following provisions:

Article No.	Provision of the Article	Reason and remedial action
Guiding Article 51 Paragraph (c)	The Chairman of the Audit Committee shall be an Independent Director.	This is a guiding article. The Chairman of the Board Audit Committee is not a director yet he satisfies other independency criteria and possess relevant expertise and required knowledge for the role.
Article 67	RMC Chairman and majority of its members shall be non-Executive Directors	This is a guiding article. Although the Chairman and majority of members are not directors, they are non-executives with relevant expertise and required knowledge
Article 84	The Ordinary General Assembly shall, upon the proposal of the Board of Directors, develop a policy to ensure having a balance between its objectives and the objectives the society aspires to achieve, with a view to develop the society's social and economic conditions.	This is a guiding article. However, the Company established a social responsibility policy that has been approved by the Board.
Article 85 (1)	The Board of Directors develops programmes and identifies the methods necessary to launch the Company's initiatives in the social work field, including: 1) Developing measurement indicators linking the Company's performance to its social action initiatives, and comparing it with other companies exercising similar activity.	This is a guiding article. The Company continuously participates in various social activities and carries out social initiatives aimed at developing the social and economic conditions in the communities we operate in.

Declarations on the non-applicable provisions that must be mentioned under Article 87 of the CGR:

The Board of Directors of the Company declares the following:

- Article 87 (9): there are no punishments, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority,
- Article 87 (12): there are no recommendations of the Board Audit Committee, which is conflicted with the Board's decisions, or which the Board has refused to take on the appointment and removal of the Company's auditor, the determination of its fees, the evaluation of its performance or the appointment of the internal auditor, the reasons for those recommendations, and the reasons for not adopting them.
- Article 87 (21): there are no inconsistency with the standards approved by the Saudi Organisation for Certified Public Accountants.
- Article 87 (25): there is no interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article 67 of the Rules on the Offer of Securities and Continuing Obligations.
- Article 87 (26): there are no interests, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates.
- Article 87 (28): there are no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year 2021.
- Article 87 (29): there are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.

GOVERNANCE REPORT

FURTHER DISCLOSURES

- Article 87 (30): there is no redemption, purchase or cancellation by the Company of any redeemable debt instruments.
- Article 87 (35): there is no arrangement or agreement under which a director or a senior executive of the Company has waived any remuneration.
- Article 87 (36): there is no arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.
- Article 87 (38): there are no investments made or any reserves set up for the benefit of the employees of the Company as at 31 December 2021.
- Article 87 (40): the external auditor's report for the year ended 31 December 2021, did not contain any reservations on the financial statements of the Company for the year then ended.
- Article 87 (41): there was no recommendation to replace the external auditor before the end of its term.

The Board of Directors of the Company hereby declares that:

- the accounting records were properly prepared;
- the system of internal control is sound in design and has been effectively implemented; and
- there are no doubts on the Company's ability to continue business.

Related Party transaction including transaction in which a director of the Company, a senior executive or any person related to any of them is or was interested

The Company enters into a number of related party transactions to support its ordinary course of business as it pertains to its field and industry. All related party contracts are on arm's length basis and contain no preferential terms and conditions. In order to maintain full transparency with respect to such transactions, the Company is listing key related party transactions as set out below:

Agreements and transactions with Public Investment Fund (PIF)

- The business and contracts concluded between the Company and the Public Investment Fund, in which both legal entities are affiliated. This pertains to the memorandum of understanding ("MoU") that supports and promotes an exchange market for Carbon Credits supply and trade. The MoU has a one year and 9 months term and there is no underlying value for the Company to enter into the MoU if it wishes not to participate in Carbon Credits trading.

Agreements and transactions with Saudi National Bank

- The business and contracts concluded between the Company and Saudi National Bank (SNB), in which the Board member (Mr Abdullah AlRowais) has an indirect interest. This is for the provision of Equity Bridge Loans (EBL) in the value of (USD 200,000,000), which represents part of the company commitment in the NEOM Green Hydrogen Project. NEOM EBL facility tenor is 4.5 years.
- The business and contracts concluded between the Company and Saudi National Bank (SNB), in which the Board member (Mr Abdullah AlRowais) has an indirect interest. This is for the issuance of bid bonds of an amount of (USD 2,400,000) for participation in round 6 of the Renewable Energy Programme in South Africa. The bonds were originally issued for one (1) year but were subsequently cancelled.

Agreements and transactions with NEOM

- The business and contracts concluded between the Company and (NEOM) in which the President & CEO (Mr Suntharesan Padmanathan and the Board members Mr Fahad Alsaif, Mr Abdullah AlRowais, and Mr Omar AlMadhi) have an indirect interest. This is the coordinated deed to provide parent company guarantee associated with the engineering, procurement and construction contract limited notice to proceed for the NEOM Green Hydrogen Project. The deed has a one-year term and an amount of (USD 300,000,000).

Agreements and transactions with Water and Environment Technologies Company ("WETIC")

- The business and contracts concluded between the Company and (Water and Environment Technologies Company) ("WETIC"), in which Board member Mr Mohammad Abunayyan has an indirect interest. This pertains to signing a term sheet related to a potential agreement to build Seawater Reverse Osmosis Projects that may be entered into by an affiliated company. The term sheet has no underlying value because of its non-binding nature.

Agreements and transactions with Water & Electricity Holding Company ("Badeel")

- The business and contracts concluded and to be concluded between the Company and Water & Electricity Holding Company (Badeel) which is an affiliate of PIF. This is an agreement to regulate the partnership in bidding, consortiums, execution, and operation for the development of Al Shuaiba 1 & 2 PV project. The agreement is for a 35-year term and there is no financial value for this agreement.

Agreements and transactions with Aseel Resort

- The business and contracts concluded between the Company and Aseel United Company, in which the Board member (Dr Ibrahim Al-Rajhi) has an indirect interest. This is a real estate lease for a term of two days to host a Company event for an amount of (SAR 100,000).

Agreements and transactions with HSBC Saudi Arabia

- The business and contracts concluded or that will be concluded between the Company and (HSBC Saudi Arabia), in which ACWA Power Chief Financial Officer (Abdulhameed Al Muhaidib) has an indirect interest. These businesses and contracts are assigning HSBC Saudi Arabia as a Joint Lead Manager and Bookrunner role for ACWA Power SAR sukuk issuance and in the amount of (SAR 2,150,000).

Agreements and Transactions with The Saudi British Bank (SABB)

- The business and contracts concluded between the Company and (The Saudi British Bank (SABB)), in which ACWA Power Chief Financial Officer (Abdulhameed Al Muhaidib) has an indirect interest. These businesses and contracts are issuance of bid bonds of (SAR 29,000,000). For Taiba & Qassim CCGT projects in Saudi Arabia. The bonds were originally issued for ten (10) months. However, the bonds were subsequently cancelled.

Competing business with the Company or any of its activities that member of the Board is/was engaging in

The following competing interests were disclosed and authorised by the Company's General Assembly on 30 June 2022. Those interests are deemed competing because of their potentials to be in a business activity that is the same as the Company's activities or any part of them:

- Mr Suntharesan Padmanathan is a Board member and founding shareholder of X-links UK Limited, a company that engages in developing, owning and operating long distance electricity interconnectors.
- Mr Suntharesan Padmanathan is a board member and founding shareholder of Zhero Inc., a company that engages in building, developing and operating green energy infrastructure.

GOVERNANCE REPORT

FURTHER DISCLOSURES

Description of the main scope of business of the Company and its affiliates. If there are two or more, a statement showing each activity and how it affects the Company businesses and results shall be attached.

ACWA POWER Company (the "Company" or "ACWA POWER" or the "Group") is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and is registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008). The Company's Head Office is located at Exit 8, Eastern Ring Road, Qurtubah District, P.O. Box 22616, Riyadh 11416, Kingdom of Saudi Arabia.

The Company's formal name changed from International Company for Water and Power Projects to ACWA POWER Company after obtaining the approval of the Extraordinary General Assembly held on 5 January 2022 and fulfilling all relevant regulatory requirements.

On 11 October 2021, following a landmark Initial Public Offering ("IPO"), the Company successfully listed on the Saudi Stock Exchange ("Tadawul").

The Company's main activities are the development, investment, operation and maintenance of power generation, water desalination and green hydrogen production plants and bulk sale of electricity, desalinated water, green hydrogen and/or green ammonia to address the needs of state utilities and industries in long-term, off-taker contracts under utility services outsourcing and Public-Private-Partnership models in the Kingdom of Saudi Arabia and internationally.

Description of the Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and the future expectation

The Company operates in accordance with its business model of develop – invest – operate – optimise within the framework of its strategy to reliably and responsibly deliver affordable power and water in Saudi Arabia and other international markets in which the Company chooses to operate. Adding new projects or partial or full disposal of its existing businesses is ordinary course of business for the Company. The Company does not expect material changes in its business model and the structure of its business for foreseeable future.

Contributing to our communities

ACWA Power contributes to the communities in which it operates notably through supporting local content and driving community impact.

Supporting local content

ACWA Power supports local content by encouraging and developing local service providers, suppliers, and the workforce in the markets where we operate. This aims to stimulate national talent to help develop solutions that contribute to the energy transition.

Amplifying the Kingdom's next generation

HIWPT- Summer Training Programme

The main objective of this programme is to contribute to the development of skills and employability of the Saudi youth, male and female.

In 2022, HIWPT provided a summer training programme service to high school students sponsored by ACWA Power, to continue support the immense potential of Saudi youth development.

The programme aims to empower youth in the Kingdom to create, ideate and innovate. The programme shall cover the following initiatives:

- Introduction to renewables as future power resources
- Environmental and climate change
- Selected behavioural change topic
- Selected online safety & health training
- Selected online soft skills & self-development training
- Basic computer literacy skills
- Special online English language training

The programme is inspired by ACWA Power commitment in playing a role in the fulfilment of Vision 2030.

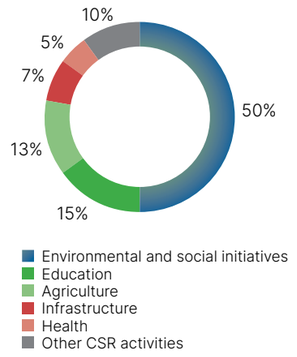
Driving community impact

As a company, we have always considered ourselves to be an integral member of the communities in which we operate. We prioritise community engagement and address the most pressing issues our communities face with relevant CSR programmes. We are fully committed towards community development, social responsibility, and sustainable livelihoods.

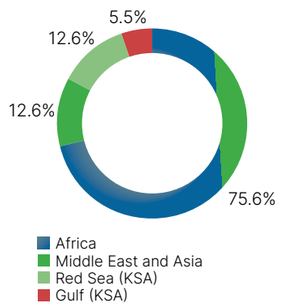
In 2022, our total CSR contribution amounted to SAR 18.4 million, and supported a range of initiatives:

We channel resources towards CSR initiatives in all of our regions of operations, whether mandated by the terms of our agreements with local off-takers or not and encourages all our business units operating in diverse geographies to include CSR considerations into its operations. In carrying out its CSR initiatives, due consideration is given to the diversity of cultures, values, customs, and societal norms of the region it operates. In 2022, most of our CSR support was allocated to supporting various social and environmental initiatives in the Kingdom of Saudi Arabia as well as to projects in our Africa region, namely in Morocco and South Africa.

Types of initiatives, % of total CSR spending in 2022



Our regions of operation, % of total CSR spending in 2022



GOVERNANCE REPORT

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In 2022, we continued to support various CSR initiatives, including longstanding ones, through the allocation of various resources. By striving to ensure that we have a positive impact on people and the planet, ACWA Power works towards fostering shared value.

Some of our key CSR initiatives in 2022 include:

Supporting Al-Jouf Association
Kingdom of Saudi Arabia, SAKAKA-Gulf

Supporting Al-Jouf Renewable Association, to enhance the culture of moving to environmental protection and renewable energy at Al -Jouf region. In addition, supporting Al-Jouf oil festival which supports local communities and local farmers to boost their production and sale.

Tree Planting Initiative
Kingdom of Saudi Arabia, SWEC – SEPCO-Red Sea

Tashjeer Initiative, SWEC and SEPCO aim to plant 333,333 seeds per-year for five years, as part of the Saudi Green Initiative and Vision 2030. The trees will be planted in housing camp and football playground areas with a total project cost of SAR 1,614,900. Type of trees to be planted, Tamarix Aphylla, Moringa Peregrinea, Ziziphus Spina etc.

Moreover, apart from tree planting initiative SWEC & SEPCO supports youth development in various training programmes such as:
- Misc Training (62 students)
- Co-op Student Training (15 students)
- Tamheer (10 trainees)
- First Aid Training Programme (سفير الحياة) (100 students)

Supporting local development
Morocco, Ouarzazate

Educational programme for women in Ghassate. The course aim to teach women in need literacy and alphabet, to boost their knowledge and enhance their education. Learning alphabet could bring confidence in themselves and fulfil their dreams.

The programme runs over a two-year period, where the first year focuses on providing basic knowledge and tools and the second year on using the tools they have learned.

As of today, 480 women from different villages in Ghassate have benefited from this programme since 2020.

Supporting local development through the improvement of infrastructure
Egypt, Benban

As a continuation from last year (2021) project of renovating Local Marketplaces in Benban and Mansorya. The market renovation project, which helps to improve living standards of the community. By increasing the number of awnings, improve bathroom facility, planning and beautification and provide water coolers.

Moreover, education development by renovating school facilities in Benban and health development by improving Asan specialised hospital as per their need. Lastly, mobility and river transportation by helping to repair motorboats that operate at night to ease their journey and enhance safety.

All of the above CSR initiatives/ actions have shown to be successful in creating local businesses opportunities, improving living standards, short-term labor opportunities, and finally improving sales to vendors.

Supporting environmental and social initiatives
UAE, Hassyan

Marine Conservation Initiative with the Emirates Marine Environmental Group (EMEG) Summary: On a yearly basis this project aims at improving marine coastline protection and monitoring, as well as increasing environmental awareness. At a local and project level, Hassyan Clean Coal has implemented a partnership with the Emirates Marine Environmental Group (EMEG) and conducted the following environmental awareness activities:
- Monitoring of fauna
- Coral reef rehabilitation
- Turtle nesting season and turtle release event for students and members of the community
- Mangrove tree planting
- Beach cleaning
- Supporting leisure and cultural activities in the local community

↗ For further details, please refer to the Sustainability section of the 2022 Annual Report

Risk

The Board has established the control environment, approved the risk appetite statement, risk management policy, and delegated oversight responsibilities under the Enterprise Risk Management (ERM) framework to the Board's Risk Management Committee.

ACWA POWER together with its subsidiaries, joint ventures and affiliates (the "Group") adopted comprehensive, state-of-the-art approach to risk management that follows the principles and methodology of the ISO 31000 guidance standard. Most of the Group's managed risks are related to the different phases of its business model of developing, investing in, operating, and optimising the power generation, water desalination and green hydrogen production assets, encompassing a full life cycle of such assets

The Group promotes a strong culture of risk management, combined with an approved risk framework that effectively supports appropriate risk awareness, behaviours and risk-based decision making. In accordance with the Group's risk management framework, we have developed specific responsibilities, tools and guidance, and systematically assess, mitigate, monitor risks at corporate level and during development, construction, and operation phase of projects to manage all relevant identifiable risks effectively.

Business development

All business development projects go through a gated approval process by the Management Investment Committee and the Board Executive Committee. Project-related market, technical, legal and financial risks are reviewed to guarantee the required risk adjusted return. An additional step has been introduced in the approval process for peer risk review, where the risk management team independently assesses and evaluates the risks. Residual risks are summarised in the form of a risk matrix with potential mitigations. Sensitivities are analysed for critical bid assumptions and related risks. All key risks are quantified, where feasible, in terms of rate of returns, and graphically presented, including potential upsides as well. This provides reasonable assurance on the project's risk profile and ensures informed decision-making by management, the Board Risk Management Committee and the Board. This process is applied for all investments (greenfield, brownfield and acquisitions), divestments and changes in offtake agreements, if and when applicable.

Portfolio management

The Group focuses on developing scalable investment platforms and maintaining a portfolio with a technologically and geographically diversified asset base. As our portfolio risk landscape continues to evolve, the risk management function is involved to ensure identifying, assessing and constantly monitoring potential threats and opportunities that we could face to remain resilient on projects under construction as well as assets under operation. For our projects under construction, we remain actively engaged with our EPC contractors and encourage them to assess risks financially (by quantifying the potential risk), through schedule, quality, health and safety, and reputation. This gives more insight to the portfolio team to understand and act accordingly.

Operations & maintenance

The Group uses centralised expertise via NOMAC, a 100% owned O&M subsidiary of ACWA Power, to optimise the operation and maintenance of our fleet of assets diversified in technology and geography and ensure effective management and mitigation of risks associated with operational safety and reliability of supply.

Contractual risks are managed through an effective contract compliance and tracking mechanism; operational risks through robust operational and maintenance procedures including digitised condition monitoring and prediction; and supply and price risk is managed by a comprehensive and efficient Global supply chain management. In addition, the Group also plays a direct role in selecting its partners, contractors and technology for its projects to ensure an optimal solution for the project while reducing the overall exposure (directly or indirectly) to identified risks.

↗ For further details, please refer to the Risk section of the 2022 Annual Report

GOVERNANCE REPORT

FURTHER DISCLOSURES

Material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company

The operating income before impairment loss and other expenses for the year 2022 was

SAR 2,614 million

and 13.5% or SAR 311 million higher than SAR 2,303 million in 2021.

↗ For further details, please refer to the Financial review section of the 2022 Annual Report

Net profit attributable to equity holders of the parent for 2022 was

SAR 1,540 million

and 103%, or SAR 781 million, higher than SAR 759 million of 2021.

↗ Please also refer to the 2022 Year-end Investor Report that was published on Tadawul on 2 March 2023 as part of the Annual Financial Results Announcement. The Report is also available on the Company Website

Financial Information

Summarised consolidated statement of financial position

	As at 31 December				
All amounts in thousands SAR	2022	2021	2020	2019	2018
Total assets	**49,301,376**	**45,708,698**	**36,260,987**	**37,721,283**	**36,167,162**
Total liabilities	**29,272,982**	**31,388,553**	**28,860,832**	**27,115,906**	**25,093,005**
Net assets (total equity)	**20,028,394**	**14,320,145**	**7,400,155**	**10,605,377**	**11,074,157**

Summarised consolidated statement of cash flows

	As at 31 December				
All amounts in thousands SAR	2022	2021	2020	2019	2018
Net cash generated from operating activities	**2,911,367**	**3,201,179**	**1,875,411**	1,595,616	1,877,934
Net cash used in investing activities	**(2,361,616)**	**(5,923,870)**	**(1,349,576)**	(2,867,275)	(3,483,487)
Net cash from / (used in) financing activities	**425,554**	**7,061,204**	**(2,491,482)**	(1,428,291)	3,864,589

Summarised consolidated statement of income

	Year ended 31 December				
All amounts in thousands SAR	2022	2021	2020	2019	2018
Revenue	**5,275,930**	**5,235,393**	**4,829,111**	4,114,999	3,227,833
Operating costs	**(2,410,582)**	**(2,383,677)**	**(2,301,362)**	(2,028,804)	(1,965,965)
Gross profit	**2,865,348**	**2,851,716**	**2,527,749**	2,086,195	1,261,868
Operating income before impairment loss and other expenses	**2,613,633**	**2,302,718**	**1,948,990**	**1,842,097**	**1,818,347**
Profit before zakat and income tax	**1,491,428**	**888,344**	**831,639**	399,746	680,316
Zakat and tax credit / (charge)	**(232,874)**	**(80,110)**	**50,950**	(74,008)	(39,942)
Profit / (loss) from discontinued operations, including loss recognised on assets held for sale	**217,856**	**(64,326)**	**19,798**	554,345	(1,539,288)
Profit / (loss) for the year	**1,476,410**	**743,908**	**902,387**	**880,083**	**(898,914)**
Profit / (loss) attributable to equity holders of the parent	**1,540,035**	**758,798**	**882,568**	**1,173,865**	**(773,842)**

GOVERNANCE REPORT

FURTHER DISCLOSURES

Information on ACWA Power's total indebtedness as at 31 December 2022, is as follows:

All amounts in thousands SAR

Financing type	Amount at the beginning of the year	Financing period	Net drawdown / (repayment)	31 December 2022	Maturity date
Financing facilities in relation to projects	17,406,149	2 to 22 years	1,048,552	18,454,701	2023–2044
Revolving corporate Murabaha facility	1,130	7 years	-	1,130	2028
Corporate bond	2,789,269	7 years	1,722	2,790,991	2028
APMI One bond	3,004,460	18 years	(1,477,210)	1,527,250	2039
APCM bond	614,221	22 years	(15,711)	598,510	2044
	23,815,229			23,372,582	

Classification of Funding

Classification	2022 (SAR '000)	2021 (SAR '000)
Recourse debt	5,733,461	5,269,705
Non-recourse debt	17,639,121	18,545,524
Short term financing facilities	275,100	186,400
Total	23,647,682	24,001,629

Geographic analysis of the Group's revenue from continuing operations

Kindly refer to note 35 of the year-end 2022 consolidated audited financial statements of the Company. All amounts are in SAR'000.

	Revenue from continuing operations	
	2022	2021
Kingdom of Saudi Arabia	2,476,181	2,223,971
Middle East and Asia	2,496,592	2,477,011
Africa	303,157	534,411
	5,275,930	5,235,393

Debt Instruments issued by the Company and Company's subsidiaries

↗ **Kindly refer to note 15 of the year-end 2022 consolidated audited financial statements of the Company.**

On 14 June 2021, the Group issued an Islamic bond (Sukuk) amounting to SAR 2,800.0 million at par (sak) value of SAR 1 million each, without discount or premium. The Sukuk issuance bears a return based on Saudi Arabia Interbank Offered Rate (SIBOR) plus a pre-determined margin payable semi-annually in arrears. The Sukuk will be redeemed at par on its date of maturity on 14 June 2028.

In May 2017, the Group (through one of its subsidiaries, APMI One) issued bonds with an aggregate principal of USD 814.0 million. The bonds carry a fixed rate of interest at 5.95% per annum due for settlement on a semi-annual basis. The bonds' principal is due to be repaid in semi-annual instalments commencing from June 2021, with the final instalment due in December 2039. The bonds are collateralised by cash flows from certain equity accounted investees and subsidiaries of the Group. During the year, ACWA Power has partially bought back bonds amounting to USD 400.7 million (equivalent to SAR 1,502.7 million) at a discount. The Group has recognised a gain of SAR 74.8 million on the buyback which is net of the proportionate share in the unamortised transaction cost in relation to the bond's issuance.

During the year 2021, the Group (through a subsidiary, APCM) issued Notes with an aggregate principal of USD 166.2 million. The Notes carry an interest at 3.7% per annum and the principal repayments in semi-annual instalments from 31 May 2021, with final instalment due on 27 May 2044. The Notes were issued to refinance an existing long-term facility of one of the Group's wholly owned subsidiaries, Shuaibah Two Water Development Project ("Shuaibah II").

Borrowings by project companies are primarily secured against underlying assets of the respective project companies, except borrowings that are with recourse to the Group amounting to SAR 2,941.3 million as of 31 December 2022 (31 Dec 2021: SR 2,479.3 million).

During the year ended 31 December 2022, RAWEC concluded phase 2 of debt refinancing. A new facility amounting to SAR 2,231.2 million was drawn down. The new facility was obtained in 2 Tranches as follows:

- Commercial Loan Part 1 - USD 125.0 million equivalent to SAR 468.7 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed rate on the loan is 4%; and
- Commercial Loan Part 2 - USD 470 million equivalent to SAR 1,762.5 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed rate on the loan is 4%.

Phase 1 of debt refinancing with a combined facility amount of SAR 3,000.0 million was completed on 30 December 2021.

Upon successful completion of refinancing, RAWEC paid a one-off fee of SAR 236.25 million to the off-taker/customer, who is also a minority shareholder, in accordance with the terms of the PWPA. The payment has been classified as other asset (note 9) and is amortised over remaining term of the PWPA.

During the year ended 31 December 2022, Barka concluded restructuring of its senior debt amounting to OMR 24.1 million equivalent to SAR 236.2 million. As per the revised terms, the loan will be repaid in semi-annual instalments effective from 30 June 2022 with a final instalment due on 31 December 2024 along with a balloon payment of OMR 10.6 million equivalent to SAR 103.9 million upon maturity. The loan carries an annual effective interest rate of 5.5%.

Statutory Amounts Paid and Payable

Statutory amounts paid[1]

All amounts in thousands SAR unless otherwise stated	Reasons for amounts paid	Year ended 31 December 2022	Year ended 31 December 2021
Income taxes and zakat	Income taxes and zakat calculated in accordance with Tax Regulations in the various jurisdictions in which the Group operates. See Note 20 of the consolidated financial statements.	101,080	192,946

Statutory amounts payable[1]

All amounts in thousands SAR unless otherwise stated	Reasons for amounts payable	As at 31 December 2022	As at 31 December 2021
Income taxes and zakat	Government obligation, payable on an annual basis	236,786	215,502

[1] Statutory amounts paid and payable are in respect of the Group

GOVERNANCE REPORT

ACWA POWER GROUP COMPANIES

The Company holds direct or indirect ownership in the following domestic and foreign entities representing the subsidiaries, joint ventures and associates through which the Company operates its business (together – the Group and the Group's Operations).

No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)[1]
1	ACF Renewable Energy Ltd.	Malta	Holding company	EUR	1,200.00	0%	42.00%
2	ACWA Benban One for Energy	Egypt	Investment	EGP	15,000,000.00	0%	32.80%
3	ACWA Bokpoort Holdings	South Africa	Company responsible for holding shares in and making Shareholder Decisions in ACWA Power SolAfrica Bokpoort CSP	ZAR	224,403,878.00	0%	51.00%
4	ACWA Gharib One for Energy	Egypt	Investment	EGP	3,750,000.00	0%	100.00%
5	ACWA Gharib Two for Energy	Egypt	Investment	EGP	3,750,000.00	0%	100.00%
6	ACWA Guc IŞLETME VE YÖNETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ	Turkey	Generation and Sale of Electricity	TRY	2,258,492,025.00	0%	69.60%
7	ACWA Harbin Holdings Limited	United Arab Emirates	Holding company	AED	100,000.00	0%	55.00%
8	ACWA Industrial Investment Company	Saudi Arabia	Manufacturer of eletrical parts and equipment	SAR	50,000.00	100%	0.00%
9	ACWA Power Africa Holdings Pty. Ltd.	South Africa	Company that is responsible for holding shares in the holding companies of those projects that are shared with Silk Road Fund	ZAR	371,118,603.29	0%	51.00%
10	ACWA Power Al Dur II Holding Co WLL	Bahrain	Holding company	BHD	5,000.00	0%	100.00%
11	ACWA Power Asia Holdings Pte. Ltd.	Singapore	Other holding companies; Investment holding company in South East Asia	USD	1	0%	100.00%
12	ACWA Power Azerbaijan Project Holding Co	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
13	ACWA Power Azerbaijan Renewable Energy LLC	Azerbaijan	Development, investment and construction of electric power plants.	AZN	100	0%	100.00%
14	ACWA Power Bahrain Holdings	Bahrain	Holding company	BHD	4,915,000.00	99.73%	0.30%
15	ACWA Power Barka Project TSA Company	Mauritius	Provision for operations and maintenance services. The principal activity of the Company is to provide technical advisory services to ACWA Power Barka Project LLC and First national Company for Operation & Maintenance Services LLC (NOMAC), both companies incorporated and registered in the Sultanate of Oman.	USD	1,000.00	0%	100.00%
16	ACWA Power Barka Projects LLC	Oman	To develop, finance, design, construct, operate, maintain, insure and own a power generating station and water desalination plant and associated gas interconnection facilities and other relevant infrastructure	OMR	49,206,617.00	0%	72.30%
17	Barka Water and Power SAOG	Oman	The principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and water desalination plant and associated gas inter-connection facilities and other relevant infrastructure	OMR	16,000,000.00	0%	41.90%
18	ACWA Power Barka Services (1) Mauritius Ltd	United Arab Emirates	Provide technical advisory and operational, maintenance and administrative support services to ACWA Power Barka S.A.O.G, a power and water desalination, generator in the Sultanate of Oman.	USD	10,000.00	0%	86.20%
19	ACWA Power Barka Services (2) Mauritius Ltd	United Arab Emirates	Provide technical advisory and operational, maintenance and administrative support services to ACWA Power Barka S.A.O.G, a power and water desalination, generator in the Sultanate of Oman.	USD	10,000.00	0%	86.20%
20	ACWA Power Bash Wind Proj. Holding company Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
21	ACWA Power Bash Wind	Uzbekistan	Power Generation (Wind Power)	USD	38,191.00	0%	100.00%
22	ACWA Power Boujdour	Morocco	Construction of Power plants	MAD	13,290,000.00	0%	75.00%
23	ACWA Power Capital Management Ltd	United Arab Emirates	Investment in commercial & Industrial Enterprises & Mgt.	USD	50,000.00	0%	100.00%
24	ACWA Power Coastal Holdings Ltd (JAFZA)	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
25	ACWA Power Community Pyt Ltd	South Africa	Representative Office	ZAR	158,840,452.33	0%	100.00%
26	ACWA Power Conventional Energy Ltd	United Arab Emirates	Holding company	USD	50,000.00	0%	100.00%

[1] This column shows the Company's actual ownership percentage in its subsidiaries, including through intermediary holding companies.

GOVERNANCE REPORT

ACWA POWER GROUP COMPANIES

No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
27	Suez Wind Energy (S.A.E)	Egypt	Investment	USD	15,000.00	0%	100.00%
28	ACWA Power Dicheto Solar PV Share Company	Ethiopia	Power Generation and sale	USD	100,000.00	0%	100.00%
29	ACWA Power Dzhankeldy Wind	Uzbekistan	Power Generation (Wind Power)	USD	38,191.00	0%	100.00%
30	ACWA Power Egypt for Energy	Egypt	Investment	USD	1,000,000.00	0%	100.00%
31	ACWA Power Energy Africa	South Africa	Company that is responsible for holding shares in the holding companies of those projects that are not shared with Silk Road Fund.	ZAR	215,345,233.92	0%	100.00%
32	ACWA Power Energy Holdings Ltd	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
33	ACWA Power Enerji	Turkey	Intermediary Holding Company / Provision of Support Services	TRY	1,593,471,450.00	0%	99.00%
34	ACWA Power Indonesia (formerly ACWA Power Ethiopia) Project Holding company	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
35	ACWA Power FEWA Project Holding Co Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
36	ACWA Power for Energy	Saudi Arabia	1. Supplies of electricity, gas, steam and air conditioning. 2. Processing industries	SAR	100,000.00	0%	100.00%
37	ACWA Power for Jizan Energy Co.	Saudi Arabia	Generation of the electrical energy	SAR	200,000.00	0%	100.00%
38	ACWA Power Gad Solar PV Share Company	Ethiopia	Power Generation and sale	USD	100,000.00	0%	100.00%
39	ACWA Power General Holdings 1 Ltd	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
40	ACWA Power Global Holdings Ltd.	United Arab Emirates	Holding company	AED	50,000.00	0%	100.00%
41	ACWA Power Global Services Ltd.	United Arab Emirates	Holding company	USD	55,000.00	100%	0.00%
42	ACWA Power Global Services Rep office	United Arab Emirates	Representative Office	N/A	N/A	0%	100.00%
43	ACWA Power Green Energy Africa Pty Ltd	South Africa	This is the Company that will hold shares in the holding company of green energy projects.	ZAR	258,409,350.00	0%	100.00%
44	ACWA Power Green Energy Company Limited	United Arab Emirates	Holding company	USD	50,000.00	0%	100.00%
45	ACWA Power Ibri Project Holding company Ltd.	United Arab Emirates	Holding company	USD	50,000.00	0%	100.00%
46	ACWA Power Indigo Jeotermal Enerji Anonim Sirketi	Turkey	Project Company	TRY	50,000.00	0%	65.00%
47	ACWA Power Inland Holdings Limited	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
48	ACWA Power International Holdings	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
49	ACWA Power International LLC	United Arab Emirates	Holding company	AED	300,000.00	0%	100.00%
50	ACWA Power Jordan Holdings	Jordan	Holding company	JOD		0%	51.00%
51	ACWA Power Jordan Holdings (JAFZA)	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
52	ACWA Power Karatau Project Holding Co	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
53	ACWA Power Khalladi Morocco	Morocco	O&M Contractor of Noor 1 Project, interim O&M Contractor for Noor II and Noor III Projects.	MAD	217,592,506.08	0%	26.00%
54	ACWA Power Khanyisa Holdings Pty. Ltd.	South Africa	None to be deregistered	ZAR	100	0%	100.00%
55	ACWA Power Khanysia Thermal Power Station Pty. Ltd.	South Africa	None to be deregistered	ZAR	100	0%	100.00%
56	ACWA Power Kirikkale Holdings WLL	Bahrain	Holding company	BHD	680,000.00	0%	99.00%
57	ACWA Power Kom Ombo for Energy	Egypt	Investment	USD	150,000.00	0%	100.00%
58	ACWA Power Kom Ombo Project Holding Company Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
59	ACWA Power Kungrad Wind 1 Holding Company Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%

GOVERNANCE REPORT

ACWA POWER GROUP COMPANIES

No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
60	ACWA Power Kungrad Wind 2 Holding Company Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
61	ACWA Power Kungrad Wind 1	Uzbekistan	Power Generation (Wind Power) - Proj. Co.	UZS	400, 000, 000.00	0%	100.00%
62	ACWA Power Kungrad Wind 2	Uzbekistan	Power Generation (Wind Power) - Proj. Co.	UZS	400, 000, 000.00	0%	100.00%
63	ACWA Power Kungrad Wind 3	Uzbekistan	Power Generation (Wind Power) - Proj. Co.	UZS	400, 000, 000.00	0%	100.00%
64	ACWA Power Laayoune	Morocco	Construction of Power plants - Proj. Co.	MAD	37,222,600.00	0%	75.00%
65	ACWA Power Luxor Project Holding Co Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
66	ACWA Power Management and Investment One Ltd.	United Arab Emirates	Investment in commercial & Industrial Enterprises & Mgt.	USD	50,000.00	100%	0.00%
67	ACWA Power Moatize Holdings Ltd (JAFZA)	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
68	ACWA Power Maroc (APM)	Morocco	Operating a water treatment establishment, development of conventional and renewable plants for projectsof water desalination, operating a water treatment establishment	MAD	50,000.00	0%	51.00%
69	ACWA Power Oasis 1 Ltd (JAFZA)	United Arab Emirates	Holding company	AED	25,000.00	0%	100.00%
70	ACWA Power Oasis 2 Ltd. (JAFZA)	United Arab Emirates	Holding company	AED	25,000.00	0%	51.00%
71	ACWA Power Oasis Three FZ-LLC	United Arab Emirates	Power Generation, et. Al.	AED	1,000,000.00	0%	70.70%
72	ACWA Power Oman LLC	Oman	Management offices	OMR	16,413,220.00	0%	100.00%
73	ACWA Power Ouarzazate II	Morocco	Power plants construction (operation and maintenance of a solar power plant) -Proj. Co.	MAD	1,099,203,600.00	0%	75.00%
74	ACWA Power Ouarzazate III	Morocco	Power plants construction (operation and maintenance of a solar power plant) -Proj. Co.	MAD	856,064,500.00	0%	75.00%
75	ACWA Power Ouarzazate IV	Morocco	Construction of Power plants - Proj. Co.	MAD	33,951,000.00	0%	75.00%
76	ACWA Power Ouarzazate (Noor1)	Morocco	Manufacturer of solar energy equipment & panels (operation and maintenance of a solar power plant) - Proj. Co.	MAD	35,360,700.00	0%	73.10%
77	ACWA Power Plovdiv Holdings	United Arab Emirates	Holding company	AED	6,354,600.00	0%	100.00%
78	ACWA Power Project Management & Acquisition Co.	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers 5. Wholesale of desalinated water	SAR	500,000.00	0%	100.00%
79	ACWA Power Redstone Holdings	South Africa	Company responsible for holding shares in and making Shareholder Decisions in ACWA Power Solarreserve Solar Thermal Power Plant	ZAR	1,037,044,098.44	0%	72.10%
80	ACWA Power Reinsurance Co. Ltd.	United Arab Emirates	Insurance	USD	550,000.00	100%	0.00%
81	ACWA Power Renewable Energy Holding Limited	United Arab Emirates	Holding company	USD	25,108,873.00	51%	0.00%
82	ACWA Power Salalah Project Holding Co Ltd	United Arab Emirates	Holding company	USD	50,000.00	0%	100.00%
83	ACWA Power Salalah2 IPP Project Holding Co	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
84	ACWA Power Saudi Electricity and Water Development Co.	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers 5. Wholesale of desalinated water	SAR	5,000,000.00	100%	0.00%
85	ACWA Power Sirdarya	Uzbekistan	Power Generation by thermal plants	USD	68,771.02	0%	100.00%
86	ACWA Power Solafrica Bokpoort CSP	South Africa	The Company is responsible for the development, design, engineering, procurement, construction, finance, owning, operating and maintaining of the CSP Plant. This will need to be done in accordance with the various agreements entered into.	ZAR	375,000,101.00	0%	20.40%
87	ACWA Power Solar CSP Holding Limited	United Arab Emirates	Holding company	USD	50,000.00	0%	51.00%
88	ACWA Power Solar Limited	United Arab Emirates	Holding company	AED	100,000.00	0%	100.00%
89	ACWA Power Solarreserve Redstone Solar Thermal Power Plant Pty Ltd	South Africa	The Company is responsible for the development, design, engineering, procurement, construction, finance, owning, operating and maintaining of the CSP Plant. This will need to be done in accordance with the various agreements entered into.	ZAR	1,976,050,177.42	0%	49.00%

GOVERNANCE REPORT

ACWA POWER GROUP COMPANIES

No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
90	ACWA Power Taweelah Project Holding Co Ltd	United Arab Emirates	Holding company	USD	50,000.00	0%	100.00%
91	ACWA POWER TECHNICAL AND FINANCIAL SERVICES	Uzbekistan	Representative Office	N/A	N/A	0%	100.00%
92	ACWA Power Treasury Holding company	United Arab Emirates	Holding company	USD	50,000.00	0%	100.00%
93	ACWA Power Uzbekistan Project Holding Co	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
94	ACWA Power Uzbekistan Wind Project Holding Co Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
95	ACWA Power Vietnam Pte. Ltd.	Singapore	Other holding companies; Investment holding company in South East Asia	USD	1	0%	100.00%
96	ACWA Power Vietnam Renewables Pte. Ltd.	Singapore	Other holding companies; Investment holding company in South East Asia	USD	1	0%	100.00%
97	ACWA Power Water and Power Projects	United Arab Emirates	Holding company	AED	300,000.00	0%	100.00%
98	ACWA Power Water Projects Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	100.00%
99	ACWA Power Wind Karatau	Uzbekistan	Power Generation (Wind Power)	USD	37,000.00	0%	100.00%
100	ACWA Shams for Energy S.A.E.	Egypt	Investment	USD	3,750.00	0%	32.80%
101	Ad-Dhahirah Generating Co. SAOC	Oman	Electric Power Generation	OMR	500,000.00	0%	44.90%
102	Al-Qiddiya Utilities Holding Company	Saudi Arabia	1. Management of subsidiaries of holding companies 2. Investment of funds of subsidiaries of holding companies 3. Ownership of real and movable property required for the holding companies 4. Provision of loans, guarantees and financing to the subsidiaries of the holding companies. 5. Ownership of industrial property rights of the subsidiaries of the holding companies 6. Lease of industrial property rights of the subsidiaries of the holding companies	SAR	100,000.00	0%	100.00%
103	AL Dur Shared Facilities Co W.L.L	Bahrain	Holding company	BHD	10,000.00	0%	25.00%
104	Al Imtiaz O&M Co. Ltd.	Saudi Arabia	The execution of operation and maintenance contracts for power generation and desalination plants.	SAR	500,000.00	0%	50.00%
105	Al Raeda Energy	Jordan	Holding company	JOD	50,000.00	0%	89.20%
106	Al Waha Project Company	Saudi Arabia	1. Water supplies, sanitation activities, waste management and treatment. 2. Water desalination 3. Water purification	SAR	200,000.00	0%	100.00%
107	Al Zarqa Plant for Power Generation (Jordan)	Jordan	Energy Generation	JOD	4,298,990.00	0%	60.00%
108	ALCOM Energy	Egypt	Investment	EGP	15,000,000.00	0%	32.80%
109	Aliah Water	Saudi Arabia	Pursuant to SAGIA license No 10205400184983 issued in Riyadh dated 18/01/1440 AH: water treatment – water collection – water desalination – water distribution – other activities related to water collection, treatment and distribution	SAR	200,000.00	0%	69.70%
110	Al-Mourjan For Electricity Production Co	Saudi Arabia	1. Develop, construct, own operate, and maintain Rabigh Electricity Production Project. 2. Transfer and sell electricity. 3. Engage in any business or activities related or ancillary thereto.	SAR	1,403,850,000.00	0%	50.00%
111	Amwaj International Co. Ltd	Saudi Arabia	Electric Power Generation Electric Power Transmission Electric Power Distribution and Retail Electric power distribution and wholesale sale Water collection Water Purification Desalination Reducing water salinity	SAR	100,000.00	0%	49.90%
112	APM Power Holding Company (JAFZA)	United Arab Emirates	Holding company	AED	20	0%	100.00%
113	Arabian Company for Water & Power Projects	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination. 4. Construction of electric power plant and transformers. 5. Wholesale of desalinated water.	SAR	1,867,000,000.00	0%	100.00%

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ACWA POWER GROUP COMPANIES

No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
114	Arabian Efficiency Company for Operation and Maintenance JSC	Saudi Arabia	Repair and maintenance of pumps, power equipment, valves, electrical equipment and transformers. Water Purification. Hazardous waste transportation. Final disposal of non-hazardous industrial waste. Construction and repair of stations and main lines for water distribution.	SAR	500,000.00	0%	100.00%
115	Asia Power Trading FZCO (JAFZA)	United Arab Emirates	Offshore O&M Contractor Nam Dinh Project	AED	180,000.00	0%	51.00%
116	Barka Seawater Facilities Co.	Oman	The Company is setup to develop, finance, design, acquire, construct, operate, maintain, insure and own seawater inlet / outfall facilities and perform associated other activities relating to the desalinated water industry	OMR	500,000.00	0%	24.30%
117	Central Electricity Generating Co. (CEGCO)	Jordan	Generate Energy, Engineering Support	JOD	30,000,000.00	0%	40.90%
118	China Rep Office	China	Representative Office	N/A	N/A	100%	0%
119	Dhafra Water Desalination Co	Saudi Arabia	1. Water supplies and activities of sanitation and management and treatment of waste 2. Water harvesting ,treatment and delivery	SAR	100,000.00	0%	67.68%
120	Dhofar Desalination Co. SAOC	Oman	Water Desalination	OMR	500,000.00	0%	50%
121	Dhofar Generating Company	Oman	Electric Power Generation	OMR	22,224,000.00	0%	27%
122	Dhofar O&M Co.	Oman	O&M	OMR		0%	35%
123	Dii GmbH	Germany	Power Generation and sale	EUR	180,001.00	33%	0%
124	East Africa Business Venture FZ LLC	United Arab Emirates	Project management services	AED	150,000.00	0%	100%
125	Ehyaa Renewable Company B.S.C.	Bahrain	Holding company	BHD	2,500,000.00	0%	90%
126	ENARA 2 for Energy Investments	Jordan	Holding company	JOD	1,000.00	0%	80.25%
127	ENARA Energy Investments	Jordan	Holding company	JOD	500,000.00	0%	80.25%
128	First National Co for O&M Services LLC (NOMAC Oman)	Oman	Repair and maintenance of electric motor, generators, transformers	OMR	250,000.00	0%	100%
129	First National Holding branch	United Arab Emirates	Branch Office	N/A	N/A	0%	100%
130	First National Holding Company	Saudi Arabia	Establishing, forming, owning, purchasing, managing, operating and investing in projects	SAR	5,000,000.00	100%	0%
131	First National O&M Co. (NOMAC)	Saudi Arabia	Repair and maintenance of electrical transformers and distributors of energy. Repair and maintenance of engines and generators. Repair and maintenance of energy stations and control. Construction and repair of stations and main lines for water distribution	SAR	2,000,000.00	0%	100%
132	Floating Ships for Water Projects Co.	Saudi Arabia	Operation and Maintenance of Water Plants, Water Transport	SAR	200,000.00	0%	64.85%
133	Gulf Electrical Equipment Testing Laboratories Co	Saudi Arabia	Establish, acquisation, and management of testing and calibration lab for electrical equipt.	SAR	360,000,000.00	0%	3%
134	Hajr for Electricity Production Co.	Saudi Arabia	Company shall be to own, generate, produce, transfer and sell of electricity in Qurayyah Project in the Eastern province in the Kingdom of Saudi Arabia, and to engage in any business or activities related or ancillary thereto.	SAR	2,506,230,000.00	0%	22.49%
135	Hajr Management and Investments Limited	United Arab Emirates	Holding company	USD	25,000.00	0%	100%
136	Hassyan Energy Phase 1 P.S.C	United Arab Emirates	Power Generation, et. Al.	AED	5,000,000.00	0%	27%
137	Haya Power & Desalination Company B.S.C.	Bahrain	Holding company	BHD	250,000.00	0%	60%
138	Higher Institute for Water & Power Technologies	Saudi Arabia	Develop knowledge, expertise and technical skills of work force.	SAR		non-profit org	non-profit org
139	International Barges Co. for Water Desalination	Saudi Arabia	1. Production and distribution of cooled water for the purposes of cooling.	SAR	97,640,100.00	0%	100%
140	International Company for Water & Power Projects - Indonesia Rep Office	Indonesia	Representative Office	N/A	N/A	100%	0%
141	Jazan Integrated Gasification and Power Company	Saudi Arabia	Resulting coke products including (tar, asphalt... etc.), production of types of liquid fuel (products of petroleum refineries), production of types of gas fuel including (ethane, butane, propane.. etc.), production of elementary gases including (oxygen and hydrogen .. etc.), production of liquid and compressed air, manufacture of chemical elements and generation of electrical energy.	SAR	56,250,000.00	0%	21.25%

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No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
142	Jazlah Water Desal Co.	Saudi Arabia	1. Water collection 2. Water purification 3. Water desalination 4. Transport and distribution of water 5. Water salinity reduction	SAR	5,000,000.00	0%	40%
143	Jubail O&M Co. (JOMEL)	Saudi Arabia	Execution of operation and maintenance serveces to power and water plants and other industrial facilities.	SAR	1,875,000.00	0%	40%
144	Jubail Operations Holdings WLL	Bahrain	Manage it's affilaiated companies	BHD	135,000.00	0%	40%
145	Jubail Water and Power Company	Saudi Arabia	1. To develop, construct, own, operate and maintain Jubail Water and Power Project (Jubail IWPP). 2. Transfer and sell water and electricity. 3. Engage in any business or activities related or arcillary thereto.	SAR	882,500,000.00	0%	20%
146	JWAP SPV (Aqua Marafiq Water and Electricity Co)	British Virgin Islands	BVI busuness co.	USD	50,000.00	0%	100%
147	Shuaibah Two for Electrical Energy Company	Saudi Arabia	Electricity Generation	SAR	500,000.00	0%	100%
148	Shuaibah Holding Company	Saudi Arabia	Activities of holding companies (i.e. the units that acquire and control the assets of capital of a group of affiliates, and its main activity is holding such group of companies)	SAR	200,000.00	0%	100%
149	KAHROMAA Co.	Saudi Arabia	1. Water harvesting 2. Water purification 3. Water transmission and distribution	SAR	7,450,000.00	99.97%	0.03%
150	Kirikkale Holdings Bahrain	Bahrain	Representative Office	BHD	680,000.00	0%	100%
151	Layla & Al Rass Holding Co	Saudi Arabia	1. Manage the companies affiliated to the holding companies. 2. Invest the money of the companies affiliated to the holding companies. 3. Own real estate and movables of the holding companies. 4. Give loans, guarantees and funding to the companies affiliated to the holding companies 5. Own industrial equity rights of the companies affiliated to the holding companies 6. Lease the industrial equity rights of the companies affiliated to the holding companies	SAR	100,000.00	0%	100%
152	MAP Coastal Holdings (JAFZA)	United Arab Emirates	Holding company	AED	85,000,000.00	0%	47.26%
153	MAP Inland Holdings (JAFZA)	United Arab Emirates	Holding company	AED	85,000,000.00	0%	47.26%
154	MAP Power Holding Ltd. (JAFZA)	United Arab Emirates	Holding company	AED	20	0%	100%
155	Marafiq Redsea for Energy Company	Saudi Arabia	1. Supply of electricity, gas, steam and air conditioning 2. Water supply, sanitary and waste management and treatment activities	SAR	500,000.00	0%	50.10%
156	Marafiq Tweeq Power Company	Saudi Arabia	1. Electricity, gas, steam and air conditioning supplies 2. Electricity energy generation, transmission, distribution and selling 3. Processing industries 4. Water transmission and distribution 5. Water collection 6. Water treatment 7. Water desalination 8. Water technology 9. Collection, treatment and delivery of water 10. Wastewater	SAR	100,000.00	0%	100%
157	Multiple Shares Company	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers 5. Wholesale of desalinated water	SAR	200,000.00	95%	5%
158	Naqa'a Desalination Plant LLC	United Arab Emirates	Operating of Water Treatment plant ; Water Desalination, Refining, Distribution - Desalination plant	AED	500,000.00	0%	40%
159	Naqaa O&M for Water Desalination LLC	UAE	Operating of Water Treatment plant ; Water Desalination, Refining, Distribution - Desalination plant	AED	500,000.00	0%	55%
160	NEOM GREEN HYDROGEN CO. LTD	Saudi Arabia	201121: Production of primary gases, includes (oxygen and hydrogen... etc.), 201252: Production of ammonia, 202980: Manufacture of aromatic extracts and their products, includes (distilled water and aromatic mixtures), 351011: Electric power generation, 351012: Electric power transmission, 352001: Production of kinds of gas fuel, 360012: Water Purification,	SAR	200,000.00	0%	33.33%
161	NOMAC Africa Holding	South Africa	Holding company	ZAR	100	0%	100%
162	NOMAC Africa Solar Services Pty Ltd	South Africa	O&M	ZAR	100	0%	100%

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No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
163	NOMAC AL Dur Power & Water Services WLL	Bahrain	Water collection treatment and supply	BHD	5,000.00	0%	100%
164	NOMAC ASKAR Solar Power Services CO. W.L.L	Bahrain	Repair machinery and equipment	BHD	5,000.00	0%	100%
165	NOMAC Atlantic SARLAU	Morocco	Dormant	MAD	1,000,000.00	0%	100%
166	NOMAC Azerbaijan Operation and Maintenance Services LLC	Azerbaijan	Operation and Maintenance of Power Plant	AZN	100	0%	100%
167	NOMAC Benban Egypt for Solar Energy	Egypt	Designing, establishing, managing, operating and maintaining power stations	EGP	2,500,000.00	0%	100%
168	NOMAC Boujdour SA	Morocco	O&M Contractor of Noor Boujdour Project.	MAD	300,000.00	0%	36.75%
169	NOMAC Dao	South Africa	O&M	ZAR	100	0%	100%
170	NOMAC Egypt Energy	Egypt	Design, construct manage and maintain power plants	EGP	2,500,000.00	0%	100%
171	NOMAC Enerji Uretim Islemte Ve Bakim Hizmertleri Ltd Sirkete	Turkey	Operation and Maintenance of Power Plant	TRY	10,000.00	0%	100%
172	NOMAC Gulf Coal Energy LLC	United Arab Emirates	Power generation facilities & distribution systems O&M	AED	300,000.00	0%	100%
173	NOMAC Gulf CSP Tower Energy LLC	United Arab Emirates	Power generation facilities & distribution systems O&M	AED	300,000.00	0%	100%
174	NOMAC Gulf O&M LLC	United Arab Emirates	Power generation facilities & distribution systems O&M	AED	300,000.00	0%	100%
175	NOMAC Gulf Solar Energy LLC	United Arab Emirates	Solar energy system installation and maintenance	AED	300,000.00	0%	100%
176	NOMAC Gulf Trading Co (JAFZA)	United Arab Emirates	Power generation, transmission and distribution equipment trading	AED	180,000.00	0%	100%
177	NOMAC IAE Bokpoort Pty Ltd	South Africa	O&M	ZAR	120	0%	70%
178	NOMAC IAE Redstone Pty Ltd	South Africa	O&M	ZAR	100	0%	100%
179	NOMAC Jubail O&M	Saudi Arabia	Repair and maintenance of pumps, power equipment, valves, electrical equipment and transformers. Water Purification. Hazardous waste transportation. Final disposal of non-hazardous industrial waste. Construction and repair of stations and main lines for water distribution	SAR	500,000.00	0%	100%
180	NOMAC Khanysia Pty Ltd	South Africa	O&M	ZAR	100	0%	80%
181	NOMAC Laayoune IV SA	Morocco	O&M Contractor of Noor Laayoune Project.	MAD	300,000.00	0%	36.75%
182	NOMAC Ltd	United Arab Emirates	Holding Company	USD	50,000.00	0%	100%
183	NOMAC Maintenance Energy Services One Person Company LLC	United Arab Emirates	1. Electricity Transmission and Control Equipment Installation Works 2. Wholesale of Electricity Generation, Transmission and Distribution Equipment Trading 3. Electricity Plants and Networks Operation and Maintenance	AED	300,000.00	0%	100%
184	NOMAC Maintenance Energy Services One Person Company LLC - Abu Dhabi Branch	United Arab Emirates	Branch Office	N/A	N/A	0%	100%
185	NOMAC Maroc SARLAU	Morocco	O&M Contractor of Noor 1 Project, interim O&M Contractor for Noor II and Noor III Projects.	MAD	1,000,000.00	0%	100%
186	NOMAC Nile Energy	Egypt	Design, construct manage and maintain power plants	EGP	2,500,000.00	0%	100%
187	NOMAC Ouarzazate II SA	Morocco	O&M Contractor of Noor II project	MAD	300,000.00	0%	75%
188	NOMAC Ouarzazate III SA	Morocco	O&M Contractor of Noor II project.	MAD	300,000.00	0%	75%
189	NOMAC Ouarzazate IV	Morocco	O&M Contractor of Noor Ouarzazate IV project.	MAD	300,000.00	0%	36.75%
190	NOMAC Power Services LLC	United Arab Emirates	Power generation, transmission and distribution equipment trading	AED	300,000.00	0%	100%
191	NOMAC PV Phase V LLC	United Arab Emirates	Power generation facilities & distribution systems O&M	AED	300,000.00	0%	100%
192	NOMAC Red Sea Company for Operation and Maintenance LLC	Saudi Arabia	Repair and maintenance of pumps, power equipment, valves, electrical equipment and transformers. Water Purification. Hazardous waste transportation. Final disposal of non-hazardous industrial waste. Construction and repair of stations and main lines for water distribution	SAR	1,000,000.00	0%	100%
193	NOMAC Renewable Energy	Saudi Arabia	Generation, transmission and distribution of electric power	SAR	500,000.00	0%	100%
194	NOMAC Sahara SARLAU	Morocco	O&M Contractor of Khalladi Project.	MAD	1,000,000.00	0%	100%

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No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
195	NOMAC Saudia for Operation and Maintenance LLC	Saudi Arabia	Repair and maintenance of pumps, power equipment, valves, electrical equipment and transformers. Water Purification. Hazardous waste transportation. Final disposal of non-hazardous industrial waste. Construction and repair of stations and main lines for water distribution.	SAR	500,000.00	0%	100%
196	NOMAC Sirdarya O&M Services LLC	Uzbekistan	O&M of power plants	UZS	258,000,000.00	0%	100%
197	NOMAC Solis Pty Ltd	South Africa	O&M	ZAR	100	0%	85%
198	NOMAC Taweelah Water Desalination Services LLC	United Arab Emirates	Water desalination plant maintenance	AED	300,000.00	0%	100%
199	NOMAC Vietnam Co Ltd	Vietnam	1. Management consulatancy service 2. Services incedental to manufacturing 3. Installation and assembly work.	VND	2,326,000.00	0%	100%
200	NOMAC Water Desalination Services LLC	United Arab Emirates	Water treatment plant O&M	AED	300,000.00	0%	100%
201	Noor Energy 1 P.S.C. (DEWA CSP)	United Arab Emirates	Power Generation, et. Al.	AED	5,000,000.00	0%	25%
202	NOVA SGA Marafiq Holdings Ltd.	United Arab Emirates	Holding company	AED	150,000.00	0%	33.33%
203	Oasis Holding Co	Saudi Arabia	1. Management of its subsidiaries or partnership in management of other company in which it shares and provision of necessary support thereto. 2. Investment of its funds in shares and other securities. 3. Ownership of real and movable property required to undertake its activities. 4. Provision of loans, guarantees and financing to its subsidiaries. 5. Ownership of industrial property rights inclusive of patents, trade and industrial marks, concession rights and other moral rights and their use and lease to its subsidiaries or others	SAR	100,000.00	0%	100%
204	Oasis Power One Conventional Energy and Water Company LLC	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers 5. Wholesale of desalinated water	SAR	200,000.00	0%	100%
205	Oasis Power Two Renewable Energy Company LLC	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers 5. Wholesale of desalinated water	SAR	200,000.00	0%	100%
206	Projects Acquisition Company	Saudi Arabia	1. Development, establishment, acquisition and lease of power generation plants, water desalination and steam plants. 2. Generation works, water desalination and steam plants. 3. Maintenance and operation of power, steam plants and water desalination plants. 4. Purchase and acquisition of real estate for the interests of the company. 5. Establish and operate industrial projects	SAR	500,000.00	0%	100%
207	PT ACWA POWER INDONESIA	Indonesia	Management consultancy	IDR	11,000,000,000.00	0%	100%
208	Qara Solar Energy Company (single shareholder limited liability company)	Saudi Arabia	Other activities for electric energy generation, transfer and distribution, power generation.	SAR	247,500.00	0%	70%
209	Qurayyah Investment Co.	Saudi Arabia	1. Electric power generation 2. Electric power transmission 3. Distribution and retail sale of electric power. 4. Distribution and wholesale of electric power.	SAR	1,253,514,000.00	0%	44.98%
210	Qurayyah Project Company	Saudi Arabia	Creation, management, operation of and investment in electricity and desalination plant projects. The company exercises its activities in accordance with the foreign investment license no. 10204380172311, date of issue: 26/01/1438H	SAR	1,100,000.00	0%	100%
211	Rabigh Arabian Water & Electricity	Saudi Arabia	1. Electric Power Generation 2. Purification of Water 3. Desalting of Water	SAR	1,757,446,095.00	0%	99%
212	Rabigh Electricity Co.	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers. 5. Wholesale of desalinated water	SAR	923,750,000.00	0%	40%

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No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
213	Rabigh Expansion Company Limited	Saudi Arabia	1. Electric power generation 2. Distribution and wholesale of electric power 3. Water desalination 4. Construction of electric power plants and transformers. 5. Wholesale of desalinated water	SAR	500,000.00	1%	99%
214	Rabigh Investment Co.	Saudi Arabia	1. Water main and line construction and repair 2. Construction, erection and repair of power plants 3. Electrical wiring 4. Other electrical and telecommunications wiring activities.	SAR	5,400,000.00	0%	100%
215	Rabigh O&M Co (ROMCO)	Saudi Arabia	Management, operation and maintenance of power plants, including provision of specialized refurbishing and repair services, waste disposal in this project only, under SAGIA license No. 102030061481 dated 17/6/1430H.	SAR	500,000.00	0%	60%
216	Rabigh Power Co.	Saudi Arabia	Maintinance and operstions of water and energy power plants	SAR	2,000,000.00	0%	100%
217	Rabigh Project Co.(RAPCO)	Saudi Arabia	1. 1. Development, establishment, acquisition and lease of power generation plants, water desalination and steam plants. 2. Generation works, water desalination and steam plants. 3. Maintenance and operation of power, steam plants and water desalination plants. 4. Purchase and acquisition of real estate for the interests of the company. 5. Establish and operate industrial projects.	SAR	500,000.00	0%	100%
218	Rabigh Three Company	Saudi Arabia	Manufacture of refreshing carbonated drinks, production and bottling of mineral water at the site and production and bottling of clean and filtered water	SAR	500,000.00	0%	70%
219	Rabigh Water Production Services Co Ltd	Saudi Arabia	Water collection, purification, desalination and distribution	SAR	500,000.00	0%	100%
220	RAWEC Investment and Management Co	United Arab Emirates	Holding company	USD	25,000.00	0%	100%
221	Red Sea Energy	Jordan	Holding company	JOD	1,741,419.00	0%	100%
222	Renewable Energy for Morocco	Morocco	Holding Company for Noor IV O&M Contractors.	MAD	300,000.00	0%	49%
223	Risha for Solar Power Projects PSC (Jordan)	Jordan	Holding company	JOD	479,327.00	0%	51%
224	SAKAKA Solar Energy Company	Saudi Arabia	Acquisition, generation, management, operation, transport and sale of electricity at Sakaka solar energy project in Sakaka city, Aljouf Region, KSA and all other related works and activities under SAGIA license No. 10204390480218 dated 28/4/1439H.	SAR	500,000.00	0%	69.99%
225	Saudi Malaysia O&M Services Co. Ltd.	Saudi Arabia	The execution of operation and maintenance contracts for power generation and desalination plants, by the Resolution of SAGIA No.: 11202911391) dated 29/11/1429 A.H.	SAR	1,500,000.00	0%	50%
226	Saudi Malaysia Water & Electricity	Saudi Arabia	1. Establishment and operation of electric general and water desalination plant.	SAR	1,041,090,000.00	0%	50%
227	Seqayah O&M Co LLC	Saudi Arabia	Repair and maintenance of pumps, power equipment, valves, electrical equipment and transformers. Water Purification. Hazardous waste transportation. Final disposal of non-hazardous industrial waste. Construction and repair of stations and main lines for water distribution.	SAR	500,000.00	0%	100%
228	SGA Marafiq Holding WLL Bahrain	Bahrain	Holding company	BHD	336,000.00	0%	33%
229	Shams Ad-dhahira Generating Company SAOV	Oman	Electric Power Generation	OMR	500,000.00	0%	50%
230	Shinas Generating Co. SAOC	Oman	Electric Power Generation	OMR	500,000.00	0%	44.90%
231	Shuaa Energy 1 P.S.C	United Arab Emirates	Power Generation, et. Al.	AED	2,000,000.00	0%	25%
232	Shuaa Energy 3 P.S.C.	United Arab Emirates	Power Generation, et. Al.	AED	2,000,000.00	0%	24%
233	Shuaiba II Water Desalination Holding Company LLC	Saudi Arabia	Establish, own, purchase, administrate, operate and invest in industrial and service projects, power, electricity and water desalination plant projects.	SAR	88,948,130.00	1%	99%
234	Shuaibah 2 water development Project Co	Saudi Arabia	Practice the business of establishment, construction, acquisition, purchasing, management, operation and investment in industrial and services projects and power generation and water desalination plants.	SAR	88,948,130.00	0%	100%
235	Shuaibah 3 Water Desalination Company	Saudi Arabia	1. Water supply, sanitation activities and waste management and treatment	SAR	500,000.00	0%	100%

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No.	Name of Subsidiary	Country of Incorporation	Scope of business	CCY	Capital	Direct Interest (%)	Indirect Interest (%)
236	Shuaibah Expansion Holding	Saudi Arabia	1. Activities of holding companies, i.e the units acquiring the assets of owning a controlling shareof the capital of a group of subsidiaries and their key is ownership of such.	SAR	175,818,000.00	0%	30%
237	Shuaibah Expansion Project Co.	Saudi Arabia	1. Develop, construct, own, operate and maintain Shuaibah (3) water expansion project in Shuaibah area. 2. Transfer and sell water and electricity. 3. Engage in any business or activities related or ancillary thereto.	SAR	175,818,000.00	0%	30%
238	Shuaibah National Company for Water and Power	Saudi Arabia	Generation of electrical power	SAR	2,000,000.00	0%	100%
239	Shuaibah Water & Electricity Co Ltd	Saudi Arabia	Develop, construct, own, operate and maintain electricity generation and water desalination project. Transfer and sell water and electricity. Engage in any business or activities related or ancillary thereto.	SAR	1,560,500,000.00	0%	30%
240	Shuibah for Energy Company (Al Faisaliah Co.)	Saudi Arabia	Electricity generation	SAR	500,000.00	0%	100%
241	Shuqaiq Services Company for Maintenance	Saudi Arabia	1. Repair and maintenance of pumpsand liquid power equipment. 2. Valve repair and maintenance. 3. Repair of electrical equipment. 4. Repair and maintenance of electrical trnasformers for power transmission, distribution or specialized types.	SAR	500,000.00	0%	100%
242	Sohar Calciner LLC	Oman	Establish a calciner plant in Sohar.	OMR	250,000.00	0%	5%
243	Solar V Holding Co Ltd	United Arab Emirates	Holding company	USD	25,000.00	0%	60%
244	South Tafila Energy Holdings	Jordan	Energy Generation	JOD	50,000.00	0%	100%
245	Sudair One Holding Company	Saudi Arabia	Activities of holding companies (namely, units acquiring ownership assets of a controlling share of the capital of a group of subsidiaries. Its main activity shall be ownership of such group)	SAR	200,000.00	0%	34.34%
246	Sudair One Renewable Energy Project Company	Saudi Arabia	Power generation	SAR	500,000.00	0%	35%
247	Suez Nomac O&M Co.	Bahrain	Manage it's affilaiated companies	BHD	135,000.00	0%	40%
248	Taweelah RO Desalination Company	United Arab Emirates	Water Desalination and treatment plants operation maintenance ; Power Enterprise Investment, Instiution and Management	AED	10,342,500.00	0%	40%
249	The Local Company for Water and Solar Projects	Jordan	Energy Generation	JOD	638,524.00	0%	51%
250	TK for Solar and Renewable Energy Systems	Egypt	Investment	EGP	15,000,000.00	0%	18.05%
251	Veolia First National Water Services Co.	Oman	Repair and maintenance of electric motor, generators, transformers	OMR	150,000.00	0%	35%
252	Vietnam Rep office	Vietnam	Representative Office	N/A	N/A	100%	0%
253	Vinh Hao 6 Power Joint Stock Company	Vietnam	Power manufacturing and generation	VND	405,000,000,000.00	0%	60%
254	Water Consortium Holding	Saudi Arabia	Activities of holding companies, i.e. the units acquiring ownership assets of a controlling share of the capital of the group of the subsidiaries and their main activity is the ownership of	SAR	200,000.00	0%	40.11%
255	Water Desalination Company Limited	Saudi Arabia	Establish, maintain and operate power plants and water desalination plants under SAGIA license No. 11205380775289 dated 6/7/1438H	SAR	500,000.00	0%	100%
256	NOMAC MEA O&M - Sole Proprietorship LLC	United Arab Emirates	Electricity Plants and O&M	AED	300,000.00	0%	100%

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OUR ASSETS

As at 31 December 2022

Project name	Country	Total investment cost (MSAR)	ACWA Power effective share	Contracted power (MW)	Contracted water (000' m³/day)	Technology	PCOD (actual / expected) / Status
OPERATIONAL							
Shuaibah IWPP[1]	Saudi Arabia	9,188	30.00%	900	880	Oil/MSF	Q1 2010
Shuaibah Expansion IWP	Saudi Arabia	874	30.00%	-	150	SWRO	Q4 2009
Petro-Rabigh IWSPP[2]	Saudi Arabia	8,155	99.00%	520	189	Oil/SWRO	Q2 2008[3]
Marafiq IWPP	Saudi Arabia	11,561	20.00%	2,744	800	Natural Gas/ MED	Q4 2010
Rabigh IPP	Saudi Arabia	9,398	40.00%	1,204	0	Oil	Q2 2013
Barka 1 IWPP	Oman	1,556	41.91%	427	91	Natural Gas/ MSF	Operational when acquired in Q3 2010
CEGCO Assets[4]	Jordan	1,759	40.93%	692	0	Natural gas	Operational when acquired in Q3 2011
Hajr IPP	Saudi Arabia	10,219	22.00%	3,927	0	Natural gas	Q1 2015
Barka 1 Expansion IWP	Oman	199	41.91%	-	46	SWRO	Q2 2014
Noor I CSP IPP	Morocco	3,153	73.13%	160	0	CSP parabolic	Q1 2016
Bokpoort CSP IPP	South Africa	1,939	20.40%	50	0	CSP parabolic	Q1 2016
Rabigh 2 IPP	Saudi Arabia	5,854	50.00%	2,060	0	Natural gas	Q1 2018
Kirikkale CCGT IPP[5]	Turkey	3,488	69.60%	950	0	Natural gas	Q3 2017
Khalladi Wind IPP	Morocco	655	26.01%	120	0	Wind	Q2 2018
Barka 1 Phase II Expansion IWP	Oman	298	41.91%	-	57	SWRO	Q1 2016
Noor II CSP IPP	Morocco	4,125	75.00%	200	0	CSP parabolic	Q2 2018
Noor III CSP IPP	Morocco	3,233	75.00%	150	0	CSP tower	Q4 2018
Shuaa Energy PV IPP	UAE	1,222	24.99%	200	0	PV	Q1 2017
Salalah 2 IPP - Existing	Oman	629	27.00%	273	0	Natural gas	Operational when acquired in Q2 2015
Salalah 2 IPP - Greenfield	Oman	1,687	27.00%	445	0	Natural gas	Q1 2018
Ibri IPP	Oman	3,683	44.90%	1,509	0	Natural gas	Q2 2019
Sohar 3 IPP	Oman	3,686	44.90%	1,710	0	Natural gas	Q2 2019
Zarqa IPP	Jordan	1,834	60.00%	485	0	Natural gas	Q3 2018
NOOR PV1 IPP[6]	Morocco	788	75.00%	135	0	PV	Q4 2018
Mafraq PV IPP	Jordan	265	51.00%	50	0	PV	Q4 2018
Shuaibah 2 IWP	Saudi Arabia	1,155	100.00%	-	250	SWRO	Q2 2019
Risha PV IPP	Jordan	254	51.00%	50	0	PV	Q4 2019
BenBan 1	Egypt	281	32.81%	50	0	PV	Q3 2019
Ben Ban 2	Egypt	300	32.81%	50	0	PV	Q3 2019
Ben Ban 3	Egypt	113	18.05%	20	0	PV	Q3 2019
Salalah IWP	Oman	600	50.10%	-	114	SWRO	Q1 2021
Rabigh 3 IWP	Saudi Arabia	2,576	70.00%	-	600	SWRO	Q4 2021
Al Dur Phase II IWPP	Bahrain	4,125	60.00%	1,500	227	Natural Gas/ SWRO	Q2 2022
UAQ IWP	UAE	2,988	40.00%	-	682	SWRO	Q3 2022
Ibri 2 PV IPP	Oman	1,481	50.00%	500	-	PV	Q3 2021
Jazan IGCC[7]	Saudi Arabia	45,000	25.00%	3800	-	Oil	Q4 2021
Sakaka PV IPP	Saudi Arabia	1,133	70.00%	300	-	PV	Q2 2020
Total		**149,449**		**25,182**	**4,084**		

[1] Shuaibah IWPP is in the process of being decommissioned and replaced by a reverse osmosis seawater desalination plant with a capacity of 600,000 m³/day.
[2] Petro-Rabigh IWSPP is a captive plant producing 29,520 tonnes of steam per day in addition to power and water for the offtaker. Petro-Rabigh IWSPP includes Petro-Rabigh (Phase 2) IWSPP.
[3] Q2 2008 was the PCOD for Petro-Rabigh IWSPP. Petro-Rabigh (phase 2) IWSPP PCOD was Q1 2018.
[4] CEGCO includes four assets of which two are renewable (wind) assets.
[5] Kirikkale is a merchant-market asset.
[6] NOOR PV 1 IPP includes three assets.
[7] In addition to power, Jazan IGCC also produces steam: 585,000 tonnes/hour, and hydrogen: 184,000 Nm³/hour.

APPENDIX

OUR ASSETS

Project name	Country	Total investment cost (MSAR)	ACWA Power effective share	Contracted power (MW)	Contracted water (000' m³/day)	Technology	PCOD (actual / expected) / Status
UNDER CONSTRUCTION							
Hassyan IPP[1]	UAE	12,140	26.95%	2,400	0	Natural gas	Q3 2023
Noor Energy 1	UAE	17,145	24.99%	950	-	CSP	Q4 2023
Taweelah IWP	UAE	3,278	40.00%	-	909	SWRO	Q2 2023
Jazlah IWP	Saudi Arabia	2,468	40.20%	-	600	SWRO	Q1 2023
Shuaa Energy 3[2]	UAE	2,108	24.00%	900	-	PV	Q1 2023
Sirdarya CCGT IPP	Uzbekistan	3,814	51.00%	1,500	-	Natural gas	Q3 2023
Kom Ombo	Egypt	619	100.00%	200	-	PV	Q3 2023
Redstone CSP IPP	South Africa	2,715	49.00%	100	-	CSP tower	Q4 2023
Sudair PV IPP	Saudi Arabia	3,465	35.00%	1,500	-	PV	Q4 2024
Red Sea Project	Saudi Arabia	5,966	50.00%	340	33	PV, BESS, ICE, RO, district cooling	Q4 2023
Shuaibah 3 IWP	Saudi Arabia	3,113	68.00%	-	600	SWRO	Q2 2025
Bash Wind IPP	Uzbekistan	2,588	100.00%	500	-	Wind	Q1 2025
Dzhankeldy Wind IPP	Uzbekistan	2,468	100.00%	500	-	Wind	Q1 2025
Total		**61,883**		**8,890**	**2,142**		

Project name	Country	Total investment cost (MSAR)	ACWA Power effective share	Contracted power (MW)	Contracted water (000' m³/day)	Technology	PCOD (actual / expected) / Status
ADVANCED DEVELOPMENT							
Azerbaijan Wind IPP	Azerbaijan	1,073	100.00%	240	-	Wind	PPA signed
Neom Green Hydrogen[4]	Saudi Arabia	31,875	33.33%	3,883	-	PV+Wind	PPA signed
Shuaibah PV IPP	Saudi Arabia	1,219	50.00%	600	-	PV	PPA signed
Kungrad 1 Wind IPP	Uzbekistan	3,998	100.00%	500	-	Wind	PPA signed
Kungrad 2 Wind IPP	Uzbekistan	2,501	100.00%	500	-	Wind	PPA signed
Kungrad 3 Wind IPP	Uzbekistan	2,501	100.00%	500	-	Wind	PPA signed
Suez Wind	Egypt	5,625	75.00%	1100	-	Wind	PPA signed
Nukus Wind IPP	Uzbekistan	404	100.00%	100	-	Wind	PPA signed
Ar Rass PV IPP	Saudi Arabia	1,688	40.10%	700	-	PV	PPA signed
Saguling Floating PV IPP	Indonesia	225	49.00%	60	-	PV	Preferred Bidder
Singkarak Floating PV IPP	Indonesia	188	49.00%	50	-	PV	Preferred Bidder
Laylaa PV IPP	Saudi Arabia	394	40.10%	80	-	PV	PPA signed
Shuaibah 2 PV IPP	Saudi Arabia	6,563	50.00%	2,060	-	PV	PPA signed
Total		**58,252**		**10,373**			

Capacity of assets under construction that have achieved partial COD

Project name	Country	ICOD	Online capacity[3]	
			Power (MW)	Water ('000 m³/day)
Shuaa Energy 3	UAE	Oct-22	600	-
Taweelah IWP	UAE	Jun-22	-	455
Noor Energy 1	UAE	Dec-21	217	-
Hassyan IPP	UAE	Sept-21	600	-
Total			1,417	455

	Total investment cost (MSAR)	Contracted power (MW)	Contracted water (000' m³/day)
Total operational assets	149,449	25,182	4,084
Total assets under construction	61,883	8,890	2,142
Total assets in the advanced development stage	58,252	10,373	
GRAND TOTAL	**269,584**	**44,445**	**6,226**

↗ For further details on our assets kindly visit our webiste

[1] Converted from primary coal to primary natural gas asset in Q1 2022.
[2] Following the Company's partial divestment, subject to the completion of the conditions precedent of the SPA, effective shareholding of the Company in Shuaa Energy 3 will reduce to 12.24%.
[3] Cumulative total capacity that is online as at the ICOD date.
[4] When commissioned, the project will produce 600 tonnes of clean hydrogen per day and 1.2 million tonnes of green ammonia per year.

APPENDIX

DISCLAIMER

This Annual Report (the "Report") and the information contained herein (the "Information") has been prepared by ACWA POWER Company (the "Company" or "ACWA Power") for background purposes only and does not purport to be full, accurate or complete. No reliance may be placed for any purpose on the Information or its accuracy, fairness or completeness. The Information and opinions contained herein are provided as at the issue date of the Report and are subject to change without notice. The Report is the sole responsibility of the Company and has not been reviewed or approved by any regulatory or supervisory authority.

This Report contains publicly available financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this Report or any related Report should not be regarded as a representation or warranty by the Company or its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such Information's portrayal of the financial condition or results of operations of the Company and its consolidated subsidiaries. Information contained in this Report may be based on management accounts and estimates of the Company and not have been audited or reviewed by the Company's auditors. Recipients should not place undue reliance on this information. This Report includes certain non-IFRS financial measures and other metrics which have not been subject to a financial audit for any period. Certain financial and statistical data in this Report have been subject to rounding off adjustments. Accordingly, the sum of certain data, or any percentage calculations based on such data, may not conform to the expressed total.

To the extent available, the industry, market and competitive position data contained in the Information come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable party, neither the Company nor any of its directors, officers, employees, affiliates, advisors or agents have independently verified the data contained therein. In addition, certain industry, market and competitive position data contained in the Information come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company reasonably believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, reliance should not be placed on any of the industry, market or competitive position data contained in the Information.

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GLOSSARY

Acronym	Meaning
ABPD	Annual Business Development Plan
AI	Artificial Intelligence
AICE	Asia Innovation Contracting Est.
AMJ	Al Mourjan
APREH	ACWA Power Renewable Energy Holdings
BAC	Board Audit Committee
BDTS	Business Development Technical Services
BEC	Board Executive Committee
BU	Business Unit
BESS	Battery Energy Storage System
BIM	Building Information Modelling
C-Suite	Top management positions
CAGR	Compound Annual Growth Rate
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGR	Corporate Governance Regulations
CIO	Chief Information Officer
CIS	Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan
CMA	Capital Market Authority
COD	Commercial Operation Date
CoE	Centre of Excellence
COMO	Chief Operations and Maintenance Officer
CPMO	Chief Portfolio Management Officer
CPCCO	Chief of People, Culture and Communications Officer
CSP	Concentrating Solar Power
CSR	Corporate Social Responsibility
CTO	Chief Technical Officer
EBL	Equity Bridge Loans
EMO	Executive Management Officer
EPC	Engineering, Procurement and Construction
EGA	Extraordinary General Assembly
Equity LC	Equity Letter of Credit
ERM	Environment Risk Management
ESG	Environmental, Social and Governance
ESIA	Environmental and Social Impact Assessment

Acronym	Meaning
FC	Financial Close
GCC	Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GW	Gigawatt
HFO	Heavy Fuel Oil
HIWPT	Higher Institute for Water and Power Technologies
IA	Investment Agreement
ICOD	Initial Commercial Operation Date
IFRS	International Financial Reporting Standards
IGCC	Integrated Gasification Combined Cycle
IoT	Internet of Things
IPO	Initial Public Offering
IPP	Independent Power Project
IWP	Independent Water Project
IWPP	Independent Water and Power Project
IWSPP	Independent Water, Steam and Power Project
JIGCC	Jazan Integrated Gasification Combined Cycle
JWAP	Marafiq IWPP
KAUST	King Abdullah University of Science and Technology
KPI	Key Performance Indicator
KSA	Kingdom of Saudi Arabia
LNTP	Limited Notice To Proceed
LC	Letter of Credit
LTIP	Long-Term Incentive Plan
LTI rate	Lost Time Incident Rate
m^3	Cubic metre
MBA	Master of Business Administration
MBTU	Million British Thermal Unit
MC	Management Committee
MCIT	Ministry of Communications and Information Technology
MD&A	Management Discussion and Analysis
MED	Multiple Effect Distillation
MENA	Middle East and North Africa
MES	Maintenance Energy Services

APPENDIX

DISCLAIMER

Acronym	Meaning
MIS	Management Information Systems
MIT	Massachusetts Institute of Technology
ML	Machine Learning
MoE	Ministry of Energy
MOU	Memorandum Of Understanding
MPC	Monitoring and Prediction Centre
MSF	Multiple Stage Flash
Mt	Metric tonne
MVP	Minimum Viable Product
NCI	Non-Controlling Interests
NGHC	NEOM Green Hydrogen Company
NGHP	NEOM Green Hydrogen Project
NOMAC	First National Operations & Maintenance Company
NPS	Net Promoter Score
NRC	Nomination and Remuneration Committee
O&M	Operation and Maintenance
O&M RD	Operations and Maintenance Regional Director
OEM	Original Equipment Manufacturer
OHSE	Occupational Health, Safety and Environment
OTS	Owner's Technical Specifications
PCCO	People, Culture and Communications Officer
PCOD	Project Final Commercial Operation Date
PEO	Project Execution Office
PGM	Plant General Manager
PIF	Public Investment Fund
PMRD	Portfolio Management Regional Director
POCF	Parent Operating Cashflow
PPA	Power Purchase Agreement
PPP	Public Private Partnership
PPGTA	Power Purchase and Gas Tolling Agreement
PV	Photovoltaic
PVPP	Photovoltaic Power Purchase
PWPA	Power and Water Purchase Agreement
QA/QC	Quality Assurance/Quality Control
RABEC	Rabigh IPP
RAWEC	Petro-Rabigh IWSPP
RAWEC Exp	Petro-Rabigh (Phase 2) IWSPP

Acronym	Meaning
RCA	Root Cause Analysis
RDIA	Research Development and Investment Authority
REPDO	Renewable Energy Projects Development Office
RES	Renewable Energy Sources
RMC	Risk Management Committee
RO	Reverse Osmosis
ROS	Reliability of Supply
SABB	Saudi Arabia British Bank
SAGIA	Saudi Arabian General Investments Authority
SAR/SR	Saudi Arabian Riyal
SBDP	Strategic Business Development Plan
SDAIA	Saudi Data and Artificial Intelligence Authority
SEPCO	Shuaibah Expansion IWP
SIBOR	Saudi Arabia Interbank Offered Rate
SPA	Sale Purchase Agreement
SPC	Specific Power Consumption
SPPC	Saudi Power Procurement Company
SqWEC	Shuqaiq Water and Electricity Company
SRF	Silk Road Fund
SRR	Strategic Risk Review
STIP	Short-Term Investment Plan
SWEC	Shuaibah IWPP
SWEC RO	Shuaibah 3 IWP
SWRO	Seawater Reverse Osmosis
TCFD	Taskforce on Climate-related Financial Disclosures
tCO_2	tonne of tCO_2 or tonne of tCO_2 equivalent, as applicable
TIC	Total Investment Cost
TRSP	The Red Sea Project
UAE	United Arab Emirates: Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah, Umm Al Quwain
UCLA	University of California, Los Angeles
UX	User Experience
WECA	Water and Energy Conversion Agreement
WETIC	Water and Environment Technologies Company
WPA	Water Purchase Agreement

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ENERGY TRANSITION TAKES INTUITION

INDEPENDENT AUDITOR'S REPORT

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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ACWA Power Company (A Saudi Joint Stock Company) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
I) IMPAIRMENT OF NON-FINANCIAL ASSETS AND RE-MEASUREMENT OF NET INVESTMENT IN FINANCE LEASE	
Non-financial assets include 'Goodwill', 'Property, plant and equipment' and 'Net investment in finance lease' either held directly or through subsidiaries or equity accounted investees. Goodwill is tested for impairment annually or when impairment indicators are identified, while other non- financial assets are tested for potential impairment if there are indicators of impairment, including, but not limited to, amendments to underlying power purchase agreements either in respect of long term contracted rates or to the term of the underlying offtake arrangements. Finance lease is subject to re-measurement mainly when the lease is modified, the lease term is revised or when there is a change in the non-cancellable period of the lease or there is a change in the estimated unguaranteed residual value or there are changes to the underlying index or rate on which the variable payments are based on.	
a. Impairment of goodwill	
As of 31 December 2022, the carrying value of Goodwill in the Group's financial statements amounted to SAR 1,925 million. Based on its annual goodwill impairment assessment, the Board of Directors of the Company has concluded that Goodwill is not impaired. This conclusion was based on a value in use model that require significant judgement with respect to the discount rate and the underlying future cash flows. The model was based on the most recent financial plans and cash flows that are estimated over the expected period of the underlying projects' lives. We considered this to be a key audit matter given the significant judgement and estimation required to determine recoverable amounts and uncertainty inherent in underlying forecasts and assumptions. Refer to note 3 to the consolidated financial statements for the significant accounting policy relating to impairment of non-financial assets and notes 4 and 6.1 for the significant accounting estimates, assumptions and judgements relating to impairment of non-financial assets.	We performed the following procedures: a) Assessed the valuation methodology, including appropriateness of the discount rates used; b) Challenged the reasonableness of key assumptions, including discount rates and cash flow forecasts; c) For a sample of cash flow forecasts, we agreed input data to supporting evidence such as approved budgets and considered the reasonableness of these budgets.
b. Impairment of property, plant and equipment and re-measurement of net investment in finance lease	
As at 31 December 2022, the Group`s consolidated statement of financial position includes Property, plant and equipment amounting to SAR 10,106 million and net investment in finance lease amounting to SAR 11,880 million. For some of those assets where the Group has identified impairment indicators, an exercise was performed to calculate the recoverable amount of these assets. An impairment loss of SAR 121.6 million was recognized with respect to property, plant and equipment attributable to a subsidiary. The recoverable amounts were mostly determined based on value-in-use calculations using discounted cash flows models. The models were based on most recent financial plan and included projection periods over the term of the relevant Power Purchase Agreements/ Power and Water Purchase Agreements (where applicable) or the economic life of an asset. For assets where carrying value is expected to be recovered through a sale of assets, the recoverable amount was determined based on fair value less cost to sell method. The fair value was determined based on bilateral contracts or binding terms, where appropriate. The finance lease re-measurement is based on the revised cash flows as per the lease agreements which mainly include fixed payments, variable lease payments that depend on index or rate, residual value guarantee provided to the lessor discounted at interest rate implicit in the lease. We considered this to be a key audit matter given the significant estimation involved in determining recoverable amount and uncertainty inherent in underlying forecasts and assumptions. The key inputs to the recoverable amounts included: • cash flows over the periods the asset is expected to generate including production volumes and tariffs; • Pre-tax discount rates. Refer to note 3 in the consolidated financial statements for the significant accounting policy relating to impairment of non-financial assets, note 4 for significant accounting estimates, assumptions and judgements relating to impairment of non-financial assets, note 5 for property, plant and equipment and note 8 for net investment in finance lease.	We analysed the existence of indicators of impairment losses at the CGU level. For those assets where impairment indicators were identified and impairment test was performed by the Group; , we performed the following: a) We verified, for the CGUs tested, that the discounted future cash flow projections correspond to those generated by the assets included in these CGUs and that they were consistent with i) the budget data, medium-term plans, and, beyond, with the Group's long-term assumptions, ii) past performance, iii) market outlook, iv) the expected operating life of assets; We have assessed, by conducting interviews with management and review of management`s expert report (where applicable), the underlying assumptions on which price and production volume are substantiated; b) We performed the following procedures on the Group's impairment model, as deemed appropriate: i) Tested mathematical accuracy and logical integrity of the model; ii) Evaluated reasonableness of pre-tax discount rate used by cross-checking the underlying assumptions against observable market data; c) For those assets where recoverable amount was determined using fair value less cost to sell, we verified the fair value to underlying contracts and assessed reasonableness of cost to sell with reference to observable market data; d) Tested sensitivity analysis that considered impact of changes in assumptions on outcome of the impairment assessment; e) For finance leases; assessed whether any modification of the lease took place or whether there were changes to the fixed payments or to the underlying index or rate which the variable payments are based on; f) Assessed adequacy of Group`s disclosures in the consolidated financial statements in respect of key assumptions, to which the outcome of the impairment test is most sensitive.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of ACWA Power Company (A Saudi Joint Stock Company)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
II) COMPLETENESS OF DERIVATIVE FINANCIAL LIABILITIES (OTHER THAN CASH FLOW HEDGES) AND VALUATION OF LEVEL 2 AND 3 DERIVATIVE FINANCIAL INSTRUMENTS	
As described in note 21 to the consolidated financial statements, the Group (including its equity accounted investees) use derivative financial instruments to hedge interest rate risk and foreign currency exposure on certain loans contracted. Most derivative financial instruments qualify to be designated as cash flow hedges. As at 31 December 2022 the Group recognized SAR 1,029 million of net derivative financial assets related to cash flow hedges. Due to the significant number of subsidiaries and equity accounted investees as well as the number of contracts entered into by the Group, there is an inherent risk that certain derivative financial instruments, including embedded instruments, might not be properly identified and recorded by the Group. Derivative financial liabilities, other than cash flow hedges, amounting to SAR 84.2 million are categorized as Level 3 financial instruments and net derivative financial assets of SAR 1,029 million are categorized as Level 2 financial instruments. Unlike other financial instruments whose values or inputs are readily observable and therefore more easily independently corroborated, the valuation is inherently more subjective due to the use of either complex valuation models and/or unobservable inputs. Therefore, we consider this to be a key audit matter due to the subjectivity and complexity involved in assessing Level 3 fair values of derivative financial instruments.	We performed the following procedures: a) We inspected, on a sample basis, the Group's documentation and contracts related to derivative financial liabilities; b) We performed the following procedures on the Group's valuation models for instruments categorized as Level 2 and 3 financial instruments: i) Tested mathematical accuracy and logical integrity of the models; ii) Evaluated reasonableness of discount rates interest rate curves used by cross-checking underlying assumptions against observable market data; iii) Reconciled input data to supporting evidence such as budgets or purchase quantity forecasts and considered the reasonableness of such budgets and forecasts (for commodity derivative); iv) Reconciled input data to the underlying derivative contracts (for cash flow hedge instruments). c) We obtained confirmation of year end derivative financial instruments from counterparties (where applicable) or performed alternative procedures, as appropriate. d) We reviewed significant contracts and agreements concluded during the year to identify potential embedded derivatives.

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
  - Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)
Riyadh: 9 Sha'ban 1444H
(1 March 2023)

Consolidated statement of financial position

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	10,105,713	11,815,728
Intangible assets	6	2,028,830	1,997,430
Equity accounted investees	7	12,624,518	9,433,199
Net investment in finance lease	8	11,501,842	12,372,474
Deferred tax asset	20.4	119,955	165,004
Fair value of derivatives	21	924,537	45,540
Other assets	9	397,775	211,009
Total non-current assets		**37,703,170**	**36,040,384**
Current assets			
Inventories	10	406,820	425,299
Net investment in finance lease	8	378,486	375,821
Fair value of derivatives	21	106,131	-
Due from related parties	22	985,120	780,656
Accounts receivable, prepayments and other receivables	11	3,227,164	2,913,617
Cash and balances with banks	12	6,354,522	5,172,921
		11,458,243	**9,668,314**
Assets held for sale	33	139,963	-
Total current assets		**11,598,206**	**9,668,314**
Total assets		49,301,376	45,708,698

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity			
Share capital	13.1	7,134,143	7,134,143
Share premium	13.1	5,335,893	5,335,893
Statutory reserve		872,766	718,763
Retained earnings		2,080,853	1,307,826
Proposed dividends	13.4	606,813	560,000
Equity attributable to owners of the Company before other reserves		**16,030,468**	**15,056,625**
Other reserves	13.2	2,629,419	(1,572,279)
Equity attributable to owners of the Company		**18,659,887**	**13,484,346**
Non-controlling interest	14	1,368,507	835,799
Total equity		20,028,394	14,320,145
LIABILITIES			
Non-current liabilities			
Long-term financing and funding facilities	15	22,332,678	22,856,753
Due to related parties	22	862,887	1,594,852
Equity accounted investees	7	68,370	443,167
Fair value of derivatives	21	1,669	362,890
Deferred tax liability	20.4	214,277	120,404
Deferred revenue	17	90,651	54,331
Employee end of service benefits' liabilities	16	190,788	196,025
Other liabilities	23	820,070	674,248
Total non-current liabilities		**24,581,390**	**26,302,670**
Current liabilities			
Accounts payable, accruals and other financial liabilities	18	3,051,247	3,597,981
Short-term financing facilities	19	275,052	186,381
Current portion of long-term financing and funding facilities	15	1,039,904	958,476
Due to related parties	22	88,603	83,485
Fair value of derivatives	21	-	44,058
Zakat and taxation	20.3	236,786	215,502
Total current liabilities		**4,691,592**	**5,085,883**
Total liabilities		29,272,982	31,388,553
Total equity and liabilities		49,301,376	45,708,698

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	2022	2021
CONTINUING OPERATIONS			
Revenue	24	5,275,930	5,235,393
Operating costs	25	(2,410,582)	(2,383,677)
Gross profit		**2,865,348**	**2,851,716**
Development cost, provision and write offs, net of reversals	11.4	(35,438)	(133,249)
General and administration expenses	26	(1,030,467)	(924,872)
Share in net results of equity accounted investees, net of tax	7.1.4	294,442	321,693
Other operating income	27	519,748	187,430
Operating income before impairment loss and other expenses		**2,613,633**	**2,302,718**
Impairment loss and other expenses, net	29	(251,510)	(356,482)
Operating income after impairment loss and other expenses		**2,362,123**	**1,946,236**
Other income, net	28	394,821	41,554
Exchange loss, net	30	(36,842)	(46,915)
Financial charges, net	31	(1,228,674)	(1,052,531)
Profit before zakat and income tax		**1,491,428**	**888,344**
Zakat and tax charge	20.1	(232,874)	(80,110)
Profit for the year from continuing operations		**1,258,554**	**808,234**
DISCONTINUED OPERATIONS			
Profit / (loss) from discontinued operations including loss recognised on assets held for sale	33.6	217,856	(64,326)
Profit for the year		**1,476,410**	**743,908**
Profit / (loss) attributable to:			
Equity holders of the parent		1,540,035	758,798
Non-controlling interests		(63,625)	(14,890)
		1,476,410	743,908
Basic and diluted earnings per share to equity holders of the parent (in SR)	32.2	2.11	1.04
Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)	32.2	1.81	1.13

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	2022	2021
Profit for the year		1,476,410	743,908
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(337)	(399)
Change in fair value of cash flow hedge reserve		1,977,505	380,665
Settlement of cash flow hedges transferred to profit or loss		(41,924)	(40,087)
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	13.2, 28.1	(56,546)	-
Cash flow hedge reserve recycled to profit or loss on loss of control of a subsidiary	33	(510,382)	-
Equity accounted investees – share of OCI	13.2, 7.1	2,942,468	997,786
Cash flow hedge reserve recycled to profit or loss on sale of an equity accounted investee		128,638	-
Cash flow hedge reserve associated with equity accounted investees recycled to profit or loss upon termination of hedge relationships	13.2	(555)	-
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	16.1	5,796	(18,177)
Total other comprehensive income		**4,444,663**	**1,319,788**
Total comprehensive income		5,921,073	2,063,696
Total comprehensive income attributable to:			
Equity holders of the parent		5,741,733	1,984,938
Non-controlling interests		179,340	78,758
		5,921,073	2,063,696

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax from continuing operations		1,491,428	888,344
Profit / (loss) before zakat and tax from discontinued operations		217,856	(61,313)
Adjustments for:			
Depreciation and amortisation	5.3, 6.2	465,817	620,926
Financial charges, net	31,33.6	1,228,674	1,059,769
Gain recognised on loss of control in a subsidiary	33	(235,700)	-
Unrealised exchange loss	30	56,756	15,007
Share in net results of equity accounted investees, net of zakat and tax	7.1	(291,373)	(225,606)
Charge for employees' end of service benefits	16.1	35,629	40,820
Fair value of cash flow hedges recycled to profit or loss		(5,933)	2,662
Provisions		112,442	52,736
Provision for long term incentive plan	23.3	30,814	60,995
Impairment loss in relation to property, plant and equipment and goodwill	29.1	121,595	60,024
(Gain) / loss on disposal of property, plant and equipment	28	(23,278)	7,747
Development cost, provision and write offs, net of reversals	11.4	35,438	133,249
Loss on disposal of an equity accounted investee		17,179	-
Finance income from shareholder loans and deposits		(259,152)	(72,338)
Gain on remeasurement of derivatives and options	28	(106,986)	(6,075)
		2,891,206	**2,576,947**
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other receivables	39.3	(477,405)	(98,570)
Inventories		(28,948)	(4,399)
Accounts payable and accruals	39.3	(218,053)	295,087
Due from related parties		(17,643)	16,355
Net investment in finance lease	39.3	410,719	373,959
Other assets		36,512	38,098
Other liabilities		210,943	38,536
Deferred revenue		36,320	(8,973)
Net cash from operations		2,843,651	3,227,040
Employee end of service benefits' paid	16.1	(29,874)	(41,936)
Zakat and tax paid	20.3	(101,080)	(192,946)
Dividends received from equity-accounted investees	7.1	198,670	209,021
Net cash generated from operating activities		**2,911,367**	**3,201,179**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, and intangible assets		(1,562,870)	(2,052,022)
Proceeds on partial disposal of equity accounted investees		391,440	-
Proceeds on partial disposal of subsidiary without loss of control		60,905	-
Proceeds on disposal of property, plant and equipment		26,982	21,924
Investments in equity accounted investees		(949,054)	(3,946,171)
Other assets	15.5	(236,250)	-
Finance income from deposits received		118,391	52,399
Short term deposits with original maturities of more than three months	12	(199,998)	-
Cash deconsolidated on loss of control		(11,162)	-
Net cash used in investing activities		**(2,361,616)**	**(5,923,870)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	13.1	-	4,778,864
Transaction costs on issue of shares	39.3	-	(124,868)
Proceeds from financing and funding facilities, net of transaction cost		6,023,840	9,771,211
Repayment of financing and funding facilities	39.3	(3,284,988)	(5,391,528)
Due to related parties		(757,933)	27,774
Other financial liabilities		-	(142,060)
Financial charges paid		(1,281,418)	(1,073,831)
Dividends paid	13.4	(625,619)	(905,924)
Capital contributions from and other adjustments to non-controlling interest		351,672	121,566
Net cash generated from financing activities		**425,554**	**7,061,204**
Net increase in cash and cash equivalents during the year		**975,305**	**4,338,513**
Cash and cash equivalents at beginning of the year		5,172,921	832,668
Net foreign exchange difference	39.3	6,298	1,740
Cash and cash equivalents at end of the year	12	6,154,524	5,172,921

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Retained earnings	Proposed dividends	Other Reserves (note 13.2)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2021	**6,429,344**	**1,410,398**	**642,883**	**1,184,908**	**-**	**(2,798,419)**	**6,869,114**	**531,041**	**7,400,155**
Profit for the year	-	-	-	758,798	-	-	758,798	(14,890)	743,908
Other comprehensive income	-	-	-	-	-	1,226,140	1,226,140	93,648	1,319,788
Total comprehensive income	-	-	-	758,798	-	1,226,140	1,984,938	78,758	2,063,696
Issue of shares (note 13.1)	853,369	3,925,495	-	-	-	-	4,778,864	-	4,778,864
Transaction costs on issue of shares (note 13.1)	(148,570)	-	-	-	-	-	(148,570)	-	(148,570)
Changes to non-controlling interests (note 14.1)	-	-	-	-	-	-	-	331,043	331,043
Dividends (note 13.4)	-	-	-	-	-	-	-	(105,043)	(105,043)
Proposed dividends (note 13.4)	-	-	-	(560,000)	560,000	-	-	-	-
Transfer to statutory reserve	-	-	75,880	(75,880)	-	-	-	-	-
Balance at 31 December 2021	7,134,143	5,335,893	718,763	1,307,826	560,000	(1,572,279)	13,484,346	835,799	14,320,145
Balance at 1 January 2022	**7,134,143**	**5,335,893**	**718,763**	**1,307,826**	**560,000**	**(1,572,279)**	**13,484,346**	**835,799**	**14,320,145**
Profit for the year	-	-	-	1,540,035	-	-	1,540,035	(63,625)	1,476,410
Other comprehensive income	-	-	-	-	-	4,201,698	4,201,698	242,965	4,444,663
Total comprehensive income	-	-	-	1,540,035	-	4,201,698	5,741,733	179,340	5,921,073
Changes to non-controlling interests (note 14.1)	-	-	-	-	-	-	-	351,672	351,672
Divestment in subsidiary without loss of control (note 14.2)	-	-	-	(3,245)	-	-	(3,245)	64,150	60,905
Dividends (note 13.4)	-	-	-	(2,947)	(560,000)	-	(562,947)	(62,454)	(625,401)
Proposed dividends (note 13.4)	-	-	-	(606,813)	606,813	-	-	-	-
Transfer to statutory reserve	-	-	154,003	(154,003)	-	-	-	-	-
Balance at 31 December 2022	7,134,143	5,335,893	872,766	2,080,853	606,813	2,629,419	18,659,887	1,368,507	20,028,394

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 Activities

ACWA POWER Company (the "Company" or "ACWA POWER" or the "Group") is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and is registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008). The Company's Head Office is located at Exit 8, Eastern Ring Road, Qurtubah District, P.O. Box 22616, Riyadh 11416, Kingdom of Saudi Arabia.

The Company's formal name changed from International Company for Water and Power Projects to ACWA POWER Company after obtaining the approval of the Extraordinary General Assembly held on 5 January 2022 and fulfilling all relevant regulatory requirements.

On 11 October 2021, the Company completed its Initial Public Offering ("IPO"), and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul").

The Company's main activities are the development, investment, operation and maintenance of power generation, water desalination and green hydrogen production plants and bulk sale of electricity, desalinated water, green hydrogen and/or green ammonia to address the needs of state utilities and industries on long term, off-taker contracts under utility services outsourcing and Public-Private-Partnership models in the Kingdom of Saudi Arabia and internationally.

1.1 Information of the Group's direct subsidiaries/investees as of 31 December is included in the below table:

Entity name	Country of incorporation	Principal activities	Direct shareholding	
			2022	2021
ACWA Power Saudi Electricity and Water Development Company **("APSE")**	Kingdom of Saudi Arabia	Investment in industrial enterprises and management, investment in commercial enterprises and management; and managing office.	100.0%	100.0%
Kahromaa Company **("KAHROMAA")**	Kingdom of Saudi Arabia	Installation, maintenance and operation contracting of electricity generation and desalination plants.	100.0%	100.0%
ACWA Power Reinsurance Co. Ltd. (captive insurance) **("ACWA Re")**	United Arab Emirates (Dubai International Financial Centre – 'DIFC')	To effect and carry out contracts of insurance restricted to those of a Class 3 Captive Insurer. Under its captive license, ACWA Re can insure a part of its own affiliate's assets and that of related third party.	100.0%	100.0%
Multiple Shares Company **("MSC")**	Kingdom of Saudi Arabia	Installation, maintenance and operation, contracting of electricity generation and desalination plants.	95.0%	95.0%
ACWA Power Bahrain Holdings W.L.L. **("APBH")**	Kingdom of Bahrain	Installation, maintenance and operation contracting of electricity generation and desalination plants.	99.7%	99.7%
ACWA Power Global Services Ltd. **("APGS")**	United Arab Emirates (DIFC)	Own investments in group of companies, provide financial advisory, book-keeping and reporting, tax compliance and related services.	100.0%	100.0%
ACWA Power Management and Investments One Ltd. **("APMI One")**	United Arab Emirates (DIFC)	Investment in industrial enterprises and management, investment in commercial enterprises and management; and managing office.	100.0%	100.0%
ACWA Power Renewable Energy Holding Ltd. **("APREH")**	United Arab Emirates (DIFC)	Power generation, water desalination and distribution or other business related to or ancillary thereto, development and management of such companies and provision of technical, commercial, administrative services.	51.0%	51.0%
First National Holding Company **("NOMAC")**	Kingdom of Saudi Arabia	NOMAC, incorporated in 2018, is engaged in constructing, owning, buying, managing, operating and investing in industrial, services and construction projects of power stations, electricity, steam stations, water desalination plants and providing operation and maintenance (O&M) under long term contracts.	100.0%	100.0%
ACWA Industrialization Company	Kingdom of Saudi Arabia	Power generation, water desalination and distribution or other business related to or ancillary thereto.	100.0%	100.0%

1.2 Information of the Group's material subsidiaries as of 31 December controlled, directly or indirectly, through its direct subsidiaries is included in the below table:

Entity name	Country of incorporation	Principal activities	Effective shareholding	
			2022	2021
Rabigh Arabian Water & Electricity Company **("RAWEC")**	Kingdom of Saudi Arabia	RAWEC is a captive unit engaged in supplying power, water and steam under a 25-year Water and Energy Conversion Agreement with Rabigh Refining & Petrochemical Company. Its commercial operation commenced in June 2008 and June 2016 for phase 1 and phase 2 respectively.	99.00%	99.00%
Shuaibah 2 Water Development Project Company **("SEPCO II")**	Kingdom of Saudi Arabia	SEPCO II is engaged in a 25-year Water Purchase Agreement ("WPA") with Water and Electricity Company ("WEC") for supply of desalinated water. Its commercial operations commenced in June 2019.	100.00%	100.00%
Rabigh Three Company **("Rabigh III")**	Kingdom of Saudi Arabia	Rabigh III engaged in a 25-year Water Purchase Agreement ("WPA") with Water and Electricity Company ("WEC") for supply of desalinated water. Its commercial operations commenced in December 2021.	70.00%	70.00%
Sakaka Solar Energy Company **("Sakaka")**	Kingdom of Saudi Arabia	Sakaka is engaged in generating renewable energy using Photovoltaics ("PV"). Sakaka commenced commercial operations in December 2020.	70.00%	70.00%
ACWA Power Ouarzazate S.A. **("APO I")**	Kingdom of Morocco	APO1 is engaged in generating renewable energy using Concentrated Solar Power ("CSP") technology. Its commercial operations commenced in January 2016.	73.13%	73.13%
ACWA Power Ouarzazate II S.A. **("APO II")**	Kingdom of Morocco	APO II is engaged in generating renewable energy using Concentrated Solar Power ("CSP") technology. Its commercial operations commenced in January 2018.	75.00%	75.00%
ACWA Power Ouarzazate III S.A. **("APO III")**	Kingdom of Morocco	APO III is engaged in generating renewable energy using Concentrated Solar Power ("CSP") technology. Its commercial operations commenced in January 2018.	75.00%	75.00%
ACWA Power Barka SAOG **("ACWA Barka")**	Sultanate of Oman	ACWA Barka is a listed company on the Muscat Securities Market ("MSM"). It is engaged in operating a power and water desalination plant. Its commercial operations commenced in June 2003.	41.91%	41.91%
Central Electricity Generating Company **("CEGCO")**	Jordan	CEGCO is engaged in generation of power and supply to National Electric Power Company ("NEPCO") under various power purchase agreements. Its commercial operations commenced in January 1999. CEGCO also provides operation and maintenance services to some other investees of the Group including Zarqa and Mafraq.	40.93%	40.93%
Al Zarqa Power Plant for Energy Generation **("Zarqa")**	Jordan	Incorporated in March 2015 and is engaged in generation of power. Zarqa achieved commercial operations in 2018.	60.00%	60.00%

Notes to the consolidated financial statements

For the year ended 31 December 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 Activities (Continued)

Entity name	Country of incorporation	Principal activities	Effective shareholding	
			2022	2021
First National Operations & Maintenance Company Limited **("NOMAC O&M")**	Kingdom of Saudi Arabia	NOMAC is engaged in providing Operation and Maintenance ("O&M") under long term contracts, (direct or as a sub-contractor) to various of the Group's subsidiaries and equity accounted investees.	100.00%	100.00%
Rabigh Power Company Limited **("RPC")**	Kingdom of Saudi Arabia	Management, operation and maintenance of power plants including the provision of specialised refurbishment and repair services.	100%	100%
First National Company for Operation & Maintenance Services LLC **("NOMAC Oman")**	Sultanate of Oman	Management, operation, maintenance and investment in power stations and desalination plants.	100%	100%
Rabigh Operation and Maintenance Company **("ROMCO")**	Kingdom of Saudi Arabia	Management, operation and maintenance of power plants including the provision of specialised refurbishment and repair services.	60%	60%
NOMAC Maroc SARLAU	Kingdom of Morocco	Operation and maintenance of power projects in the Kingdom of Morocco.	100%	100%
NOMAC Gulf O&M LLC	United Arab Emirates	Operation and maintenance of power projects in the United Arab Emirates.	100%	100%
NOMAC Gulf Coal Energy LLC	United Arab Emirates	Operation and maintenance of the Hassyan Coal Project in the United Arab Emirates.	100%	100%

1.3 Information of the Group's equity accounted investees is included in note 7 of these consolidated financial statements.

2 Basis of preparation and consolidation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); and IFRS issued by IASB as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), (collectively referred as "IFRS as endorsed in KSA"). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.1 Basis of preparation

These consolidated financial statements are prepared under the historical cost convention except for the followings:

i) Derivative financial instruments including options and hedging instruments which are measured at fair value; and
ii) Employee end of service benefits' liability is recognised at the present value of future obligations using the Projected Unit Credit method.

These consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company. All values are rounded to the nearest thousand (SR'000), except when otherwise indicated.

2.2 Basis of consolidation

These consolidated financial statements comprise the assets, liabilities and the results of operations of the Group. Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- the contractual arrangement with other vote holders of the investee;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interest in subsidiaries

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Any retained investment is recorded at fair value.

3 Significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. The significant accounting policies adopted are as follows:

Notes to the consolidated financial statements

For the year ended 31 December 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 Significant accounting policies (Continued)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term bank deposits that have an original maturity of three months or less and excludes restricted cash deposit.

Financial instruments

Initial recognition

The Group records a financial asset or a financial liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair values. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

Classification

The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures a financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group classifies all non-derivative financial liabilities as subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at fair value through profit or loss.

The Group designates a non-derivative financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed, and its performance is evaluated on a fair value basis.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When the Group has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, it continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to the profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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3 Significant accounting policies (Continued)
Derivative financial instruments and hedge accounting (Continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

When the Group discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in other comprehensive income if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover (as part of the hedging strategy), or when the hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is retained separately in other comprehensive income until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss for the period.

Accounts receivables
After initial recognition, accounts receivables are stated at amortised cost less allowance for any impairment. The Group recognises an allowance for impairment for expected credit losses. Such impairment allowances are charged to profit or loss and reported under "General and administration expenses". When an account receivable is uncollectible, it is written-off against the impairment allowance. Any subsequent recoveries of amounts previously written-off are credited against "General and administration expenses" in the consolidated statement of profit or loss.

Projects development cost
Costs incurred on projects under development, which are considered as feasible, are recognised as an asset in the consolidated statement of financial position to the extent they are assessed to be recoverable. If a project is no longer considered feasible, the accumulated costs relating to that project are expensed to the profit or loss in the period in which the determination is made. The Group makes provision against these projects based on expected project success rates.

Development costs reimbursed by successful projects are recognised as a deduction from deferred costs in the consolidated statement of financial position.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost, and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investments in associates and joint ventures – equity accounted investees
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting from the date that the significant influence or joint-control commences until the date that such influence or joint-control ceases. Under the equity method of accounting, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. The Group's profit or loss reflects the Group's share of the profit or loss of the associates and joint ventures. Where there has been a change recognised directly in the other comprehensive income of the associates and joint ventures, the Group recognises its share of such changes in its other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate or joint ventures ("upstream and downstream") are eliminated to the extent of the Group's interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and joint ventures is shown separately in profit or loss under operating income and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. At each reporting date the Group determines whether there is objective evidence that the investment in an associate or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate or joint venture and its carrying value, then recognises the loss within 'Share in results of associates and joint ventures' in the consolidated statement of profit or loss.

When the Group's share of losses exceeds its interest in associates or joint ventures, the Group's carrying amount of investments in associate or joint venture is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of such investee companies.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group increases its ownership interest in an existing associate/ joint venture which remains an associate/ joint venture after that increase, the purchase price paid for the additional interest is added to the existing carrying amount of the associate/ joint venture and the existing share in net assets of the associate or joint venture is not re-measured. The cost of additional investment is allocated between the share of the fair value of net assets and goodwill. Any excess of the additional share in fair value of net assets acquired over the purchase price is recognised as a gain in profit or loss.

Appropriate adjustments are recognised in the Group's share of the associate's/ joint venture's profit or loss after additional acquisition in order to reflect the Group's share in fair value of net assets at the acquisition date, arising from the additional acquisition.

Property, plant and equipment
Property, plant and equipment, except for land and capital work in progress, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and capital work in progress are stated at cost less accumulated impairment loss, if any. Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property, plant and equipment upon completion.

The cost less estimated residual value of other items of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Notes to the consolidated financial statements

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3 Significant accounting policies (Continued)

Business combinations

Business combinations, excluding business combinations involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Subsequently, for the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed off in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

For business combinations involving entities under common control the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is a part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from start of the comparative year.

Impairment

Financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at fair value through profit or loss ("FVTPL"):

- financial assets that are debt instruments;
- trade receivables and contract assets;
- lease receivables;
- cash at bank;
- related parties;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognises on equity investments. The Group measures impairment allowances using the general approach for all financial assets except for trade receivables including short term related party receivables which follows the simplified approach.

Under the general approach, the Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL. The Group applies the simplified approach to measure the ECL on trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD")
- Loss given default ("LGD")
- Exposure at default ("EAD")

The Group categorises its financial assets into following three stages in accordance with the IFRS 9 methodology:

- Stage 1 – financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months ECL.
- Stage 2 – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- Stage 3 – for financial assets that are impaired, the Group recognises the impairment allowance based on lifetime ECL.

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3 Significant accounting policies (Continued)
Impairment (Continued)
Financial assets (Continued)

The Group also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.

The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

ECL represent probability-weighted estimates of credit losses. These are measured as follows:
- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the net carrying amount and the present value of estimated future cash flows, which includes amounts recoverable from guarantees and collateral;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less cash flows that the Group expects to receive any.

Expected credit losses are discounted to the reporting date at the effective interest rate ("EIR") determined at initial recognition or an approximation thereof and consistent with income recognition.

Non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Except for goodwill, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in profit or loss. Impairment loss recorded against the carrying value of goodwill is not reversed in subsequent periods.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are initially recognised at fair value and subsequently re-measured at amortised cost.

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. In relation to insurance business, the provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance cost.

Employees' benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation
The Group operates a post-employment benefit plans driven by the labour laws of the countries in which the Group entities operate.

The post-employment benefits plans are not funded. Valuations of the obligations under those plans are carried out based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in profit or loss as employee cost while the unwinding of the liability at discount rates used is recorded in profit or loss as finance charges. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement and recorded in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Share based payments
Employees of the Group may receive benefits in the form of share-based payments, whereby employees render services as consideration for equity instruments. The fair value of an equity instrument is determined at the grant date based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices are not available for share awards, the fair value of the equity instruments is estimated using a valuation technique to derive an estimate of what the price of those equity instruments would have been at the relevant measurement date in an arm's length transaction between knowledgeable, willing parties.

Equity-settled share-based payments to employees are measured at the fair value of the instruments, using a binomial model together with Monte-Carlo simulations as at the grant date, and is expensed over the vesting period. The value of the expense is dependent upon certain key assumptions including the expected future volatility of the Group's share price at the date of grant. The fair value measurement reflects all market based vesting conditions. Service and non-market performance conditions are taken into account in determining the number of rights that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Cash-settled share-based payments to employees are measured at the fair value on grant date and recognised as expense in profit or loss with a recognition of corresponding liability.

Statutory reserve
In accordance with the Company's By-Laws and Saudi Arabian Regulations for Companies, the Company must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

Notes to the consolidated financial statements

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3 Significant accounting policies (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Lease hold land and building	2-40 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

The Group's leasing activities includes provision of desalinated water and power under long-term Power/Water purchase agreements. Revenue in relation to these activities is disclosed in note 24.

Where the Group determines a long term power supply arrangement to be, or to contain, a lease and where the Group transfers substantially all the risks and benefits incidental to ownership of the leased item, the arrangement is considered as a finance lease. A finance lease is presented as net investment in finance lease and is recognised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments received are apportioned between finance income and the reduction of the net investment in finance lease so as to achieve a constant rate of return on the remaining balance of the asset.

The amount of net investment in finance lease is recorded in the consolidated statement of financial position as an asset at the gross amount receivable under the finance lease less unearned finance income.

Asset retirement obligation

The Group records the present value of estimated costs of legal decommissioning obligations required to restore the site to its original condition in the period in which the obligation is incurred. The nature of these activities includes dismantling and removing structures, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related property, plant and equipment to the extent that it was incurred as a result of the development/construction of the asset.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs. The estimated future costs of decommissioning, are reviewed annually and adjusted as appropriate. Changes if any, in the estimated future costs or in the discount rate applied are added or deducted from the cost of the asset.

Revenue recognition

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate performance obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The performance obligations identified will depend on the nature of individual customer contracts.

The Group determines the transaction price to which it expects to be entitled in return for providing the promised performance obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified performance obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each performance obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the performance obligation to a similar customer on a standalone basis.

Revenue is recognised when the respective performance obligations in the contract are delivered to the customer and payment remains probable. Revenue is measured as the fair value of the consideration received or receivable for the provision of services in the ordinary course of business, net of trade discounts, volume rebates, and sales taxes excluding amounts collected on behalf of third parties. Payment is typically due within 10-45 days from the invoice date depending on the specific terms of the contract.

Revenue from supply of desalinated water and power is recognised upon satisfaction of performance obligation which in general happens upon delivery of desalinated water and power to the customer. Capacity charge income (excluding receipts for services provided, such as insurance and maintenance) under Power and Water Purchase Agreements ("PWPA") or Power Purchase Agreements ("PPA") or Water Purchase Agreements ("WPA") for each hour during which the plant is available for power generation and/or water desalination is recognised over the lease term or upon actual billing period as appropriate considering the terms of each PWPA or PPA or WPA.

Where the Group acts as a lessor, (see 'Leases' above), at the inception of the lease, the total unearned finance income i.e. the excess aggregate minimum lease payments plus residual value (guaranteed and unguaranteed), if any, over the cost of the leased assets, is amortised over the term of the lease, and finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding with respect to the lease.

Revenue from the rendering of technical, operation and maintenance services ("O&M") are recognised when contracted services are performed and is typically recognised over time.

Revenue earned by the Group for project development services provided in relation to the development of projects is typically recognised upon financial close of the project (being the point in time at which committed funding for the project has been achieved). Any excess reimbursement of development cost against the carrying value of capitalised project development cost is recognised as revenue upon financial close of the project.

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3 Significant accounting policies (Continued)
Revenue recognition (Continued)

Revenue from construction management services provided in relation to the construction of power and/or water plants and revenue from various consultancy and advisory services provided by the Group is recognised over time or at a point in line with the satisfaction of performance obligations in the related contract. Revenue is recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs. Otherwise, revenue is recognised at a point in time upon satisfaction of performance obligations and once any contingent events have been achieved.

Profit on fixed deposits is recognised as the profit accrues. Interest income on deposits is accrued on an effective yield basis.

Dividend income is recognised when the Group's right to receive the dividend is established.

Deferred and accrued revenue
Any amount collected from the customers for which the revenue recognition criteria have not been met during the period reported, is recognised as a contract liability and recorded as deferred revenue in the consolidated statement of financial position.

Customers are typically billed monthly in the same month services are rendered; however, this may be delayed. Accrued revenue is recognised in trade and other receivables in the consolidated statement of financial position, for any services rendered where customers have not yet been billed.

Borrowing costs
Borrowing costs directly attributable to the construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the financial charges eligible for capitalisation.

Front end fees, debt acquisition and arrangement fees, other than commitment fee in relation to undrawn facility, that relate to the origination of the long-term loans and funding facilities are amortised over the period of the loans using the effective interest rate ("EIR"). Loan commitment fee in relation to undrawn portion of loan is treated as service cost. The amortisation on the effective interest basis and the commitment fee on undrawn facility are capitalised as part of projects under construction up to the date of commencement of commercial production and subsequently it is charged to profit or loss.

Expenses
General and administration expenses include direct and indirect costs not specifically forming part of operating costs. Allocations between general and administration expenses and operating costs, when required, are made on a consistent basis.

Zakat and taxation
Zakat and taxation is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia and on an accruals basis. Zakat and income tax related to the Company and its subsidiaries is charged to profit or loss. Differences, if any, resulting from final assessments are adjusted in the period of their finalisation.

For subsidiaries outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with tax regulations of the respective countries.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign currencies
Transactions in foreign currencies are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency at the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary assets and liabilities are taken to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of income or expense are translated in Saudi Riyals at average exchange rates prevailing during the reporting period of related transactions. Exchange differences arising on translation for consolidation, if material, are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income for exchange differences relating to that particular foreign operation is recognised in profit or loss.

Value added tax ("VAT")
VAT receivable represents input tax paid on purchases including purchase of property, plant and equipment.
VAT receivable is presented on an undiscounted basis net of any output tax collected on revenue.

Notes to the consolidated financial statements

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3 Significant accounting policies (Continued)

Dividends

Final dividends are recognised as a liability at the time of their approval by the General Assembly.
Interim dividends are recorded as and when approved by the Board of Directors.

Earnings per share

Earnings per share are calculated by dividing profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

New standards, amendments and interpretations adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37:
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group applied these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the current annual reporting period. These amendments had no impact on the consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3:
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Amendments to IAS 16: Property plant and equipment, proceeds before intended use.
In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group early applied the requirements effective from 1 July 2021. As a result of early adoption, the Group recognised SR 43.7 million in the consolidated statement of profit or loss for the year ended 31 December 2021.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1

These amendments had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities:
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

In accordance with the transitional provisions, the Group applies the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements:
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

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3 Significant accounting policies (Continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts:

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.
The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group is currently assessing the impact.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current:

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8:

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2:

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12:

In February 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

4 Use of estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in KSA and IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

(i) Impairment of property, plant and equipment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the projects' useful lives and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset or cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(ii) Impairment of Goodwill

The management monitors Goodwill at an operating segment level i.e., at group of cash generating units (CGUs) included within an operating segment. The performance of an individual asset is assessed based on total returns (i.e. returns associated with investment, development, operation and optimisation) which is usually spread across various CGUs within an operating segment. Accordingly, for the purpose of impairment testing, the management believe that it is more appropriate to consider total cash flows that are relevant for operating segments (i.e., group of CGUs). For the purpose of impairment testing, cash flow projections are used from the approved financial models. Impairment calculations are usually sensitive to the discount rate and the internal rate of return ("IRR") achieved on projects. However, a reasonably possible change in discount rate and IRR will not cause the carrying amount of goodwill to exceed its recoverable amount due to availability of significant headroom.

(iii) Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made using an expected credit loss model which involves evaluation of credit rating and days past due information.

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4 Use of estimates and assumptions (Continued)

(iv) Provisions

Management continually monitors and assesses provisions recognised to cover contractual obligations and claims raised against the Group. Estimates of provisions, which depend on future events that are uncertain by nature, are updated periodically and provided for by the management. The estimates are based on expectations including timing and scope of obligation, probabilities, future cost level and includes a legal assessment where relevant.

(v) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

During the year the Group re-assessed the useful life of certain plants, based on oil fired technology, in its portfolio and decided to align the plants existing useful life to its re-assessed economic life as per the term of Power and Water Purchase Agreements ("PWPA") with effect from 1 January 2021. This change in accounting estimate has resulted in SR 134.4 million (2021: 198.4 million) being expensed, representing the Group's share in incremental depreciation, in the consolidated statement of profit or loss, which is reflected through share in net results of equity accounted investees. Existing useful life of these plants was 40 years and revised useful life is 20 years.

The change in estimate will have annual impact of SR 117.6 million on profit or loss in future periods till expiry of underlying PWPAs.

(vi) Fair value of unquoted financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and call options. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates and interest rate curves.

Pursuant to certain shareholder agreements, the Group has written put options on non-controlling interests in subsidiaries and on counterparty's ownership interest in an associate. The fair values of these put options are derived from discounted projected cash flow analysis of the respective entities and the redemption amount determined pursuant to contractual agreements. The fair value measurements are performed at each reporting date.

(vii) Lease classification and subsequent remeasurement

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Where an arrangement is determined to contain a lease, the arrangement is accounted for as either an operating or a finance lease.

The following are the critical assumptions that have been made in the process of applying the Group's accounting policies for determining whether an arrangement contains a lease and have a significant effect on the amounts recognised in the consolidated financial statements:

- The Power and Water Purchase Agreements ("PPA" or "WPA" or "PWPA") are not from public-to-private and the Group does not have any direct responsibility towards the public, and accordingly management believes that this should not be accounted for as "Service Concession Arrangements".
- The price that the off-taker will pay for the output is neither contractually fixed per unit of output nor is equal to the current market price per unit of output at the time of delivery of the output and accordingly management believes that the arrangement contains a lease.
- If at the end of the term of the PPA or WPA or PWPA, the ownership of the Plant is transferred to the off-taker, the lease is classified as finance lease otherwise other factors are considered by management which affect the classification of lease as a finance or operating lease.

After lease commencement, the net investment in a lease is remeasured when the following occurs:

- The lease is modified (i.e., a change in the scope of the lease, or the consideration for the lease, that was not part of its original terms and conditions), and the modified lease is not accounted for as a separate contract.
- The lease term is revised when there is a change in the non-cancellable period of the lease.
- There is a change in the estimated unguaranteed residual value.

(viii) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. For this purpose, the management takes into account various factors including board approval, availability of share purchase agreement, conditions precedent in the share purchase agreement, asset's availability for immediate sale, expected period to complete the sale etc.

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5 Property, plant and equipment ("PPE")

The following rates are used for calculation of depreciation:

Buildings	2% - 7%	Plant, machinery and equipment	2.5% - 25%
Barges and onshore equipment	5% - 40%	Furniture, fixtures and office equipment	10% - 33.3%
Capital spares	3.3% - 12.5%	Motor vehicles	20% - 25%

	Land and Buildings[1]	Plant, machinery and equipment[2]	Furniture, fixtures and office equipment	Capital spares	Motor vehicles	Capital work in progress (CWIP)	Total
COST:							
At 1 January 2022	945,103	15,363,850	112,294	60,650	40,716	1,631,055	18,153,668
Additions	2,572	54,652	13,094	482	4,468	1,228,356	1,303,624
Disposals	(29,762)	(679,980)	(7,041)	-	(2,558)	-	(719,341)
De-recognition on loss of control of a subsidiary (note 33)	-	(4,825)	(6,897)	-	(3,112)	(2,446,823)	(2,461,657)
Foreign currency translation	(428)	(90)	(1,643)	-	(398)	-	(2,559)
At 31 December 2022	**917,485**	**14,733,607**	**109,807**	**61,132**	**39,116**	**412,588**	**16,273,735**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2022	507,570	5,657,863	105,915	29,571	37,021	-	6,337,940
Depreciation charge for the year (note 5.3)	34,326	385,119	11,094	6,496	2,775	-	439,810
Impairment loss (note 29.1)	-	121,595	-	-	-	-	121,595
Relating to disposals	(28,783)	(678,280)	(6,880)	-	(1,694)	-	(715,637)
De-recognition on loss of control of a subsidiary (note 33)	-	(4,775)	(6,240)	-	(2,851)	-	(13,866)
Foreign currency translation	(84)	(91)	(1,225)	-	(420)	-	(1,820)
At 31 December 2022	**513,029**	**5,481,431**	**102,664**	**36,067**	**34,831**	**-**	**6,168,022**
Carrying amount as of 31 December 2022	**404,456**	**9,252,176**	**7,143**	**25,065**	**4,285**	**412,588**	**10,105,713**

[1] Cost of land as of 31 December 2022 amounts to SR 122.4 million (31 December 2021: SR 122.4 million).
[2] This primarily represents property, plant and equipment under the operating lease arrangements of the Group entities (note 8).

	Land and buildings[1]	Plant, machinery and equipment[2]	Furniture, fixtures and office equipment	Capital spares	Motor vehicles	Capital work in progress (CWIP)	Total
COST:							
At 1 January 2021	977,969	15,329,959	118,044	59,293	38,856	1,983,100	18,507,221
Additions	-	53,673	1,183	1,357	1,860	2,230,377	2,288,450
Disposals / write-offs	(32,866)	(19,782)	(5,337)	-	-	-	(57,985)
Finance lease recognition (note 5.1)	-	-	-	-	-	(2,582,422)	(2,582,422)
Foreign currency translation	-	-	(1,596)	-	-	-	(1,596)
At 31 December 2021	**945,103**	**15,363,850**	**112,294**	**60,650**	**40,716**	**1,631,055**	**18,153,668**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2021	487,362	5,121,961	104,925	26,510	34,123	-	5,774,881
Depreciation charge for the year (note 5.3)	31,150	547,937	7,266	3,061	2,898	-	592,312
Relating to disposals / write-offs	(10,942)	(12,035)	(5,337)	-	-	-	(28,314)
Foreign currency translation	-	-	(939)	-	-	-	(939)
At 31 December 2021	**507,570**	**5,657,863**	**105,915**	**29,571**	**37,021**	**-**	**6,337,940**
Carrying amount as of 31 December 2021	**437,533**	**9,705,987**	**6,379**	**31,079**	**3,695**	**1,631,055**	**11,815,728**

5.1 CWIP as of 31 December 2022 is primarily related to certain of the Group's under construction projects in Uzbekistan. CWIP in relation to Rabigh 3 amounting SR 2,582.4 million has been transferred to finance lease receivable upon the commencement of commercial operations effective from 31 December 2021.

5.2 Borrowing costs capitalised during the year amounted to SR 94.0 million (2021: SR 140.5 million) which represents the borrowing cost, in relation to specific borrowings, incurred during construction phase of qualifying assets.

5.3 Depreciation reflected in profit or loss account is as follows:

	2022	2021
Depreciation charge for the year ended 31 December	439,810	592,312
Depreciation charge in relation to right of use asset	12,972	15,763
Depreciation charge for the year ended 31 December – (refer to note 25 & 26)	**452,782**	**608,075**

[1] Cost of land as of 31 December 2022 amounts to SR 122.4 million (31 December 2021: SR 122.4 million).
[2] This primarily represents property, plant and equipment under the operating lease arrangements of the Group entities (note 8).

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6 Intangible assets

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
Goodwill	6.1	1,924,687	1,937,287
Other intangible assets	6.2	104,143	60,143
		2,028,830	1,997,430

6.1 Intangible assets include goodwill which represents the excess of the aggregate of the consideration transferred and the amount recognised for minority interests over fair value of identifiable assets acquired and liabilities assumed by the Group on acquisition.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

This goodwill arose on acquisition of 100% equity stake, in the share capital of ACWA Power Projects ("APP").
This goodwill is allocated to the Group's operating segments, as follows, for the purpose of impairment testing:

	As of 31 Dec 2022	As of 31 Dec 2021
Thermal and water desalination	762,315	774,915
Renewables	1,162,372	1,162,372
	1,924,687	1,937,287

The management monitors Goodwill at an operating segment level i.e., at group of cash generating units ("CGUs") included within an operating segment. The performance of an individual asset is assessed based on total returns (i.e. returns associated with investment, development, operation and optimisation) which is usually spread across various CGUs within an operating segment. Accordingly, for the purpose of impairment testing, the management believe that it is more appropriate to consider total cash flows that are relevant for operating segments (i.e., group of CGUs). However, when a particular asset within an operating segment is disposed-off, the Management allocates a portion of goodwill to the asset (based on the relative fair values which approximate to value in use of the respective segment) for the purpose of computing gain or loss on disposal.

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of value in use calculations. These calculations use cash flow projections based on financial models approved by management. Cash flows are estimated over the expected period of the relevant projects' lives, which ranges from 15 to 35 years, and discounted using a pre-tax discount rate of 8.30% (2021: 7.50%). The discount rate used represents the current market assessment of the risks specific to the cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The value in use calculation is sensitive to the discount rate and the internal rate of return ("IRR") achieved on projects. However, a reasonably possible change in discount rate and IRR is not expected to result in impairment.

6.2 Other intangible assets includes:

- computer software which is amortised at the rate of 25% - 33.33% per annum and
- other intangibles are amortised over the period of contract.

	2022	2021
COST:		
At 1 January	118,799	107,172
Additions[1]	57,142	11,627
De-recognition on loss of control of a subsidiary (note 33)	(107)	-
At 31 December	**175,834**	**118,799**
ACCUMULATED AMORTISATION		
At 1 January	58,656	45,805
Amortisation charge for the year (refer to note 26)	13,035	12,851
At 31 December	**71,691**	**58,656**
Carrying amount as of 31 December	104,143	60,143

[1] Additions during the year 2022 amounting to SR 57.1 million includes SR 50.3 million on account of cost incurred in relation to work in progress representing new systems implementation and enhancements.

7 Equity accounted investees

Classifying a joint arrangement requires the Group to use its judgment to determine whether the entity in question is a joint venture or a joint operation. IFRS 11 requires an analysis of "other facts and circumstances" when determining the classification of jointly controlled entities. For an entity to be classified as a joint operation, the terms of the arrangements including other facts and circumstances must give rise to the Group's rights to the assets, and obligations for the liabilities, of the joint arrangement. While in case of joint venture, the Group has rights to the net assets of the arrangement ("Project" or "Entity"). Considering the contractual terms of joint arrangements including other facts and circumstances, all of the Group's joint arrangements qualify as joint ventures and are accordingly equity accounted.

7.1 Contribution from equity accounted investees

The table below shows the contribution of each equity accounted investees (joint ventures) in the consolidated statement of financial position, income statement, other comprehensive income ("OCI"), and the "Dividends received from equity-accounted investees" line of the statement of cash flows.

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7 Equity accounted investees (Continued)
7.1 Contribution from equity accounted investees (Continued)

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 DECEMBER 2022								
SGA/NOVA SGA Marafiq Holdings ("SGA Marafiq")	33.33%	Bahrain / UAE	485,581	(48,550)[1]	45,242	-	106,118	588,391
Shuqaiq International Water and Electricity Company Limited ("SIWEC") (note 7.1.1 & 7.1.2)	53.34%	Saudi Arabia	386,399	(378,801)	(7,598)	-	-	-
Saudi Malaysian Water and Electricity Company Limited ("SAMAWEC") (note 7.1.6)	50.00%	Saudi Arabia	1,255,759	-	111,224	(105,915)	24,407	1,285,475
Suez Nomac O&M Holdings Company W.L.L.	40.00%	Bahrain	28,294	-	11,812	(12,825)	-	27,281
Jubail Operations Holdings Company W.L.L.	40.00%	Bahrain	28,300	-	11,822	(12,825)	-	27,297
Qurayyah Investment Company ("QIC")	44.98%	Saudi Arabia	521,030	-	(6,725)	(17,092)	84,823	582,036
Rabigh Electricity Company (note 7.1.2)	40.00%	Saudi Arabia	610,463	-	(31,855)	(37,423)	116,241	657,426
Al Mourjan for Electricity Production Company	50.00%	Saudi Arabia	440,658	-	(72,674)	-	176,182	544,166
Dhofar Generating Company	27.00%	Oman	70,974	-	5,119	-	20,907	97,000
MAP Inland Holdings Ltd. (JAFZA)	47.26%	UAE	529,554	-	(25,579)	-	84,076	588,051
MAP Coastal Holding Company Limited (JAFZA)	47.26%	UAE	428,143	-	(38,559)	-	85,467	475,051
Vinh Hao 6 Power Joint Stock (note 33.4)	60.00%	Vietnam	74,879	(77,803)	2,924	-	-	-
ACWA Power Renewable Energy Holding Ltd ("APREH")	51.00%	UAE	428,697	-	(17,475)	(4,781)	74,337	480,778
Dhofar O&M Company LLC	35.00%	Oman	7,062	-	877	(4,869)	-	3,070
Hassyan Energy Phase 1 P.S.C	26.95%	UAE	397,119	826,062[2]	10,646	-	397,690	1,631,517
Dhofar Desalination Co. SAOC	50.10%	Oman	49,660	-	(812)	-	22,708	71,556
Taweelah RO Desalination Company LLC	40.00%	UAE	132,167	-	(20,581)	-	89,945	201,531
Water consortium Holding Company	40.00%	Saudi Arabia	11,226	-	(13)	-	88,160	99,373
Renewable Energy for Morocco (O&M) Company	49.00%	Morocco	427	-	287	-	-	714
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (Pty) Ltd	36.04%	South Africa	270,683	17,286	(3,169)	-	(374)	284,426
Jazan Integrated Gasification and Power Company	21.25%	Saudi Arabia	2,814,564	(252,143)[1]	303,830	-	82,851	2,949,102
Shuqaiq Services Company for Maintenance (note 7.1.1)	68.00%	Saudi Arabia	-	159,035	11,144	-	-	170,179
Neom Green Hydrogen Company	33.33%	Saudi Arabia	-	837,562[2]	3,558	-	-	841,120
ACWA Power Sirdarya (note 33.2)	51.00%	Uzbekistan	-	48	-	-	-	48
Amwaj International Company Ltd	50.10%	Saudi Arabia	461,297	(470,185)[1]	22	-	250,160	241,294
Haya Power & Desalination Company	60.00%	Bahrain	(34,770)	-	(6,304)	-	251,077	210,003
Noor Energy 1 P.S.C.	24.90%	UAE	(330,802)	(17,515)	(4,877)	-	481,305	128,111
Naqa'a Desalination Plant LLC	40.00%	UAE	(3,357)	-	26,376	-	216,967	239,986
Shams Ad-Dhahira Generating Company SAOC	50.00%	Oman	(49,757)	33,725	(19,880)	-	67,253	31,341
Shuaa Energy 3 P.S.C. (note 33.3)	24.00%	UAE	(21,474)	(62,609)	1,605	-	82,478	-
Sudair One Holding Company	35.00%	Saudi Arabia	(3,007)	-	(121)	-	171,323	168,195
								12,624,518
Dhafra Water Desalination Company	68.00%	Saudi Arabia	-	(34,612)	-	-	(32,188)	(66,800)
Veolia First National Water Service Company	35.00%	Oman	263	-	1,107	(2,940)	-	(1,570)
ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.5)	70.00%	Turkey	-	-	-	-	-	-
								(68,370)
			8,990,032	531,500	291,373	(198,670)	2,941,913	12,556,148

[1] These represents repayment of shareholder loan during the year ended 31 December 2022.
[2] These represents additional investment during the year ended 31 December 2022.

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7 Equity accounted investees (Continued)
7.1 Contribution from equity accounted investees (Continued)

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 DECEMBER 2021								
SGA/NOVA SGA Marafiq Holdings ("SGA Marafiq")	33.33%	Bahrain / UAE	440,105	(54,607)	46,492	-	53,591	485,581
Shuqaiq International Water and Electricity Company Limited ("SIWEC") (note 7.1.1 & 7.1.2)	53.34%	Saudi Arabia	461,866	-	(101,426)	(20,547)	46,506	386,399
Saudi Malaysian Water and Electricity Company Limited ("SAMAWEC") (note 7.1.3)	50.00%	Saudi Arabia	1,123,991	-	145,956	(49,949)	35,761	1,255,759
Suez Nomac O&M Holdings Company W.L.L.	40.00%	Bahrain	28,119	-	16,896	(16,721)	-	28,294
Jubail Operations Holdings Company W.L.L.	40.00%	Bahrain	28,123	-	16,898	(16,721)	-	28,300
Qurayyah Investment Company ("QIC")	44.98%	Saudi Arabia	482,258	(5,264)	13,512	(7,231)	37,755	521,030
Rabigh Electricity Company (note 7.1.2)	40.00%	Saudi Arabia	637,284	-	(66,537)	(28,836)	68,552	610,463
Al Mourjan for Electricity Production Company	50.00%	Saudi Arabia	342,283	-	8,028	-	90,347	440,658
Dhofar Generating Company	27.00%	Oman	57,487	-	7,606	(5,259)	11,140	70,974
MAP Inland Holdings Ltd. (JAFZA)	47.26%	UAE	484,035	27,027	(18,122)	-	36,614	529,554
MAP Coastal Holding Company Limited (JAFZA)	47.26%	UAE	378,964	21,187	(7,253)	-	35,245	428,143
Vinh Hao 6 Power Joint Stock	60.00%	Vietnam	74,587	(4,818)	5,110	-	-	74,879
ACWA Power Renewable Energy Holding Ltd ("APREH")	51.00%	UAE	513,381	(47,357)	(30,006)	(43,807)	36,486	428,697
Dhofar O&M Company LLC	35.00%	Oman	10,365	-	(3,303)	-	-	7,062
Hassyan Energy Phase 1 P.S.C	26.95%	UAE	(305,616)	468,109	90,949	-	143,677	397,119
Dhofar Desalination Co. SAOC	50.10%	Oman	(21,869)	64,272	(4,122)	-	11,379	49,660
Taweelah RO Desalination Company LLC	40.00%	UAE	(61,595)	144,070	9,394	-	40,298	132,167
Water consortium Holding Company	40.00%	Saudi Arabia	(13,122)	-	(133)	-	24,481	11,226
Renewable Energy for Morocco (O&M) Company	49.00%	Morocco	-	60	367	-	-	427
Veolia First National Water Service Company	35.00%	Oman	-	515	2,080	(2,332)	-	263
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (Pty) Ltd	49.00%	South Africa	-	270,983	(300)	-	-	270,683
Jazan Integrated Gasification and Power Company	21.25%	Saudi Arabia	-	2,756,737	57,939	-	(112)	2,814,564
Amwaj International Company Ltd	50.10%	Saudi Arabia	-	461,419	(122)	-	-	461,297
								9,433,199
Haya Power & Desalination Company	60.00%	Bahrain	(154,386)		46,762	-	72,854	(34,770)
Noor Energy 1 P.S.C.	24.90%	UAE	(473,868)	(18,049)	(332)	-	161,447	(330,802)
Naqa'a Desalination Plant LLC	40.00%	UAE	(70,016)	-	1,547	-	65,112	(3,357)
Shams Ad-Dhahira Generating Company SAOC	50.00%	Oman	(38,739)	(3,147)	(12,479)	-	4,608	(49,757)
Shuaa Energy 3 P.S.C.	24.00%	UAE	(43,748)	-	229	-	22,045	(21,474)
Sudair One Holding Company	35.00%	Saudi Arabia	-	(2,983)	(24)	-	-	(3,007)
ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.5)	70.00%	Turkey	-	-	-	-	-	-
								(443,167)
			3,879,889	4,078,154	225,606	(191,403)	997,786	8,990,032

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7 Equity accounted investees (Continued)
7.1 Contribution from equity accounted investees (Continued)

7.1.1 On 7 September 2021, the Group entered into a sale and purchase agreement (the "SPA") with a third-party buyer with respect to sale of the following assets (the "Assets"):
- The Group sold its 32% effective ownership (its entire shareholding) in Shuqaiq Water and Electricity Company ("Shuqaiq"), along with its related holding companies, and
- 32% interest in the operations and maintenance ("O&M") contract associated with Shuqaiq i.e., partial shareholding in Shuqaiq Services Company for Maintenance.

Pursuant to the consideration agreed in the SPA, the management has estimated that the carrying value of the Assets exceed the recoverable amount by SR 93.0 million. Accordingly, an impairment loss of SR 93.0 million is recorded within share of net results from SIWEC for the year ended 31 December 2021. The transaction was completed on 17 March 2022 (refer to note 33.1). The carrying amount of investment in Shuqaiq amounted to SR 378.9 million as of the transaction completion date.

7.1.2 During the year 2021 the Group re-assessed the useful life of SIWEC and Rabigh Electricity Company with effect from 1 January 2021. This change in accounting estimate has resulted in the Group's share for the year 2022 of SR 134.4 million (2021: 198.4 million) incremental depreciation, which is reflected through share in net results of equity accounted investees (note 4 (v)).

7.1.3 Share in net results of SAMAWEC for the year 2021 includes impairment reversal of the Group's share amounting to SR 30.0 million due to a revision in assumptions including residual value of fixed assets.

7.1.4 Bifurcation of the Group's share in net results from continued and discontinued operations is as follows:

	Notes	2022	2021
Group's share in net results of equity accounted investees – Continued operations		294,442	321,693
Group's share in net results of equity accounted investees – Discontinued operations	33	(3,069)	(96,087)
Group's share in net results of equity accounted investees - Total		**291,373**	**225,606**

7.1.5 On 16 December 2018, certain shareholders of the Company (hereinafter referred as "the Acquirer") acquired an effective 30% interest in a wholly owned subsidiary of the Group, ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S ("ACWA GUC") (refer to note 23.1 (a)) at fair value. As part of the transaction, the Acquirer entered in a joint venture agreement based on which the decisions for the relevant activities that most significantly affect the returns of ACWA GUC will be taken jointly by the Group and the Acquirer. Consequently, the Group lost control in ACWA GUC and remaining 70% ownership in ACWA GUC was assessed as nil by the Group and account using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements, as endorsed in KSA. The Group's carrying amount of investments in ACWA GUC is capped to zero and no further losses are recognised, where Group has no legal or constructive obligations or made payments on behalf of ACWA GUC.

7.1.6 On 20 June 2022, the Group and the off taker of Shuaibah Water and Electricity Company ("Shuaibah 3 IWPP") signed an agreement to amend and restructure the Power and Water Purchase Agreement ("PWPA") of Shuaibah 3 IWPP, to replace it with a new reverse osmosis seawater desalination plant ("RO plant") and corresponding independent water plant ("Shuaibah 3 IWP").

The RO plant will be developed under a 25 year agreement, with commercial operations date ("COD") for the plant scheduled for the second quarter of 2025. Shuaibah 3 IWPP shall continue to operate until the COD of the RO plant. Upon achieving COD of the RO plant, Shuaibah 3 IWPP shall be decommissioned. The project company, which is an equity accounted investee, Shuaibah 3 IWPP, will continue to receive the capacity payments until the expiry of the original PWPA term in 2030.

As of 31 December 2022, the project company has accounted for the above restructuring under IFRS 16 for lease modifications. The restructuring has no impact on the consolidated statement of profit or loss or the consolidated statement of financial position as of and for the year ended 31 December 2022.

7.2 Financial information regarding equity accounted investees
In previous years, the Group used to disclose summarised financial information of equity accounted investees in its consolidated financial statements. In current year, the Group has opted to disclose financial information of the Projects held by its equity accounted investees rather than financial information at the level of its equity accounted investees. The disclosure of comparative period financial information has been re-presented to conform the current year presentation.

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7 Equity accounted investees (Continued)
7.2 Financial information regarding equity accounted investees (Continued)

Information on statement of financial position of the Projects under equity accounted investees:

	Non-current assets	Cash and cash equivalents	Other current assets	Short-term financing and funding facilities	Other current liabilities	Long-term financing and funding facilities	Other non-current liabilities	Total equity	Group's effective holding	Total equity attributable to the Group	Other long-term interest in investees[1]	Other adjustments[2]	Carrying amount
31 DECEMBER 2022													
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	5,082,422	496,142	237,737	(512,529)	(397,583)	(2,198,091)	(6,378)	2,701,720	30.0%	810,516			
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	571,739	6,676	30,899	(49,224)	(39,678)	(199,026)	(81,514)	239,872	30.0%	71,962			
Total for SAMAWEC										**882,478**	**-**	**402,997**	**1,285,475**
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	8,522,058	43,453	374,495	(275,529)	(510,063)	(4,928,381)	(541,468)	2,684,565	22.49%	603,759	-	(21,723)	582,036
Jubail Water and Power Company – a project under SGA Marafiq	7,244,910	125,770	418,807	(644,753)	(194,023)	(4,365,859)	(36,146)	2,548,706	20.0%	509,741	148,541	(69,891)	588,391
Rabigh Electricity Company	7,156,697	120,560	216,179	(352,548)	(240,350)	(4,356,041)	(571,287)	1,973,210	40.0%	789,284	-	(131,858)	657,426
Dhofar Generating Company	1,838,634	63,977	121,706	(71,781)	(77,595)	(1,179,100)	(181,663)	514,178	27.0%	138,828	-	(41,828)	97,000
Al Mourjan for Electricity Production Company	5,080,595	20,089	161,616	(130,787)	(367,937)	(3,382,477)	(142,337)	1,238,762	50.00%	619,381	-	(75,215)	544,166
Hassyan Energy Phase 1 P.S.C	11,414,952	534,634	739,577	(271,070)	(591,320)	(8,252,948)	(2,550,427)	1,023,398	26.95%	275,806	1,136,939	218,772	1,631,517
Ad-Dhahirah Generating Company S.A.O.C	3,518,287	148,071	200,774	(119,715)	(241,309)	(1,885,479)	(1,555,178)	65,451	44.90%	29,387	573,953	(15,289)	588,051
Shinas Generating Company S.A.O.C.	3,518,137	16,362	367,387	(112,325)	(489,496)	(1,957,660)	(1,351,914)	(9,509)	44.90%	(4,270)	506,652	(27,331)	475,051
Haya Power & Desalination Company	4,337,465	17,814	134,026	-	(195,088)	(3,749,497)	(117,224)	427,496	60.00%	256,498	-	(46,495)	210,003
Noor Energy 1 P.S.C.	14,566,149	550,069	383,693	(146,311)	(475,006)	(14,045,082)	(281,072)	552,440	24.99%	138,055	62,252	(72,196)	128,111
Projects under APREH (note 7.2.1)	3,713,214	148,336	203,732	(152,542)	(266,945)	(2,878,599)	(668,370)	98,826	18.05% - 51.0%	46,949	-	433,829	480,778
ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.5)	960,995	347,562	323,482	(1,050,123)	(385,243)	(1,767,525)	(56)	(1,570,908)	70.0%	(1,099,636)	-	1,099,636	-
Jazan Integrated Gasification and Power Company	27,303,461	657,675	1,059,859	-	(853,911)	(23,518,571)	(2,490,530)	2,157,983	21.25%	458,571	2,490,531	-	2,949,102
Dhofar Desalination Co. SAOC	491,427	6,182	22,230	-	(50,526)	(424,406)	(25,775)	19,132	50.1%	9,585	64,272	(2,301)	71,556
Shams Ad-Dhahira Generating Company SAOC	1,549,799	49,221	33,912	(60,756)	(119,119)	(1,304,580)	(115,839)	32,638	50.0%	16,319	-	15,022	31,341
Vinh Hao 6 Power Joint Stock	182,272	17,149	34,030	(12,981)	(554)	(104,827)	-	115,089	60.0%	69,053	11,288	(80,341)	-
Taweelah RO Desalination Company LLC	3,042,601	90,596	121,345	(77,210)	(92,155)	(2,792,883)	(144,355)	147,939	40.0%	59,176	144,070	(1,715)	201,531
Naqa'a Desalination Plant LLC	3,414,277	207,265	181,896	(75,172)	(189,868)	(2,877,895)	(49,498)	611,005	40.0%	244,402	-	(4,416)	239,986
Shuaa Energy 3 P.S.C.	1,969,956	91,337	71,359	-	(101,295)	(1,720,879)	(37,850)	272,628	24.0%	65,432	-	(65,432)	-
Marafiq Red Sea for Energy	5,064,220	783,614	179,288	-	(425,943)	(5,100,477)	(692)	500,010	50.10%	250,505	-	(9,211)	241,294
Neom Green Hydrogen Company	1,614,915	839,929	88,561	-	(17,247)	-	(2,515,283)	10,875	33.33%	3,625	837,495	-	841,120

[1] Other long-term interest in investees represents shareholder loans / advances (as an investment) provided to the investee by the Group.
[2] Other adjustments includes downstream / upstream consolidation adjustments, purchase price allocation and other group level consolidation adjustments.

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7 Equity accounted investees (Continued)
7.2 Financial information regarding equity accounted investees (Continued)

	Non-current assets	Cash and cash equivalents	Other current assets	Short-term financing and funding facilities	Other current liabilities	Long-term financing and funding facilities	Other non-current liabilities	Total equity	Group's effective holding	Total equity attributable to the Group	Other long-term interest in investees[1]	Other adjustments[2]	Carrying amount
31 DECEMBER 2021													
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	592,638	6,013	29,935	(45,917)	(30,079)	(247,788)	(106,775)	198,027	30.00%	59,408			
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	5,667,102	173,608	224,448	(543,765)	(170,864)	(2,228,232)	(574,496)	2,547,801	30.00%	764,340			
Total for SAMAWEC										**823,748**	**-**	**432,011**	**1,255,759**
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	8,635,071	79,554	211,141	(286,338)	(381,903)	(5,194,463)	(647,117)	2,415,945	22.49%	543,346	-	(22,316)	521,030
Jubail Water and Power Company – a project under SGA Marafiq	7,682,463	130,548	320,741	(597,606)	(319,736)	(5,010,613)	(203,843)	2,001,954	20.00%	400,391	197,091	(111,901)	485,581
Shuqaiq Water and Electricity Company – a project under SIWEC	4,883,871	6,902	184,953	(266,659)	(181,280)	(2,564,923)	(593,369)	1,469,495	32.00%	470,238	338,261	(422,100)	386,399
Rabigh Electricity Company	7,343,902	183,130	119,490	(286,409)	(325,470)	(4,607,231)	(854,286)	1,573,126	40.00%	629,250	-	(18,787)	610,463
Al Mourjan for Electricity Production Company	5,226,858	61,174	60,553	(152,717)	(254,025)	(3,539,970)	(365,652)	1,036,221	50.00%	518,111	-	(77,453)	440,658
Dhofar Generating Company	1,876,900	43,683	244,292	(99,292)	(177,157)	(1,246,974)	(223,713)	417,739	27.00%	112,790	-	(41,816)	70,974
Hassyan Energy Phase 1 P.S.C	9,188,444	435,467	596,261	(84,998)	(755,127)	(8,354,143)	(1,517,666)	(491,762)	26.95%	(132,530)	310,877	218,772	397,119
Ad-Dhahirah Generating Company S.A.O.C	3,428,969	139,363	667,601	(112,303)	(931,128)	(2,004,781)	(1,320,208)	(132,487)	44.90%	(59,487)	573,953	15,088	529,554
Shinas Generating Company S.A.O.C.	3,459,830	14,514	940,921	(105,603)	(996,515)	(2,070,610)	(1,431,247)	(188,710)	44.90%	(84,731)	506,652	6,222	428,143
Haya Power & Desalination Company	3,614,853	1,354	48,340	-	(111,690)	(3,451,117)	(84,690)	17,050	60.00%	10,230	-	(45,000)	(34,770)
Noor Energy 1 P.S.C.	11,944,053	835,206	196,901	-	(282,026)	(12,198,250)	(1,849,918)	(1,354,034)	24.99%	(338,373)	62,252	(54,681)	(330,802)
Projects/entities under APREH (note 7.2.1)	3,844,459	235,880	50,311	(436,097)	63,818	(4,893,010)	1,002,629	(132,010)	18.05% - 51.00%	(17,199)	-	445,896	428,697
ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.5)	1,025,269	174,925	182,751	(310,059)	(139,419)	(1,736,184)	(27)	(802,744)	70.00%	(561,921)	-	561,921	-
Jazan Integrated Gasification and Power Company	26,697,392	160,162	767,005	-	(369,064)	(24,174,517)	(2,742,673)	338,305	21.25%	71,890	2,742,674	-	2,814,564
Dhofar Desalination Co. SAOC	612,429	753	20,403	(14,062)	(54,723)	(424,116)	(169,850)	(29,166)	50.10%	(14,612)	64,272	-	49,660
Shams Ad-Dhahira Generating Company SAOC	1,572,522	68,082	33,740	(45,752)	(141,670)	(1,363,457)	(195,479)	(72,014)	50.00%	(36,007)	-	(13,750)	(49,757)
Vinh Hao 6 Power Joint Stock	182,054	13,107	33,239	(17,992)	(527)	(104,645)	-	105,236	60.00%	63,142	11,737	-	74,879
Taweelah RO Desalination Company LLC	2,363,859	45,594	8,896	-	(16,080)	(2,234,895)	(167,132)	242	40.00%	97	144,070	(12,000)	132,167

[1] Other long-term interest in investees represents shareholder loans / advances (as an investment) provided to the investee by the Group.
[2] Other adjustments includes downstream / upstream consolidation adjustments, purchase price allocation and other group level consolidation adjustments.

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7 Equity accounted investees (Continued)
7.2 Financial information regarding equity accounted investees (Continued)

Information on statement of profit or loss and other comprehensive income of equity accounted projects:

	Revenues (note 7.2.2)	Operating profit before depreciation	Depreciation	Finance Charges	Finance Income	Net profit or loss[1]	Other comprehensive income[1]	Total comprehensive income[1]
FOR YEAR ENDED 31 DECEMBER 2022								
Jubail Water and Power Company – a project under SGA Marafiq	1,110,085	597,739	(27,166)	(218,139)	1,734	312,202	530,645	842,847
Shuqaiq Water and Electricity Company – a project under SIWEC	132,614	98,744	(29,409)	(31,060)	10	37,519	-	37,519
Shuaibah Water & Electricity Company (“SWEC”) – a project under SAMAWEC	829,100	698,163	(144,525)	(179,354)	65,522	410,051	64,811	474,862
Shuaibah Expansion Project Company (“SEPCO”) – a project under SAMAWEC	154,858	84,503	(28,512)	(22,137)	44	29,263	27,847	57,110
Hajr for Electricity Production Company (“HEPCO”) – a project under QIC	918,646	343,270	(270,936)	(242,891)	491	(30,460)	377,080	346,620
Rabigh Electricity Company	932,584	754,560	(217,975)	(323,506)	969	190,524	290,602	481,126
Dhofar Generating Company	461,083	130,913	(39,522)	(68,002)	1,907	19,004	77,432	96,436
Al Mourjan for Electricity Production Company	399,911	197,674	(161,461)	(222,173)	507	(149,825)	351,738	201,913
Hassyan Energy Phase 1 P.S.C	650,444	186,325	(15)	(200,986)	-	39,502	1,475,658	1,515,160
Ad-Dhahirah Generating Company S.A.O.C	937,214	198,088	(87,450)	(144,167)	-	(69,923)	187,253	117,330
Shinas Generating Company S.A.O.C.	995,623	155,087	(93,601)	(148,514)	-	(110,638)	190,349	79,711
Haya Power & Desalination Company	831,697	188,946	(72,179)	(127,682)	408	(10,507)	418,461	407,954
Noor Energy 1 P.S.C.	47,002	40,280	(25,280)	(34,515)	-	(19,515)	1,925,992	1,906,477
Projects/Entities under APREH (note 7.2.1)	525,073	391,733	(124,869)	(259,205)	1,603	(11,501)	272,004	260,503
ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. (“ACWA GUC”) (note 7.1.5)	2,409,420	93,572	47,448	(1,515,579)	44,145	(1,153,061)	-	(1,153,061)
Jazan Integrated Gasification and Power Company	4,320,622	2,623,761	(11,993)	(940,956)	8,392	1,429,786	389,889	1,819,675
Dhofar Desalination Co. SAOC	86,227	37,824	(14,900)	(26,064)	-	2,972	45,325	48,297
Shams Ad-Dhahira Generating Company SAOC	128,424	96,114	(52,389)	(49,480)	106	(29,854)	134,507	104,653
Vinh Hao 6 Power Joint Stock	24,749	20,953	(69)	(11,342)	331	9,873	-	9,873
Taweelah RO Desalination Company LLC	52,550	28,725	(536)	(79,641)	-	(51,452)	224,862	173,410
Dhofar O&M Company LLC	293,851	2,886	-	(474)	-	2,506	-	2,506
Shuaa Energy 3 P.S.C.	69,553	61,136	(36,893)	(17,558)	-	6,685	343,658	350,343
Naqa’a Desalination Plant LLC	320,292	99,119	(425)	(32,916)	162	65,941	542,417	608,358
Other projects	130,754	40,977	(578)	(7,696)	11,633	106,712	1,160,815	1,267,527
Total		**7,171,092**				**1,025,804**	**9,031,345**	**10,057,149**
Total (ACWA Power share)		**2,069,405**				**291,373**	**2,647,540**	**2,941,913**

[1] Profit or loss, other comprehensive income and total comprehensive income included in the above table are before any intra-group transaction elimination or other group level adjustments.

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7 Equity accounted investees (Continued)

7.2 Financial information regarding equity accounted investees (Continued)

	Revenues (note 7.2.2)	Operating profit before depreciation	Depreciation	Finance charges	Finance income	Net profit or loss[1]	Other comprehensive income[1]	Total comprehensive income[1]
FOR YEAR ENDED 31 DECEMBER 2021								
Jubail Water and Power Company – a project under SGA Marafiq	1,103,729	613,846	(34,523)	(229,171)	677	325,256	267,980	593,236
Shuqaiq Water and Electricity Company – a project under SIWEC	781,537	548,626	(173,168)	(202,479)	221	234,242	159,488	393,730
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	154,366	88,985	(28,958)	(25,009)	5	32,435	22,355	54,790
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	1,089,771	909,754	(304,156)	(177,776)	193	394,041	108,340	502,381
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	994,680	587,659	(270,067)	(259,432)	233	76,162	167,876	244,038
Rabigh Electricity Company	870,927	685,177	(219,150)	(340,016)	539	112,320	170,882	283,202
Dhofar Generating Company	412,641	136,484	(39,683)	(71,085)	2,137	27,888	42,112	70,000
Al Mourjan for Electricity Production Company	602,809	395,855	(181,031)	(223,255)	197	(8,939)	180,737	171,798
Hassyan Energy Phase 1 P.S.C	947,216	59,665	(16)	(181,981)	-	337,810	532,138	869,948
Ad-Dhahirah Generating Company S.A.O.C	825,221	141,162	(87,511)	(141,778)	86	(54,535)	81,545	27,010
Shinas Generating Company S.A.O.C.	947,964	151,176	(93,814)	(149,007)	-	(39,676)	78,497	38,821
Haya Power & Desalination Company	173,408	111,464	(13,532)	(20,000)	4	77,936	121,423	199,359
Noor Energy 1 P.S.C.	-	916	-	-	-	(240)	646,045	645,805
Projects/Entities under APREH (note 7.2.1)	552,656	396,373	(134,508)	(256,324)	3,325	(33,807)	140,123	106,316
ACWA Guc Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.5)	1,158,003	132,738	(87,249)	(975,171)	15,522	(626,379)	-	(626,379)
Jazan Integrated Gasification and Power Company	618,644	480,343	(1,905)	(158,388)	-	272,705	-	272,705
Dhofar Desalination Co. SAOC	57,779	8,573	(12,006)	(25,401)	-	(8,227)	22,712	14,485
Shams Ad-Dhahira Generating Company SAOC	40,166	6,920	(21,432)	(22,195)	-	(24,958)	9,216	(15,742)
Vinh Hao 6 Power Joint Stock	23,826	20,226	(52)	(11,508)	284	8,516	-	8,516
Taweelah RO Desalination Company LLC	-	(1,635)	(1,676)	-	-	23,485	100,745	124,230
Other projects	333,345	19,011	(12,833)	(3,826)	53	85,081	315,836	400,917
Total		5,493,318				1,211,116	3,168,050	4,379,166
Total (ACWA Power share)		1,767,999				225,606	772,180	997,786

[1] Profit or loss, other comprehensive income and total comprehensive income included in the above table are before any intra-group transaction elimination or other group level adjustments.

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7 Equity accounted investees (Continued)
7.2 Financial information regarding equity accounted investees (Continued)

7.2.1 The results of APREH comprise of the consolidated results of a portfolio of renewable project companies located in South Africa, Egypt, Morocco, Jordan and the United Arab Emirates.

7.2.2 Revenues figures are net of principal lease amortisation, wherever applicable. Impact of the Group's share in principal lease amortisation for these projects amounts to SR 156.6 million (2021: SR 120.8 million).

8 Net investment in finance lease

In relation to certain Power Purchase Agreements ("PPA") or Water Purchase Agreements ("WPA") between the few of the Group's subsidiaries and their off-taker, the Group management has concluded that the PPA or WPA are within the scope of IFRS 16, "Leases". Further, management has assessed the lease classification and where the arrangements are concluded as finance leases, a finance lease receivable has been recognised in the consolidated financial statements. Property, plant and equipment in relation to operating lease arrangements of the Group entities are disclosed in note 5.

For certain finance lease arrangements, the lease cash flows are denominated in multiple currencies. Accordingly, the minimum lease payments are determined separately for each currency involved using the interest rate implicit in the lease for each respective currency. The total finance lease income in each respective currency is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in each currency respectively with respect to the lease.

The lease receivables under the finance lease terms are detailed as follows:

	As of 31 Dec 2022	As of 31 Dec 2021
a) NET INVESTMENT IN FINANCE LEASES CONSIST OF:		
• Gross investment in finance leases (see (b) below)	18,208,345	19,827,110
• Less: Unearned finance income (see (c) below)	(6,328,017)	(7,078,815)
	11,880,328	**12,748,295**
ANALYSED AS:		
• Current portion of net investment in finance lease	378,486	375,821
• Non-current portion of net investment in finance lease	11,501,842	12,372,474
b) THE UNDISCOUNTED VALUE OF FUTURE MINIMUM LEASE PAYMENTS TO BE RECEIVED CONSIST OF:		
• Within one year	893,822	922,577
• After one year but not more than five years	4,186,578	4,365,576
• Five years onwards	13,127,945	14,538,957
	18,208,345	**19,827,110**
c) THE MATURITY OF UNEARNED FINANCE INCOME ARE AS FOLLOWS:		
• Within one year	515,336	546,756
• After one year but not more than five years	2,239,737	2,361,615
• Five years onwards	3,572,944	4,170,444
	6,328,017	**7,078,815**

8.1 The periodic rate of return used by the Group ranges from 2.04% to 10.21% (2021: 2.04% to 10.21%) per annum. During the year the Group recognised a finance lease income of SR 243.4 million (2022: SR 313.1 million) (note 24).

The finance lease income is presented net of energy generation shortfalls amounting to SR 206.8 million for the year ended 31 December 2022 (31 December 2021: SR 171.4 million). Energy generation shortfalls represent lower production as compared to original estimated production levels due to non-operational periods of certain plants accounted for as finance leases.

Finance lease principal amortisation for the year ended 31 December 2022 is SR 347.1 million (31 December 2021: SR 322.8 million).

9 Other assets

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
Advance fee to customer	15.5	203,866	-
Value Added Tax ("VAT") receivable		81,473	98,466
Right of use assets		67,401	45,456
Strategic fuel inventories	9.1	27,356	54,086
Others		17,679	13,001
		397,775	**211,009**

9.1 A subsidiary of the Group is required to maintain sufficient quantities of fuel (termed as "Strategic fuel inventories") in the power generating stations, for the periods stated in a Power Purchase Agreement, to enable the stations to operate continuously. As of 31 December 2022, strategic fuel inventories amounting to SR 27.4 million (31 Dec 2021: SR 54.1 million) were maintained at the station and classified as non-current in the consolidated statement of financial position.

10 Inventories

	As of 31 Dec 2022	As of 31 Dec 2021
Spare parts and consumables	376,840	398,878
Chemicals	18,896	14,969
Diesel	10,540	11,021
Goods in transit	544	431
	406,820	**425,299**

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11 Accounts receivable, prepayments and other receivables

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
Trade accounts receivable		1,669,153	1,348,435
Less: Allowance for impaired receivables	11.1	(86,204)	(29,519)
Net trade accounts receivable	**11.2**	**1,582,949**	**1,318,916**
Prepayments and other receivables		579,293	335,611
Reinsurance assets and premiums receivable	11.3	259,182	388,454
Project development cost	11.4	248,671	167,472
Advances to suppliers		441,727	567,779
Value added tax and other receivables from authorities	11.5	86,057	99,436
Advances to employees		27,430	32,104
Others		1,855	3,845
		3,227,164	2,913,617

11.1 Allowance for impaired receivables is calculated using the expected credit loss approach specified in IFRS 9. To measure the expected credit losses, trade receivables are evaluated based on customer credit rating and expected probability of defaults. Movement in allowance for impaired receivables is disclosed in note 36.1 (c).

11.2 Net trade account receivable includes SR 376.5 million (31 Dec 2021: SR 390.1 million) receivable of CEGCO that includes SR 306.9 million (31 Dec 2021: SR 306.9 million) of fuel revenues receivable on account of electricity supplied to the off-taker, National Electric Power Company ("NEPCO"), which is domiciled in the Hashemite Kingdom of Jordan. The payments of NEPCO are back stopped by the Government of Jordan Guarantee. The Government of Jordan has shareholding in both CEGCO and NEPCO (note 18.1).

11.3 The balance represents reinsurance assets and premiums receivable of a fully owned subsidiary (ACWA Power Reinsurance) of the Group. Related insurance liabilities are included in accrued expenses and other liabilities (note 18.2).

11.4 Project development cost represents costs incurred on projects under development which are considered feasible as of the reporting date. A provision is made against the project development costs based on an average project success rate and management's best estimates. During 2022, SR 35.4 million (2021: SR 133.2 million) were recorded in profit or loss from continued operations on account of provisions and write-offs.

11.5 VAT receivables have been paid on purchases of goods and services and will be utilised against VAT liabilities for future periods.

12 Cash at bank

	As of 31 Dec 2022	As of 31 Dec 2021
Cash at bank and cash in hand	4,432,679	1,728,067
Short-term deposits	1,921,843	3,444,854
Cash and balances with banks	**6,354,522**	**5,172,921**
Less: short-term deposits with original maturities of more than three months	(199,998)	-
Cash and cash equivalents	6,154,524	5,172,921

The short-term deposits carry variable rate of return between 4.00% to 4.40% (2021: 0.75% - 2.5%) per annum.

13 Share capital and reserves

13.1 Share capital and share premium

The Company's authorised and fully paid up share capital consists of 731,099,729 shares (31 Dec 2021: 731,099,729 shares) of SR 10 each.

Transaction cost incurred on issuance of shares is recognised in equity.

	As of 31 Dec 2022	As of 31 Dec 2021
Authorised and fully paid up shares of SR 10 each	7,310,998	7,310,998
Transaction cost	(176,855)	(176,855)
Share capital	7,134,143	7,134,143

On 11 October 2021, the Company completed its Initial Public Offering ("IPO"), and its ordinary shares were listed on the Saudi Stock Exchange, the Tadawul. The Company issued 85,336,851 new ordinary shares at a value of SR 56 each, representing 11.67% of the Company's share capital after capital increase. Accordingly, the Company's issued share capital increased (at nominal value of SR 10 per share) by SR 853.4 million and share premium increased by SR 3,925.5 million. Total capital increase includes 4,137,552 shares granted to eligible employees of the Company as share based payments (note 29.4). Total proceeds received against the IPO before deducting transaction cost and share based payments amounted to SR 4,778.9 million.

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13 Share capital and reserves (Continued)

13.2 Other reserves

Movement in other reserve is given below:

	Cash flow hedge reserve	Currency translation reserve	Share in OCI of equity accounted investees (note 7.1)	Re-measurement of defined benefit liability	Other (note 23.5)	Total
Balance as of 1 January 2021	(591,116)	(6,171)	(2,163,341)	(10,611)	(27,180)	(2,798,419)
Change in fair value of cash flow hedge reserve net of settlements	247,149	(278)	997,786	(18,517)	-	1,226,140
Balance as of 31 December 2021	**(343,967)**	**(6,449)**	**(1,165,555)**	**(29,128)**	**(27,180)**	**(1,572,279)**
Change in fair value of cash flow hedge reserve net of settlements	1,692,005	-	2,940,455	-	-	4,632,460
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	(56,546)	-	(555)	-	-	(57,101)
Cash flow hedge reserve recycled to profit or loss on loss of control of a subsidiary (note 33)	(510,382)	-	-	-	-	(510,382)
Recycled to profit or loss on sale of an equity accounted investee (note 33)	-	-	128,638	-	-	128,638
Other changes	-	1,017	2,013	5,053	-	8,083
Balance as of 31 December 2022	781,110	(5,432)	1,904,996	(24,075)	(27,180)	2,629,419

Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss. Under the terms of the long term loan and funding facilities, the hedges are required to be held until maturity. Changes in the fair value of the undesignated portion of the hedged item, if any, are recognised in profit or loss.

Currency translation reserve

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates prevailing during the reporting period of related transactions. The exchange differences arising on translation from consolidation are recognised as currency translation reserve in equity. On disposal of a foreign operation, the component of currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Share in other comprehensive income of equity accounted investees

Under the equity method of accounting the Group has also taken its share in other comprehensive income of the equity accounted investees which includes movement in cash flow hedge reserves, deferred tax on cash flow hedge reserve and actuarial gains or losses in relation to employee end of service benefit obligation of equity accounted investees.

Other

This represents amount initially recognised for the put options written by the Group in respect of shares held by non-controlling interests in a consolidated subsidiary.

13.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefit its various stakeholders. Management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

13.4 Dividends

On 26 January 2023, the Board of Directors approved a dividend payment of SR 606.8 million (SR 0.83 per share) for the year 2022, payable during 2023. The proposed dividends are subject to approval of the shareholders at the ordinary general assembly meeting.

For the year 2021, the Board of Directors approved a dividend payment of SR 562.9 million (SR 0.77 per share). The proposed dividends were approved by the shareholders at the ordinary general assembly meeting held on 30 June 2022. The dividend was paid on 21 July 2022.

Furthermore during 2022, certain subsidiaries of the Group distributed dividends of SR 62.5 million (31 Dec 2021: SR 105.0 million) to the non-controlling interest shareholders.

14 Non-controlling interest ("NCI")

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI. Where necessary, assets and liabilities of subsidiaries are adjusted to account for group consolidation adjustments.

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14 Non-controlling interest ("NCI") (Continued)

Information on statement of financial position

	Central Electricity Generating Company ("CEGCO")	ACWA Power Barka SAOG ("Barka")	ACWA Power Ouarzazate S.A. ("APO I")	ACWA Power Ouarzazate II S.A. ("APO II")	ACWA Power Ouarzazate III S.A. ("APO III")	Al Zarqa Plant for Energy Generation ("ZARQA")	Rabigh Three Company ("Rabigh 3")	Sakaka Solar Energy Company ("Sakaka")	Rabigh operation and maintenance Company ("ROMCO")	ACWA Power Harbin Holdings Limited ("Harbin")	Others[1] including adjustments	Total
AS OF 31 DECEMBER 2022												
NCI %	59.072%	58.10%	26.875%	25.00%	25.00%	40.00%	30.00%	30.00%	40.00%	45.00%		
Non-current assets	307,268	328,751	2,765,587	2,990,972	2,515,026	2,040,054	2,672,734	1,040,982	555	1,142,606		
Current assets	547,967	150,602	191,858	260,037	174,406	163,155	197,880	101,045	74,068	231,715		
Non-current liabilities	(92,519)	(248,395)	(2,047,494)	(2,464,313)	(2,300,083)	(1,451,831)	(2,476,504)	(985,717)	(3,132)	-		
Current liabilities	(373,651)	(211,003)	(257,416)	(684,858)	(637,917)	(188,801)	(140,354)	(52,753)	(35,672)	(42,890)		
Net assets / (liabilities)	389,065	19,955	652,535	101,838	(248,568)	562,577	253,756	103,557	35,819	1,331,431		
Net assets / (liabilities) attributable to NCI	**229,828**	**11,594**	**175,369**	**25,460**	**(62,142)**	**225,031**	**76,127**	**31,067**	**14,328**	**599,144**	**42,701**	**1,368,507**
AS OF 31 DECEMBER 2021												
NCI %	59.072%	58.10%	26.875%	25.00%	25.00%	40.00%	30.00%	30.00%	40.00%	45.00%		
Non-current assets	408,916	476,538	2,968,825	3,335,334	2,756,906	2,041,468	2,529,298	1,053,756	1,474	313,397		
Current assets	494,171	230,306	171,115	163,524	175,511	162,241	97,796	71,925	62,161	47,835		
Non-current liabilities	(133,785)	(219,576)	(2,157,926)	(2,479,572)	(2,115,547)	(1,590,988)	(2,588,533)	(1,098,847)	(3,228)	-		
Current liabilities	(450,197)	(337,070)	(207,683)	(806,153)	(965,540)	(163,572)	(213,317)	(76,143)	(27,105)	(38,574)		
Net assets / (liabilities)	319,105	150,198	774,331	213,133	(148,670)	449,149	(174,756)	(49,309)	33,302	322,658		
Net assets / (liabilities) attributable to NCI	**188,502**	**87,265**	**208,101**	**53,283**	**(37,168)**	**179,660**	**(52,427)**	**(14,793)**	**13,321**	**145,196**	**64,859**	**835,799**

[1] Others mainly represents the non-controlling interest related to Rabigh Arabian Water and Electricity Company ("RAWEC"), ACWA Power Ouarzazate IV S.A ("APO IV"), ACWA Power Laayoune ("APL"), ACWA Power Redstone Holding (RF) Proprietary Limited ("Redstone") and ACWA Power Boujdour ("APB").

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14 Non-controlling interest ("NCI") (Continued)

Information on statement of profit of loss and other comprehensive income

	CEGCO	Barka	APO I	APOII	APOIII	Zarqa	Rabigh 3	Sakaka	ROMCO	Harbin	Others[1]	Total
31 DECEMBER 2022												
NCI %	59.072%	58.10%	26.875%	25.00%	25.00%	40.00%	30.00%	30.00%	40.00%	45.00%		
Revenue	332,426	144,955	171,638	97,399	(65,562)	252,244	274,011	52,298	93,676	-		
Profit / (loss)	131,605	(130,243)	(121,795)	(111,295)	(99,897)	30,052	5,076	(660)	27,776	(8,577)		
OCI	2,853	-	-	-	-	132,167	423,691	153,736	-	-		
Total comprehensive income / (loss)	134,458	(130,243)	(121,795)	(111,295)	(99,897)	162,219	428,767	153,076	27,776	(8,577)		
Profit / (loss) – NCI share	**77,742**	**(75,671)**	**(32,732)**	**(27,824)**	**(24,974)**	**12,021**	**1,523**	**(198)**	**11,110**	**(3,860)**	**(762)**	**(63,625)**
OCI – NCI share	1,685	-	-	-	-	52,867	127,107	46,121	-	-	15,185	242,965
31 DECEMBER 2021												
NCI %	59.072%	58.10%	26.875%	25.00%	25.00%	40.00%	30.00%	30.00%	40.00%	45.00%		
Revenue	410,104	388,572	185,331	204,446	27,271	250,374	16,953	53,843	106,072	25,968		
Profit / (loss)	49,784	9,594	19,597	(32,897)	(149,118)	30,669	232	1,023	31,766	(970)		
OCI	(911)	-	-	-	-	56,895	157,702	63,008	-	-		
Total comprehensive income / (loss)	48,873	9,594	19,597	(32,897)	(149,118)	87,564	157,934	64,031	31,766	(970)		
Profit / (loss) – NCI share	**29,408**	**5,574**	**5,267**	**(8,224)**	**(37,280)**	**12,268**	**70**	**307**	**12,706**	**(437)**	**(34,549)**	**(14,890)**
OCI – NCI share	(538)	-	-	-	-	22,758	47,311	18,902	-	-	5,215	93,648

[1] Others mainly represents the non-controlling interest related to Rabigh Arabian Water and Electricity Company ("RAWEC"), ACWA Power Ouarzazate IV S.A ("APO IV"), ACWA Power Laayoune ("APL"), ACWA Power Redstone Holding (RF) Proprietary Limited ("Redstone") and ACWA Power Boujdour ("APB").

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14 Non-controlling interest ("NCI") (Continued)

14.1 During 2022, minority shareholders of ACWA Power Harbin holding and Redstone have provided additional capital contribution amounting to SR 378.1 million (2021: SR 139.9 million) and SR 0.7 million (2021: SR 5.5 million) respectively. Further, certain portion of shareholder loan amounting to SR 209.5 million from minority shareholders of APO II, APO III, APL and APB was converted into equity during 2021. In addition, SR 19.5 million (2021: SR 23.8 million) and SR 7.6 million (2021: nil) capital was repaid by Zarqa and RAWEC respectively to the minority shareholders. The additional capital contribution and repayment is recorded directly within the equity.

14.2 On 28 July 2022, ACWA Power Green Energy Africa Proprietary Limited (a 100% owned subsidiary of ACWA Power) (the "Seller") entered in a sale purchase agreement with a third-party buyer ("the Buyer") in relation to the Seller's 25.92% shareholding (partial shareholding) in Redstone (a 98% owned subsidiary of the Seller) for an agreed consideration of ZAR 276.8 million equivalent to SAR 61.0 million. Legal formalities in relation to the share transfer were completed in December 2022. The seller will continue to control the decisions for the relevant activities that most significantly affect the returns of Redstone. Accordingly, loss in relation to this transaction amounting to SR 3.2 million is directly recorded in retained earnings within consolidated statement of changes in equity. Carrying value of net assets transferred to non-controlling interest upon share transfer amounts to SR 64.15 million.

15 Long-term financing and funding facilities

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
RECOURSE DEBT:			
Financing facilities in relation to projects		2,941,340	2,479,306
Corporate facilities		1,130	1,130
Corporate bond	15.1	2,790,991	2,789,269
NON-RECOURSE DEBT:			
Financing facilities in relation to projects		15,513,361	14,926,843
ACWA Power Management and Investments One Ltd ("APMI One")	15.2	1,527,250	3,004,460
ACWA Power Capital Management Ltd ("APCM")	15.3	598,510	614,221
Total financing and funding facilities[1]		**23,372,582**	**23,815,229**
Less: Current portion of long-term financing and funding facilities		(1,039,904)	(958,476)
Non-current portion shown under non-current liabilities		22,332,678	22,856,753

Financing and funding facilities as reported on the Group's consolidated statement of financial position are classified as 'non-recourse' or 'with-recourse' facilities. Non-recourse facilities are generally secured by the borrower (i.e., a subsidiary) with its own assets, contractual rights and cash flows and there is no recourse to the Company under any guarantee. The with-recourse facilities are direct borrowings or those guaranteed by the Company. The Group's financial liabilities are either fixed special profit bearing or at a margin above the relevant reference rates. The Group seeks to hedge long term floating exposures using derivatives (note 21).

The table below shows the current and non-current portion of long-term financing and funding facilities with a further allocation of debt between corporate and projects. Corporate debt represents borrowings by the Companies listed in note 1 and (or) by a fully owned corporate entity. Project financing includes direct borrowings by project companies and other holding companies (which are subsidiaries of the Group).

[1] Total financing and funding facilities includes SR 8,177.5 million on account of Islamic facilities (2021: SR 6,400.8 million).

	Notes	Interest rate	Maturity	Non-current portion		Current portion	
		Fixed / variable		As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2022	As of 31 Dec 2021
RECOURSE DEBT							
Financing facilities in relation to projects:	**15.4**						
ACWA Power Ouarzazate III S.A. ("APO III")		Fixed	2025	79,499	88,911	-	-
ACWA Power Taweelah Project Holding Co Ltd ("Taweelah")		Variable	2023	-	141,605	-	-
ACWA Power Kom Ombo Project Holding Company ("Kom Ombo")		Variable	2025	82,453	32,578	-	-
Rabigh Three Company ("Rabigh 3")		Variable	2024	-	424,261	-	-
Qara Solar Energy / Sakaka Solar Energy Company ("Sakaka")		Variable	2025	-	198,897	-	-
ACWA Power Sirdarya ("Sirdarya") (note 33)		Variable	2025	-	975,000	-	-
ACWA Power Conventional Energy Limited ("APCE")		Variable	2028	724,574	367,217	-	-
ACWA Power for Energy		Variable	2026	489,510	-	-	-
ACWA Power Dzhankeldy Wind LLC		Variable	2026	620,755	-	-	-
ACWA Power Bash Wind LLC		Variable	2026	650,724	-	-	-
ACWA Power Green Energy Africa Pty Ltd		Variable	2024	293,825	250,837	-	-
Total – Financing facilities in relation to projects				**2,941,340**	**2,479,306**	**-**	**-**
Corporate facilities:							
Revolving Corporate Murabaha Facility		Variable	2025	1,130	1,130	-	-
Corporate bond	15.1	Variable	2028	2,790,991	2,789,269	-	-
Total – Recourse Debt				**5,733,461**	**5,269,705**	**-**	**-**
NON-RECOURSE DEBT:							
Financing facilities in relation to projects:	**15.4**						
Barka Water and Power Projects SAOG ("Barka")	15.6	Fixed	2024	142,895	116,816	45,665	117,885
Central Electricity Generating Company ("CEGCO")		Fixed	2024 - 26	43,844	76,157	21,817	25,274
ACWA Power Ouarzazate S.A. ("APO I")		Fixed	2038	1,515,998	1,681,986	88,587	82,613
ACWA Power Ouarzazate II S.A. ("APO II")		Fixed	2040	2,208,464	2,390,661	103,530	104,260
ACWA Power Ouarzazate III S.A. ("APO III")		Fixed	2039	1,728,129	2,054,733	115,188	110,755
ACWA Power Ouarzazate IV S.A. ("APO IV")		Fixed	2035	167,689	183,310	12,925	12,458
Shuaibah Two Water Development Project ("Shuaibah II")		Variable	2040	326,621	325,072	12,903	11,649
ACWA Power Laayoune		Fixed	2035	173,140	231,834	45,040	12,959
ACWA Power Boujdour		Fixed	2035	62,873	73,443	10,693	5,036
Al Zarqa Plant for Energy Generation ("ZARQA")		Variable	2035	1,027,446	1,093,975	66,529	60,973
Sakaka Solar Energy Company ("Sakaka")		Variable	2044	728,980	754,946	25,966	24,968
Rabigh Three Company ("Rabigh 3")		Variable	2045	1,823,979	1,930,415	53,144	44,475
Rabigh Arabian Water and Electricity Company ("RAWEC")	15.5	Both	2030 - 34	4,368,815	2,533,591	410,675	336,463
ACWA Power Sirdarya ("Sirdarya") (note 33)		Variable	2039	-	530,136	-	-
Alia Water Company		Fixed	2024	181,826	-	-	-
Total – Financing facilities in relation to projects				**14,500,699**	**13,977,075**	**1,012,662**	**949,768**
APMI One bond	15.2	Fixed	2039	1,516,247	3,004,155	11,003	305
APCM bond	15.3	Fixed	2044	582,271	605,818	16,239	8,403
Total – Non-Recourse Debt				**16,599,217**	**17,587,048**	**1,039,904**	**958,476**
Total financing and funding facilities				22,332,678	22,856,753	1,039,904	958,476

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15 Long-term financing and funding facilities (Continued)

The Group has hedged its variable interest rate exposure through interest rate swaps.
Refer to note 36.3 for interest rate sensitivity on variable rate financial liabilities.

15.1 On 14 June 2021, the Group issued an Islamic bond (Sukuk) amounting to SR 2,800.0 million at par (sak) value of SR 1 million each, without discount or premium. The Sukuk issuance bears a return based on Saudi Arabia Interbank Offered Rate ("SIBOR") plus a pre-determined margin payable semi-annually in arrears. The Sukuk will be redeemed at par on its date of maturity on 14 June 2028.

15.2 In May 2017, the Group (through one of its subsidiaries, APMI One) issued bonds with an aggregate principal of USD 814.0 million. The bonds carry a fixed rate of interest at 5.95% per annum due for settlement on a semi-annual basis. The bonds' principal is due to be repaid in semi-annual instalments commencing from June 2021, with the final instalment due in December 2039. The bonds are collateralised by cash flows from certain equity accounted investees and subsidiaries of the Group. During the year, ACWA Power has partially bought back bonds amounting to USD 400.7 million (equivalent to SR 1,502.7 million) at a discount. The Group has recognised a gain of SR 74.8 million on the buyback which is net of the proportionate share in the unamortised transaction cost in relation to the bond's issuance. The gain is presented within the other income (refer to note 28.1).

15.3 During the year 2021, the Group (through a subsidiary, APCM) issued Notes with an aggregate principal of USD 166.2 million. The Notes carry an interest at 3.7% per annum and the principal repayments in semi-annual instalments from 31 May 2021, with final instalment due on 27 May 2044. The Notes were issued to refinance an existing long-term facility of one of the Group's wholly owned subsidiaries, Shuaibah Two Water Development Project ("Shuaibah II").

15.4 Borrowings by project companies are primarily secured against underlying assets of the respective project companies, except borrowings that are with recourse to the Group amounting to SR 2,941.3 million as of 31 December 2022 (31 Dec 2021: SR 2,479.3 million).

15.5 During the year ended 31 December 2022, RAWEC concluded the phase 2 of debt refinancing. A new facility amounting to SR 2,231.2 million was drawn down. The new facility was obtained in 2 Tranches as follows:

- Commercial Loan Part 1 - USD 125.0 million equivalent to SR 468.7 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed rate on the loan is 4%; and
- Commercial Loan Part 2 - USD 470 million equivalent to SR 1,762.5 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed rate on the loan is 4%.

Phase 1 of debt refinancing with a combined facility amount of SR 3,000.0 million was completed on 30 December 2021.

Upon successful completion of refinancing, RAWEC paid a one-off fee of SR 236.25 million to the off-taker/customer, who is also a minority shareholder, in accordance with the terms of the PWPA. The payment has been classified as other asset (note 9) and is amortised over remaining term of the PWPA.

15.6 During the year ended 31 December 2022, Barka concluded restructuring of its senior debt amounting to OMR 24.1 million equivalent to SR 236.2 million. As per the revised terms, the loan will be repaid in semi-annual instalments effective from 30 June 2022 with a final instalment due on 31 December 2024 along with a balloon payment of OMR 10.6 million equivalent to SR 103.9 million upon maturity. The loan carries an annual effective interest rate of 5.5%.

16 Employee end of service benefits' liabilities

16.1 The movement of employee benefits (end of service) liability (unfunded) is as follows:

	31 Dec 2022	31 Dec 2021
Balance at beginning of the year	196,025	178,964
Charge for the year recorded in profit or loss	35,629	40,820
Loss on re-measurement of defined benefit liability (OCI)	(5,796)	18,177
Derecognised on loss of control in subsidiary / Business combination	(5,196)	-
Paid during the year	(29,874)	(41,936)
Balance at end of the year	190,788	196,025

16.2 Details of employees' end-of-service expense charge to profit or loss is as follows:

Interest cost	3,248	3,313
Current service cost	32,381	37,507
Total	35,629	40,820

16.3 The principal actuarial assumptions used are as follows:

	2022	2021
Discount rate	4.05%	2.50% - 5.5%
Increments	4.30% - 7.35%	1.45% - 10%
Withdrawal rate		
• Up to the age of 20 years	4%-22.5%	4%-22.5%
• From the age of 21 to 25 years	4% - 18.8%	4% - 18.8%
• From the age of 26 to 30 years	4% - 15%	4% - 15%
• From the age of 31 to 50 years	3% - 7.5%	3% - 7.5%
• Above 51	1% - 3.8%	1% - 3.8%

16.4 Sensitivity analysis

	Change (bps)	Increase (decrease)	
		31 Dec 2022	31 Dec 2021
Discount rate	+100	(4,213)	(11,757)
	- 100	4,523	13,695
Increments	+100	5,100	14,279
	- 100	(4,842)	(12,479)

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17 Deferred revenue

	Notes	2022	2021
Balance as of 1 January		208,521	289,153
Deferred during the year		256,990	245,322
Recognised during the year	17.1	(160,487)	(325,954)
Balance as of 31 December		**305,024**	**208,521**
Less: current portion	18	(214,373)	(154,190)
Non-current portion at end of the year		90,651	54,331

Deferred revenue primarily represents advance received under long term maintenance contracts. Revenue will be recognised only upon the fulfilment of remaining performance obligations under the contract i.e., rendering of maintenance service during plant outages.

17.1 This includes revenue recognised amounting to SR 154.2 million (2021: SR 225.8 million) from opening deferred revenue.

18 Accounts payables, accruals and other financial liabilities

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
Accounts payable	18.1	1,465,497	1,570,704
Accrued expenses and other liabilities		710,872	992,731
Salaries and benefits payable		279,248	235,677
Reinsurance liabilities and premiums payable	18.2	261,387	371,905
Deferred revenues	17	214,373	154,190
Value added tax payable		77,853	102,853
Accrued financial charges on letters of guarantee and loans		31,371	32,669
Lease liabilities		7,160	6,766
Other financial liabilities	23.4	1,352	128,359
Dividend payable		1,087	1,305
Others		1,047	822
		3,051,247	3,597,981

18.1 Accounts payable includes SR 306.9 million (31 Dec 2021: SR 306.9 million) on account of fuel charges due to supplier. The fuel cost is a pass through to NEPCO, the off-taker.

The payments by NEPCO are back stopped by a Government of Jordan guarantee. The Government of Jordan has an ownership interest in both CEGCO and NEPCO (note 11.2).

18.2 The balance represents reinsurance liabilities and premiums payable of a fully owned subsidiary (ACWA Power Reinsurance) of the Group. Related insurance receivable is included in prepayments, insurance and other receivables (note 11.3).

19 Short-term financing facilities

This represents working capital facilities obtained and drawn by subsidiaries and outstanding at the reporting date amounting to SR 275.1 million (2021: SR 186.4 million). The facilities carry variable rate of interest between 1.15% - 8.75% (2021: 1.5% - 6.5%) per annum.

20 Zakat and taxation

20.1 Amounts recognised in profit or loss

	Notes	2022	2021
Zakat and tax	20.2 and 20.3	122,364	131,931
Deferred tax charge / (credit)[1]	20.4	110,510	(48,808)
Zakat and tax charge		232,874	83,123
Less: Tax charge from discontinued operation	33	-	(3,013)
Zakat and tax charge reflected in profit or loss		232,874	80,110

20.2 Significant zakat and tax assessments

The Company
Pursuant to the investment by International Finance Corporation ("IFC") in the Company on 17 September 2014; the Company was assessed as a mixed entity in Saudi Arabia commencing from 2014. During 2020, IFC disposed of its shares to a Saudi shareholder which increased the shareholding of Saudi Shareholders in the Company to 100%. However, for the purpose of zakat and tax filing, the Company continued to comply with its obligation under Zakat law as a mixed entity for the year 2020. For the year 2021 and 2022, the Company is only subject to zakat.

The Company has filed zakat and tax returns for all the years up to 2021. The company has closed its position with Zakat, Tax & Customs Authority (the "ZATCA") until year 2018. The ZATCA is yet to assess the years 2019 to 2021.

ACWA Power Projects ("APP")
APP has filed its zakat and tax returns for all the years up to 2021. APP had finalised its position with the ZATCA up to the year 2014. During 2020, APP received an assessment from the ZATCA for the year 2018 with an additional zakat liability of SR 31 million. The company closed out the revised zakat liability at an amount of SR 1.3 million.

During April 2021, APP received an assessment from the ZATCA for the years 2015 to 2017 with an additional zakat liability of SR 39.7 million. APP filed an objection with the General Secretariat of Tax Committees ("GSTC") Tax Violations and Dispute Resolution Committee ("TVDRC"). During 2022, TVDRC has issued its ruling partially in favour of APP reducing the liability to SR 11.3 million. Subsequently, the ZATCA appealed the TVDRC ruling to the Tax Violations and Dispute Appeal Committee ("TVDAC"). The case is yet to be reviewed by the TVDAC.

NOMAC Saudi Arabia ("NOMAC")
NOMAC has filed its zakat returns for all the years up to 2021. During the prior years, the Company received two zakat assessments from the ZATCA for the years 2008 to 2012 and 2013 to 2016. The years 2008 to 2012 have been closed with the TVDAC ruling in favour of the company. For the years 2013 to 2016, the TVDAC ruling has resulted in reduced zakat liability of SR 4.5 million. However, NOMAC is in the process of filing a reconsideration application against the TVDAC ruling.

[1] Deferred tax charge disclosed in note 20.4 does not include deferred tax charge or credit associated with assets held for sale.

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20 Zakat and taxation (Continued)

20.2 Significant zakat and tax assessments (Continued)

Rabigh Arabian Water & Electricity Company ("RAWEC")

RAWEC has filed its zakat and tax returns for all the years up to 2021. The ZATCA raised an assessment related to years 2007 to 2013 claiming additional tax, zakat, withholding tax amounting to SR 10.7 million including delay penalties. RAWEC filed an objection with the General Secretariat of Tax Committees ("GSTC") Tax Violations and Dispute Resolution Committee ("TVDRC"). During 2021, TVDRC has issued its ruling partially in favour of the RAWEC reducing the liability to SR 1.85 million. The ZATCA appealed the TVDRC ruling to the Tax Violations and Dispute Appeal Committee ("TVDAC"). The case is yet to be reviewed by the TVDAC.

During 2018, the ZATCA issued tax and zakat assessment for the year 2017, claiming additional tax, zakat liabilities amounting to SR 47 million including delay penalties. Subsequently the ZATCA raised a revised assessment reducing the liability to SR 2.5 million including delay penalties. The case is now under review by the GSTC.

During 2021, the ZATCA issued an assessment for the year 2015, claiming additional tax, zakat and delay penalties amounting to SR 20 million. RAWEC filed an objection with the GSTC's TVDRC. During 2022, TVDRC issued its ruling partially in favour of RAWEC reducing the liability to SR 0.564 million, including delay fines. Subsequently, RAWEC appealed the TVDRC ruling to the TVDAC. The case is yet to be reviewed by the TVDAC.

During 2022, the ZATCA issued an assessment for the year 2016, claiming additional tax, zakat liabilities amounting to SR 23.6 million including delay penalties. RAWEC filed an objection with the GSTC's TVDRC. The case is now under review by the GSTC.

Barka Water and Power Projects SAOG ("Barka")

The assessments are completed up to the tax year 2009 with no pending matters with the Tax Authority or Commercial Courts.

Tax year FY 2010-12 - Consequent to the judgment of the Supreme Court for tax years 2006 to 2009, the TA, in the year 2019, issued the assessment orders under Article 148 of the Income Tax Law for the tax years 2010 to 2012 to give the consequential effect of the judgment and raised a tax demand of RO 2,204,624 for the tax years 2011 and 2012. Barka settled this tax demand accordingly. In the year 2019, the Supreme Court issued its judgment in the case of another Power Company (exempt from income tax under the same RD 54/2000) and allowed indefinite carry-forward of tax losses incurred during the exemption period. Barka believes that the Supreme Court judgment issued in the case of that Power Company subject to the same Royal Decree reflects the correct and final interpretation of the Law and should be applied in its case as well. Barka has lodged an Appeal with the Income Tax Grievance Committee to claim: a) indefinite carry forward of tax losses incurred during the exemption period of five years from commercial operations date and b) reversal of additional tax levied for the tax years 2011 and 2012. The decision from the Committee is awaited.

Tax year 2013 - At the end of year 2019, Barka received an assessment order for the tax year 2013 assessing an additional tax payment of OMR 372,716. Barka filed an objection in February 2020 along with a request to keep the tax demand raised in the order in abeyance which was rejected by the TA. Consequently, Barka settled this demand prior to lodging an Appeal against the rejection of the objection. Barka filed the Appeal on the same grounds claiming tax losses incurred during the exempt period (refer above for tax years 2010-2012). During the year 2021, TA re-assessed tax return for year 2013 and made corrections previously highlighted by Barka in good faith. Consequently, TA demanded additional tax liability of OMR 1,286,696 which was settled by Barka. As the assessment was revised, objection submitted by Barka in the year 2020 was nullified and revised objection was filed on the same grounds. Barka has paid additional tax liability of OMR 415,849 for tax year 2013 on 15 March 2022 and has submitted Grievance letter to the Tax Grievance Committee on 22 March 2022.

Tax years 2014 – 2016 - In December 2020, TA issued assessment orders for the tax years 2014 to 2016 and raised a demand of OMR 2,608,618 which was settled by Barka during the year 2021. Barka already had provided for this liability in its financial statements. Barka upon advice of its tax consultant, filed an objection on the same grounds claiming tax losses incurred during the exempt period (refer above for tax years 2010-2012).

Tax years 2017 – 2020 - In December 2022, TA issued assessment orders for the tax years 2017 to 2020 and raised a demand of OMR 7,045,616 which is due to be settled by Barka before 25 January 2023. Barka had already provided for this liability in its financial statements. Barka has filed an objection on the same grounds claiming tax losses incurred during the exempt period [refer above for tax years 2010-2012]. Subsequent to the year-end, the Company has paid OMR 7,045,616 against the provision made in earlier years.

Tax Year 2021 - Barka has already submitted assessment response for the tax year 2021 and the assessment is pending to be closed.

Others

With its multi-national operations, the Group is subject to taxation in multiple jurisdictions around the world with complex tax laws. The Group has ongoing matters in relation to tax assessments in the various jurisdictions in which it operates. Based on the best estimates of management, the Company has adequately provided for all tax assessments, where appropriate.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as of 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as of 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.

20.3 Zakat and tax provision for the year

The movement in zakat and tax provision for the year was as follows:

	2022	2021
Balance as of 1 January	215,502	276,517
Charge - for the current year	122,364	118,532
Charge - for prior year assessments	-	13,399
Payments	(101,080)	(192,946)
Balance as of the end of the year	236,786	215,502

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20 Zakat and taxation (Continued)

20.4 Deferred tax - Movement in deferred tax balances

The deferred tax asset / liability and deferred tax credit / (charge) in the consolidated financial statements are attributable to the following items:

					As of 31 Dec	
	Net balance at 1 Jan	Recognised in profit or loss[1]	Recognised in OCI including currency translation differences	Net balance	Deferred tax assets	Deferred tax liabilities
2022						
Property, plant and equipment	(270,860)	(185,993)	-	(456,853)	-	(456,853)
Unused tax losses[2]	278,691	69,226	-	347,917	347,917	-
Fair value of derivatives	(3,126)	-	(15,821)	(18,947)	-	(18,947)
End-of-service employee benefit liability	5,947	(2,238)	-	3,709	3,709	-
Accruals, provisions and others	33,948	8,495	(12,591)	29,852	29,852	-
	44,600	**(110,510)**	**(28,412)**	**(94,322)**	**381,478**	**(475,800)**
Deferred tax assets and liabilities off-set					(261,523)	261,523
Net deferred tax asset / (liability)					**119,955**	**(214,277)**
2021						
Property, plant and equipment	(232,943)	(37,917)	-	(270,860)	-	(270,860)
Unused tax losses[2]	198,302	80,389	-	278,691	278,691	-
Fair value of derivatives	7,923	-	(11,049)	(3,126)	-	(3,126)
End-of-service employee benefit liability	5,988	(41)	-	5,947	5,947	-
Accruals, provisions and others	30,517	6,377	(2,946)	33,948	33,948	-
	9,787	**48,808**	**(13,995)**	**44,600**	**318,586**	**(273,986)**
Deferred tax assets and liabilities off-set					(153,582)	153,582
Net deferred tax asset / (liability)					**165,004**	**(120,404)**

21 Derivatives and cash flow hedges

As per the provisions of facility agreements, certain equity accounted investees and subsidiaries are required to hedge the interest rate risk on loans obtained by them. These equity accounted investees and subsidiaries use derivative financial instruments to hedge their foreign currency exposures to mitigate the interest rate risk and/or foreign currency risk, which qualify to be designated as cash flow hedges. The Group's share of changes in effective cash flow hedge reserves, subsequent to acquisition is recognised in its equity. The Group also uses foreign exchange forward contracts to manage some of its transaction exposures.

Also, under shareholders' agreement, the Group holds put and call options on the equity ownership of other shareholders in equity accounted investees or subsidiaries. These are measured as derivatives with changes in fair value recognised in profit or loss.

[1] Deferred tax expense for the year ended 31 December 2022 includes impact from foreign exchange rate movements of SR 161.1 million (31 December 2021: reversal/expense of SR 3.7 million).

[2] Deferred tax asset on unused tax losses is recognised only to the extent of tax depreciation which can be realised against future taxable profits for indefinite period.

The tables below show a summary of the hedged items, the hedging instruments, trading derivatives and their notional amounts and fair values for the Company and its subsidiaries. The notional amounts indicate the volume of transactions outstanding at the reporting date and are neither indicative of market risk nor credit risk.

		Notional		Positive fair value		Negative fair value	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
HEDGED ITEMS	**HEDGING INSTRUMENTS**						
Interest payments on floating rate loans	Interest rate swaps	8,767,752	6,579,783	1,030,668	45,540	(1,669)	(401,672)
Highly probable forecast transactions	Forward foreign exchange contracts	-	32,190	-	-	-	(5,276)
				1,030,668	**45,540**	**(1,669)**	**(406,948)**
Less: Current portion				106,131	-	-	(44,058)
Non-current portion				**924,537**	**45,540**	**(1,669)**	**(362,890)**

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity of the Group.

22 Related party transactions and balances

The transactions with related parties are made on mutually agreed terms and approved by the Board of Directors as necessary. Significant transactions with related parties during the period and significant balances at the reporting date are as follows:

Particulars	Notes	Relationships	For the year ended	
			2022	2021
TRANSACTIONS:[3]				
Revenue		Joint ventures / Affiliates	2,073,298	2,061,785
Other operating income		Joint ventures	157,257	132,676
Finance income		Joint ventures	140,761	54,754
Financial charges on loan from related parties	31	Joint venture / Affiliates	50,295	55,979
Key management personnel compensation including director's remuneration[4]		-	70,096	165,246

[3] Other transactions with the Group's equity accounted investees are disclosed in note 7.1.

[4] This includes share based payments and provision for long term incentive plan for the key management personnel and directors for the year ended 31 December 2021.

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22 Related party transactions and balances (Continued)

	Notes	Relationships	As of	
			31 Dec 2022	31 Dec 2021
DUE FROM RELATED PARTIES				
CURRENT:				
Hajr for Electricity Production Company	(a)	Joint venture	208,190	166,859
Al Mourjan for Electricity Production Company	(a)	Joint venture	155,797	109,282
ACWA Power Sirdarya	(d)	Joint venture	46,060	-
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	46,980	74,766
Dhofar O&M Company	(a)	Joint venture	49,910	61,695
Shuaibah Water & Electricity Company	(a)	Joint venture	24,922	45,026
ACWA Power Solarreserve Redstone Solar TPP	(e)	Joint venture	34,672	39,873
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(a), (g)	Joint venture	9,798	35,267
Naqa'a Desalination Plant LLC	(a)	Joint venture	15,970	32,688
Rabigh Electricity Company	(a)	Joint venture	35,642	28,709
Shuqaiq Water and Electricity Company (note 33)	(a)	Joint venture	-	27,001
Shuqaiq Services Company for Maintenance	(a)	Joint venture	25,088	-
UPC Renewables S.A	(a)	Joint venture	8,182	26,952
Jazan Integrated Gasification and Power Company	(f)	Joint venture	28,968	23,237
Noor Energy 1 P.S.C	(a)	Joint venture	150,106	15,054
Ad-Dhahirah Generating Company SAOC	(a)	Joint venture	17,112	14,048
Shuaibah Expansion Project Company	(a)	Joint venture	13,046	11,363
ACWA Power Solafrica Bokpoort CSP Power Plant Ltd	(a)	Joint venture	21,975	8,604
ACWA Power Oasis Three	(a)	Joint venture	8,264	8,022
Shinas Generating Company SAOC	(a)	Joint venture	14,636	4,870
Haya Power & Desalination Company	(a)	Joint venture	24,166	3,055
Neom Green Hydrogen Company	(d)	Joint venture	6,227	-
Shams Ad-Dhahira Generating Company SAOC	(d), (e)	Joint venture	1,657	3,200
Saudi Malaysia Water and Electricity Company	(d)	Joint venture	836	395
Risha for Solar Energy Projects	(a)	Joint venture	245	204
Other related parties		Joint venture	36,671	40,486
			985,120	780,656
DUE TO RELATED PARTIES				
NON-CURRENT:				
ACWA Power Renewable Energy Holding Limited	(b)	Joint venture	-	760,873
Water and Electricity Holding Company CJSC	(i)	Shareholder's subsidiary	738,808	707,410
Loans from minority shareholders of subsidiaries	(c)	-	124,079	126,569
			862,887	1,594,852

	Notes	Relationships	As of	
			31 Dec 2022	31 Dec 2021
CURRENT:				
ACWA Power Africa Holdings (Pty) Ltd	(h)	Joint venture	16,199	17,953
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(j)	Joint venture	21,476	44,746
ACWA Power Renewable Energy Holding Limited		Joint venture	18,289	-
Others		Joint ventures	32,639	20,786
			88,603	83,485
Cash and balances with banks				
Saudi National Bank		Affiliate	11,068	1,682
Contingencies and commitments				
Saudi National Bank		Affiliate	666,602	818,664

a. These balances mainly include amounts due from related parties to First National Holding Company ("NOMAC") (and its subsidiaries) for operation and maintenance services provided to the related parties under operation and maintenance contracts. In certain cases, the balance also includes advances provided to related parties that have no specific repayment date.

b. During 2018, ACWA Power Renewable Energy Holdings Limited ("APREH") entered into a convertible loan agreement whereby amounts drawn down under such agreement was advanced to the ACWA Power Global Services ("APGS"), a fully owned subsidiary of the Company, through an intra-group shareholder advance agreement ("the agreement"). An amount of SR 1,361.2 million was advanced to APGS. The loan carried an effective interest rate of 3.67% per annum. A portion of the loan amounting to SR 600.4 million was converted as sales consideration against the sale of 49% of the Group's shareholding in APREH. During the year ended 31 December 2022, APGS opted to early repay the full loan balance to APREH.

c. This includes:
   - Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 40.7 million (2021: SR 41.4 million). The loans are due for repayment in 2024 and carry profit rate at 5.75% per annum; and
   - Loan payable to non-controlling shareholders of Qara Solar Energy Company amounting to SR 83.3 million (2021: SR 85.2 million). The loans are due for repayment in 2024 and carry profit rate at Libor + 1.3% per annum.

d. The balance represents advance provided to related parties that has no specific repayment and bears no profit rate.

e. This represents receivable on account of development fee and reimbursement of cost incurred on behalf of the equity accounted investee.

f. The balance represents interest receivable from an equity accounted investee on account of shareholder loan. The shareholder loan is a long-term interests in the project, and classified within equity accounted investees.

g. This represents amounts payable to NOMAC for operation and maintenance services provided to the project company under operation and maintenance contracts. During the year 2022, the Group has reversed an impairment loss of SR 5.1 million which was recognised in year 2020 (2021: reversal of SR 4.9 million) upon partial recovery of balance. The balance as of 31 December 2022, represents the receivable related to O&M services provided during the year 2022.

h. This represents amounts payable to an equity accounted investee in respect of project development cost.

i. During 2020, the Group declared a one-off dividend of SR 2,701.0 million. A portion of such declared dividend, payable to the Public Investment Fund of Saudi Arabia (the "Shareholder"), was converted into a long-term non-interest-bearing loan amounting to SR 901.0 million through a wholly owned subsidiary of the Shareholder. This loan may be adjusted, on behalf of the subsidiary of the Shareholder, against future investments in renewable projects made by the Company, based on certain conditions. The loan will be repaid or settled by 31 December 2030 unless the repayment or settlement period is mutually extended by both parties. The Group recorded this loan at the present value of expected cash repayments discounted using an appropriate rate applicable for long-term loans of a similar nature. The difference between the nominal value of the loan and its discounted value was recognised as other contribution from shareholder within share premium. During the year 2022, SR 31.4 million (2021: SR 29.4 million) finance charge was amortised on the outstanding loan balance.

j. This represents advance received from equity accounted investee on account of operation and maintenance services to be rendered. This will be paid to an external supplier within next 12 months.

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23 Other liabilities

Other liabilities as reported in consolidated statement of financial position as of 31 December 2022 includes:

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
Financial liabilities assumed on loss of control	23.1	228,127	217,076
Asset retirement obligations	23.2	227,066	194,320
Liabilities in relation to long term spares agreement		127,143	114,647
Long term incentive plan	23.3	91,809	60,995
Coal derivative liabilities	23.4	80,012	43,044
Lease liabilities		63,153	38,991
Put options	23.5	2,760	5,175
		820,070	674,248

23.1 This represents financial liabilities assumed on loss of control in a subsidiary during 2018 (note 7.1.5).

23.2 The movement of asset retirement obligations is as follows:

	2022	2021
Balance at beginning of the year	194,320	130,464
Recognised during the year	25,973	55,875
Unwinding of interest	6,773	7,981
Balance at end of the year	227,066	194,320

23.3 During the year 2021, the Board of Directors approved a cash based long term incentive plan (the "LTIP") which was granted to certain members of management. The LTIP covers a nine-year period in total effective from 1 January 2020 and comprises three separate performance periods of three years each. Cash awards will vest pursuant to the LTIP at the end of each performance period subject to the achievement of performance conditions. Accordingly, a provision of SR 30.8 million (2021: SR 60.9 million) has been recognised within general and administration expenses.

23.4 The Group has entered into a coal supply agreement (the "Ancillary Agreement") with a third-party supplier, in relation to an independent power plant (IPP) owned by an equity accounted investee, where the Group has committed to cover the difference or take up the surplus between two agreed prices with the coal supplier during the IPP's period of operations. Pursuant to the agreement, for any difference between two agreed price formulas (i.e., reference under the coal supply agreement as opposed to the coal supplier's actual prices agreed on sourcing of such coal) the Group is obliged to pay or receive the difference when the coal is procured. The coal prices are determined with reference to coal price indices which act as a market reference for coal trading in Europe and Asia. Thus, the Ancillary Agreement has an embedded commodity swap (the "Derivative") that needs to be separated and carried at fair value.

As of 31 December 2022, the Group carries a liability of SR 81.4 million (SR 80.0 million non-current liabilities and SR 1.4 million current liabilities) in the consolidated statement of financial position (31 December 2021: SR 171.4 million classified as SR 43.0 million non-current liabilities and SR 128.4 million current liabilities). During the year ended 31 December 2022, the Group recognised a gain on change in fair value of the Derivative amounting to SR 104.6 million (31 December 2021: nil) within other income

The impact on the fair value of the liability due to independent changes in key assumptions are as follows. The actual impact on the financial statements would be the cumulative effect of different variables.

2022	
+/-10% change in coal consumption quantity	SR 11.2 million / (SR 11.2 million)
+/-10% change in coal price	SR 11.2 million / (SR 11.2 million)
+/- 50 bps change in discount rate	(SR 5.5 million) / SR 5.5 million
2021	
+/-10% change in coal consumption quantity	SR 19.7 million / (SR 19.7 million)
+/-10% change in coal price	SR 19.7 million / (SR 19.7 million)
+/- 50 bps change in discount rate	(SR 2.4 million) / SR 2.4 million

23.5 This represents liability with respect to put options written by the Group in respect of shares held by non-controlling interests in a consolidated subsidiary. The contractual obligation to purchase equity instruments was initially recognised as a financial liability and a corresponding amount has been recorded in equity in the consolidated statement of financial position at the present value of the redemption amount being SR 27.2 million (note 13.2).

24 Revenue

	Notes	2022	2021
SERVICES RENDERED			
Operation and maintenance		1,922,409	1,714,145
Development and construction management services		803,865	653,478
Others	24.1	224	17,464
SALE OF ELECTRICITY			
Capacity charges		804,562	1,036,248
Energy output		263,046	393,165
Finance lease income	8.1	137,947	313,110
SALE OF WATER - CAPACITY			
Capacity charges	24.2	945,489	971,453
Water output	24.2	292,943	136,330
Finance lease income	8.1	105,445	-
		5,275,930	5,235,393

Refer to note 35 for the geographical distribution of revenue.

24.1 This represents net underwriting insurance income from ACWA Power Reinsurance business (Captive Insurer).

24.2 Includes revenue from sale of steam of SR 399.7 million during the year (2021: SR 395.9 million).

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25 Operating costs

	Notes	2022	2021
Direct material cost and station operating cost		773,247	627,627
Depreciation	5.3	431,367	579,457
Operating and technical fee		350,164	313,930
Staff cost		542,626	535,578
Natural gas and fuel cost		89,660	136,247
Direct insurance cost		88,171	85,946
Liquidated damages expense		15,604	-
Other direct overheads		119,743	104,892
		2,410,582	2,383,677

26 General and administration expenses

	Notes	2022	2021
Salaries and other employee benefits		578,760	520,874
Professional and legal fees		151,093	141,442
Provisions and write-offs	26.1	78,342	52,736
Travel expenses		39,947	14,501
Provision for long term incentive plan	23.2.2	30,814	60,995
Depreciation expense	5.3	21,415	28,618
Communication and subscription costs		16,653	14,601
Rent and utilities expenses		15,359	11,893
Amortisation of intangible assets	6.2	13,035	12,851
Directors' remuneration		11,020	11,353
Public relations cost		10,954	1,261
Repairs and maintenance expenses		2,309	4,931
Others		60,766	48,816
		1,030,467	924,872

26.1 Provisions and write-off includes impairment allowance charge for the year in relation to:

- Trade receivables and related party balances amounting to SR 56.7 million (2021: SR 14.4 million);
- Inventories amounting to SR 8.1 million (2021: SR 29.9 million); and
- Other assets amounting to SR 13.5 million (2021: SR 8.4 million)

27 Other operating income

	Notes	2022	2021
Group services	27.1	157,257	132,676
Finance income from shareholder loans		140,761	54,754
Performance liquidated damages and insurance recovery	27.2	221,730	-
		519,748	187,430

27.1 Group services amounting to SR 157.3 million (2021: SR 132.7 million) relates to management advisory, and ancillary support provided to equity accounted investees.

27.2 This includes performance liquidated damages recovered from EPC contractors and business interruption insurance recoveries amounting to SR 177.8 million and SR 43.9 million in relation to certain of the Group's subsidiaries in Morocco.

28 Other income, net

	Notes	2022	2021
Income in relation to early settlement of long-term financing and funding facilities and termination of hedging instruments	28.1	113,213	-
Income earned on deposits		118,391	17,584
Gain on change in fair value of the derivative		104,571	-
Sale of inventory		32,930	-
Gain / (loss) on disposal of property, plant and equipment		23,278	(7,747)
Gain on remeasurement of options		2,415	6,075
Insurance recoveries		23	21,969
Others		-	3,673
		394,821	41,554

28.1 This includes income in relation to early settlement of APMI One bonds amounting to SR 74.8 million (refer to note 15.2) and recycling of the hedge reserves, upon termination of certain hedging contracts (in relation to certain of the Group's subsidiaries and equity accounted investee), amounting to SR 38.4 million.

29 Impairment loss and other expenses, net

	Notes	2022	2021
Impairment loss	29.1	121,595	60,024
Arbitration/legal claim and supplier settlement	29.2	111,532	-
Corporate social responsibility	29.3	18,383	16,458
Share based payments expenses	29.4	-	280,000
		251,510	356,482

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29 Impairment loss and other expenses, net (Continued)

29.1 Impairments loss

	Notes	2022	2021
Impairment loss on property, plant and equipment	5	121,595	-
Impairment loss on goodwill	6.1	-	60,024
		121,595	60,024

Impairment loss relates to the impairment in the carrying amount of property, plant and equipment of the Group's subsidiaries as follows:

Barka:
ACWA Power Barka SAOG's existing WPA on its Reverse Osmosis Plants (RO Plants) and PWPA (Main Plant) expired on 31 December 2021 and 8 February 2022, respectively. On 2 February 2022, management secured an extension of its WPA (RO Plants) for next 23 months with an option to extend further by another nine months. However, there has been no material development on the renewal of PWPA (Main plant).

Due to non-renewal of PWPA (Main Plant) and existing unfavorable Oman's spot market, an impairment assessment was performed under IFRS to assess the recoverable amount. For these purposes, a third-party expert was engaged to re-confirm the tariff assumptions considered last year in the experts report for the assessment of the Plant's recoverable value.

The recoverable amount was assessed to be lower than the carrying amount of the asset and impairment of SAR 121.6 million was recorded in the current year (2021: no impairment recorded). A pre-tax discount rate of 9.21% (2021: 7.57%) was used in assessing the present value of future cash flows. A change in discount rate by 1% will further cause the carrying amount to exceed its recoverable amount by SR 19.9 million.

During the year, on the basis of renewal of WPA extension which was also expired in February 2022, Barka's management was successful in restructuring its senior debt

29.2 This includes provisions / expenses pertaining to potential legal claims; arbitration settlements; and supplier's settlements on account of procurement cancellation.

29.3 During the year 2022, the Group contributed SR 18.4 million (2021: SR 16.5 million) in various countries including Saudi Arabia primarily to support education and related infrastructure.

29.4 On 30 March 2021, the Board of Directors approved an incentive plan comprising shares and cash benefits (the "Plan") for eligible employees payable upon a successful listing of the Company subject to other performance conditions. On 13 June 2021, the shareholders of the Company approved the Plan. The Plan was granted and vested to eligible employees on 28 September 2021 (the "Grant Date"). Thus, in accordance with the requirements of International Financial Reporting Standards as endorsed in KSA, the Group recognised a share based payment expense amounting to SR 280.0 million which was equivalent to the fair value of the Plan at the Grant Date.

30 Exchange loss, net

	2022	2021
Realised exchange gain / (loss)	19,914	(31,908)
Unrealised exchange loss	(56,756)	(15,007)
	(36,842)	(46,915)

31 Financial charges

	Notes	2022	2021
Financial charges on borrowings		1,021,149	857,720
Financial charges on letters of guarantee		110,272	90,223
Financial charges on loans from related parties	22.1	50,295	55,979
Other financial charges	31.1	46,958	48,609
	31.2	1,228,674	1,052,531

31.1 Other financial charges are net of discount unwinding on long term receivables amounting to SR 3.8 million (2021: 14.4 million).

31.2 Total financial charges includes SR 393.8 million (2021: SR 186.1 million) in relation to Islamic financing facilities.

32 Earnings per share

32.1 The weighted average number of shares outstanding during the period (in thousands) are as follows:

	31 Dec 2022	31 Dec 2021
Issued ordinary shares as at	731,100	731,100
Weighted average number of ordinary shares outstanding during the year ended	731,100	664,701

32.2 The basic and diluted earnings per share are calculated as follows:

Net profit for the year attributable to equity holders of the Parent	1,540,035	758,798
Profit for the year from continuing operations attributable to equity holders of the Parent	1,322,179	823,124
Basic and diluted earnings per share to equity holders of the Parent (in SR)	**2.11**	**1.04**
Basic and diluted earnings per share for continuing operations to equity holders of the Parent (in SR)	**1.81**	**1.13**

33 Discontinued operations

33.1 Shuqaiq Water and Electricity Company

The Group sold its 32% effective shareholding (its entire shareholding) in Shuqaiq Water and Electricity Company ("Shuqaiq"), along with its related holding companies, and 32% interest (partial shareholding) in the related O&M contract (the "O&M entity" or "Shuqaiq Services Company for Maintenance"), which was previously with the Group's wholly owned subsidiary, First National Operations and Maintenance Company ("NOMAC"), effective from 17 March 2022 ("the Closing Date"). On the Closing Date, the shares were transferred to the Buyer. The sale consideration of SR 391.4 million has been settled by the Buyer.

Consequently, the Group derecognised its entire investment in Shuqaiq and deconsolidated net assets related to the O&M entity. The Group's remaining 68% interest in the O&M entity is retained at fair value and accounted for using the equity method effective from the Closing Date. The Group recognised a net loss of SR 17.2 million on the transaction as follows:

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33 Discontinued operations (Continued)

33.1 Shuqaiq Water and Electricity Company (Continued)

	Notes	As of 17 March 2022
Fair value of consideration received		391,440
Fair value of retained investment in the O&M entity		159,859
Derecognition of investment in Shuqaiq		(378,925)
Carrying amount of net assets derecognised related to the O&M entity		(44,322)
Goodwill allocated to Shuqaiq		(12,600)
Accumulated other reserves recycled to profit or loss from OCI	13.2	(128,638)
Transaction cost		(3,993)
Net loss on disposal		(17,179)

Statement of financial position of the O&M entity as of the Closing Date is as follows:

	Note	As of 17 March 2022
ASSETS		
Cash and cash equivalents		469
Inventories		39,305
Accounts receivable, prepayments and other receivables		37,968
Property, plant and equipment	5	968
		78,710
LIABILITIES		
Accounts payable and accruals		25,086
Deferred revenue		4,106
Employee end of service benefits' liabilities		5,196
		34,388
Net assets		44,322

Results of Shuqaiq and O&M entity are disclosed in note 33.6.

33.2 ACWA Power Uzbekistan Project Holding Company

On 14th September 2022, ACWA Power entered into a Sale Purchase Agreement ("SPA") for the sale of a 49% stake in its wholly owned subsidiary, ACWA Power Uzbekistan Project Holding Company ("the Investee Company" or "Sirdarya"). The Investee Company held 100% stake in ACWA Power Sirdarya ("the Project Company") before disposal. Legal formalities in relation to disposal were completed on 27 December 2022.

As a result of the transaction, ACWA Power will now jointly control the decisions for the relevant activities that most significantly affect the returns of Investee together with the Project Company. Consequently, ACWA power lost control in the Sirdarya and recognised a gain of SR 235.7 million. At the date of the transaction completion, ACWA Power has started to account for Sirdarya using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements.

Summary of the gain recognised on loss of control is included below:

	Note	31 Dec 2022
Fair value of consideration received including Buyer's share in shareholder loan		12,202
Less: Fair value of net assets derecognised	33.2.1	(332,992)
		(320,790)
Add: Fair value of retained investment		48
Add: Other reserves recycled to income statement		510,382
Add: Receivables from Sirdarya		46,060
Net gain on loss of control		235,700

33.2.1 As of the date of loss of control net assets of the Sirdarya includes followings:

	31 Dec 2022
ASSETS	
Capital work in progress	2,446,823
Intangible assets	107
Fair value of derivatives	510,382
Accounts receivable, prepayments and other receivables	57,042
Cash and cash equivalents	22,895
LIABILITIES	
Loans and borrowings	(2,691,844)
Accounts payable, accruals and other liabilities	(12,413)
Net assets	332,992

Consolidated results of the investee Company are disclosed in note 33.6.

33.3 Shuaa Energy 3 P.S.C

In December 2022, ACWA Power Green Energy Holding Limited (a wholly owned subsidiary of ACWA Power or the "Seller") entered into a Sale Purchase Agreement ("SPA") with ACWA Power Renewable Energy Holding Limited (the "Buyer") in relation to the transfer of its entire shareholding in Solar V Holding Company Limited (a Group's subsidiary or Solar V) which effectively owns 40% stake in Shuaa Energy 3 PSC (an equity accounted investee or "Shuaa 3"). Legal formalities with respect to disposal are not completed as of 31 December 2022. For the purpose of these consolidated financial statements, net assets of Solar V together with carrying value of ACWA Power's Investment in Shuaa 3 amounting to SAR 62.6 million were classified as assets held for sale. Other reserves associated with Shuaa 3 amounts to SR 82.5 million. The Group will continue to retain an effective 30.6% shareholding in Solar V through ACWA Power Renewable Energy Holding Limited.

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33 Discontinued operations (Continued)

33.4 Vinh Hao 6 Power Joint Stock Company
On 20th October 2022, ACWA Power entered into a Sale Purchase Agreement ("SPA") for the sale of a 60% stake (complete stake) in its equity accounted investment, Vinh Hao 6 Power Joint Stock Company ("Vinh Hao"), subject to the satisfaction of conditions precedent in the SPA. For the purpose of these consolidated financial statements, carrying value of the Group's Investment in Vinh Hao amounting to SR 77.4 million were classified as assets held for sale.

33.5 In addition to above, the Group partially disposed-off its equity stake in a subsidiary without losing control over the investee. Refer to note 14.2.

33.6 Results of discontinued operations

For the year ended 31 December	2022					2021				
	O&M entity including Shuqaiq	Sirdarya	Shuaa 3	Vinh Hao	Total	O&M entity including Shuqaiq	Sirdarya	Shuaa 3	Vinh Hao	Total
Revenue	22,360	-	-	-	22,360	125,547	-	-	-	125,547
Operating costs	(17,678)	-	-	-	(17,678)	(76,877)	-	-	-	(76,877)
General and administration expenses	(1,138)	(1,053)	-	-	(2,191)	(5,435)	(10,462)	-	-	(15,897)
Other operating income	-	1	-	-	1	8,827	-	-	-	8,827
Financial charges, net	-	-	-	-	-	(7,238)	-	-	-	(7,238)
Foreign exchange loss	-	(88)	-	-	(88)	(1)	413	-	-	412
Zakat and tax charge	-	-	-	-	-	(3,013)	-	-	-	(3,013)
Net income	**3,544**	**(1,140)**	**-**	**-**	**2,404**	**41,810**	**(10,049)**	**-**	**-**	**31,761**
Share in net results	(7,598)	-	1,605	2,924	(3,069)	(101,426)	-	229	5,110	(96,087)
	(4,054)	**(1,140)**	**1,605**	**2,924**	**(665)**	**(59,616)**	**(10,049)**	**229**	**5,110**	**(64,326)**
Gain / (loss) on divestment	(17,179)	235,700	-	-	218,521	-	-	-	-	-
(Loss) / profit from discontinued operations	(21,233)	234,560	1,605	2,924	217,856	(59,616)	(10,049)	229	5,110	(64,326)

33.7 Cash flows of discontinued operations

For the year ended 31 December	2022					2021				
Cash flows generated from / (used in)	O&M entity including Shuqaiq	Sirdarya	Shuaa 3	Vinh Hao	Total	O&M entity including Shuqaiq	Sirdarya	Shuaa 3	Vinh Hao	Total
Operating activities	4,165	(264,022)	-	-	(259,857)	3,339	333,352	-	-	336,691
Investing activities	-	(1,042,282)	-	(449)	(1,042,731)	-	(1,597,405)	-	(4,818)	(1,602,223)
Financing activities	-	1,186,708	-	-	1,186,708	-	1,404,476	-	-	1,404,476

33.8 Contingencies and commitments
Contingencies and commitments in relation to discontinued operations are disclosed in note 34.

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34 Contingencies and commitments

As of 31 December 2022, the Group had outstanding contingent liabilities in the form of letters of guarantee, corporate guarantees issued in relation to bank facilities for project companies and performance guarantees amounting to SR 13.25 billion (31 Dec 2021: SR 13.67 billion). The amount also includes the Group's share of equity accounted investees' commitments.

Below is the breakdown of contingencies as of the reporting date:

	As of 31 Dec 2022	As of 31 Dec 2021
Performance/development securities and completion support Letters of Credit ("LCs")	3,925,056	5,440,657
Guarantees in relation to bridge loans and equity LCs	5,963,604	4,988,118
Guarantees on behalf of joint ventures and subsidiaries	2,083,559	1,915,977
Debt service reserve account ("DSRA") standby LCs	1,080,505	1,193,726
Bid bonds for projects under development stage	193,097	136,018
	13,245,821	13,674,496

The Group also has a loan commitment amounting to SR 598.2 million in relation to mezzanine debt facilities ("the Facilities") taken by certain of the Group's equity accounted investees. This loan commitment arises due to symmetrical call and put options entered in by the Group with the lenders of the Facilities.

In addition to commitments and contingencies disclosed above, as of 31 December 2021, the Group has also committed to contribute SR 131.0 million towards the equity of an equity accounted investee which was contributed during 2022.

In one of the Group's subsidiaries, "CEGCO", the fuel supplier ("Jordan Petrol Refinery PLC" or "the Supplier") has claimed an amount of SR 610.0 million (31 Dec 2021: SR 610.0 million) as interest on late payment of the monthly fuel invoices. The Fuel Supply Agreement ("FSA") with the Supplier stipulates that the Supplier shall be entitled to receive interest on late payment of the unpaid invoices after 45 days from invoice. However, the FSA in Article 13.3 further provides that CEGCO shall not be liable for non-performance under the FSA and shall not be in default to the extent such non-performance or default is caused by the off-taker ("NEPCO"). Given the delay in making the fuel payments to the Supplier are caused by the delay in receipt of the fuel revenues from NEPCO, contractually the Supplier has no basis to claim for any delay interest from CEGCO. Hence, the management and its independent legal counsel are of the view that as per the terms of the FSA signed between the Supplier and CEGCO, the Supplier has no contractual basis to claim these amounts. Accordingly, no provision has been made in these consolidated financial statements.

The Group has assessed the potential impact of the Russia-Ukraine war on its projects under construction. For one of the Group's equity accounted investee costs over runs in relation to transportation and logistics amounts to USD 25.0 million. The cost over runs are expected to be paid through project contingency budget (USD 11.0 million) and early generation revenues (USD 14.0 million). Any deficiency in early generation revenues are guaranteed by the Group.

The Group has a commitment to contribute SR 75.0 million towards corporate social responsibility initiatives in Uzbekistan.

The Group, in relation to one of its equity accounted investee, has commitment to reimburse EPC contractor for the price fluctuation (which is estimated at SR 30.0 million) of certain materials to be used in the construction of underlying plant.

In addition to the above, the Group also has contingent assets and liabilities with respect to certain disputed matters, including claims by and against counterparties and arbitrations involving certain issues, including a claim received in relation to one of its divested equity accounted investees. These contingencies arise in the ordinary course of business. Based on the best estimates of management, the Company has adequately provided for all such claims, where appropriate.

35 Operating segments

The Group has determined that the Management Committee, chaired by the Chief Executive Officer, is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'.

Revenue is attributed to each operating segment based on the type of plant or equipment from which the revenue is derived. Segment assets and liabilities are not reported to the chief operating decision maker on a segmental basis and are therefore not disclosed.

The accounting policies of the operating segments are the same as the Group's accounting policies. All intercompany transactions within the reportable segments have been appropriately eliminated. There were no inter-segment sales in the period presented below. Details of the Group's operating and reportable segments are as follows:

(i) Thermal and Water Desalination	The term Thermal refers to the power and water desalination plants which use fossil fuel (oil, coal, gas) as the main source of fuel for the generation of electricity and production of water whereas Water Desalination refers to the stand-alone reverse osmosis desalination plants. The segment includes all four parts of the business cycle of the business line (i.e., develop, invest, operate and optimize). These plants include IPPs (Independent Power Plants), IWPPs (Independent Water and Power Plants) and IWPs (Independent Water Plants).
(ii) Renewables	This includes the Group's business line which comprises of PV (Photovoltaic), CSP (Concentrated Solar Power), Wind plants and Hydrogen. The segment includes all four parts of the business cycle of the business line (i.e., develop, invest, operate and optimize).
(iii) Others	Comprises certain activities of corporate functions and other items that are not allocated to the reportable operating segments and the results of the ACWA Power reinsurance business.

Key indicators by reportable segment
Revenue

	2022	2021
(i) Thermal and Water Desalination	4,257,860	4,190,444
(ii) Renewables	1,017,846	1,027,485
(iii) Others	224	17,464
Total revenue	5,275,930	5,235,393

Operating income before impairment and other expenses

	2022	2021
(i) Thermal and Water Desalination	2,502,450	2,264,395
(ii) Renewables	781,667	522,678
(iii) Others	(328)	16,511
Total[1]	**3,283,789**	**2,803,584**
UNALLOCATED CORPORATE OPERATING INCOME / (EXPENSES)		
General and administration expenses	(744,403)	(553,726)
Depreciation and amortization	(31,975)	(19,229)
Provision for long term incentive plan	(30,814)	(60,995)
Provision reversal on due from related party	5,100	4,873
Other operating income	131,936	128,211
Total operating income before impairment and other expenses	2,613,633	2,302,718

[1] The segment total operating income does not necessarily tally with the statement of profit or loss, as these are based on information reported to the Management Committee

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35 Operating segments (Continued)

Key indicators by reportable segment (continued)

Segment profit

	Notes	2022	2021
(i) Thermal and Water Desalination		1,983,289	1,563,189
(ii) Renewables		204,148	133,690
(iii) Others		(322)	16,187
Total[1]		**2,187,115**	**1,713,066**
RECONCILIATION TO PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS			
General and administration expenses		(744,403)	(553,726)
Arbitration claim expenses	29.2	(111,532)	-
Impairments in relation to subsidiaries	28.1	(121,595)	(60,024)
Impairment reversal in relation to equity accounted investees	7.1.3	-	30,000
Share based payments	29.4	-	(280,000)
Provision for long term incentive plan	20.3	(30,814)	(60,995)
Provision for zakat and tax on prior year assessments	20.3	-	(13,399)
Corporate social responsibility contribution	29.3	(18,383)	(16,458)
Provision reversal on due from related party	22 (g)	5,100	4,873
Gain on remeasurement of options	28	2,415	6,075
Discounting impact on loan from shareholder subsidiary	22 (i)	(31,398)	(29,444)
Depreciation and amortization		(31,975)	(19,229)
Other operating income		131,936	128,211
Other income		97,133	12,794
Financial charges and exchange loss, net		(11,829)	(22,510)
Zakat and tax charge		(63,216)	(31,000)
Profit for the year from continuing operations		1,258,554	808,234

Geographical concentration

The Company is headquartered in the Kingdom of Saudi Arabia. The geographical concentration of the Group's revenue and non-current assets is shown below:

	Revenue from continuing operations		Non-current assets	
	2022	2021	31 Dec 2022	31 Dec 2021
Kingdom of Saudi Arabia	2,476,181	2,223,971	21,516,440	20,253,954
Middle East and Asia	2,496,592	2,477,011	7,631,337	6,382,012
Africa	303,157	534,411	8,555,393	9,404,418
	5,275,930	5,235,393	37,703,170	36,040,384

[1] The segment total operating income does not necessarily tally with the statement of profit or loss, as these are based on information reported to the Management Committee

Information about major customers

During the period, two customers (2021: two) individually accounted for more than 10% of the Group's revenues. The related revenue figures for these major customers, the identity of which may vary by period, were as follows:

	Revenue	
	2022	2021
Customer A	1,154,175	1,166,491
Customer B	560,137	636,975

The revenue from these customers is attributable to the Thermal and Water Desalination reportable operating segment.

36 Risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by senior management. The most important types of risk are summarised below.

36.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The table below shows the Group's maximum exposure to credit risk for components of the consolidated statement of financial position.

	Notes	As of 31 Dec 2022	As of 31 Dec 2021
Balances with banks		6,353,870	5,172,279
Net investment in finance lease	8	11,880,328	12,748,295
Trade accounts receivable	11	1,582,949	1,318,916
Due from related parties	22	985,120	780,656
Insurance receivables	11.3	259,182	388,454
Other financial assets		27,430	32,104
		21,088,879	20,440,704

Balances with banks

Credit risk on bank balances is considered to be limited as these are held with banks with sound credit ratings.

Net investment in finance lease

Finance lease receivable represent receivable of Group's subsidiaries in Morocco and Kingdom of Saudi Arabia from the off-taker in accordance with the Power or Water Purchase Agreements ("PPA" or "WPA"). Credit risk attached to the finance lease receivable is limited due to the strength of government letter of support, government guarantee or appropriate credit rating of off-taker.

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For the year ended 31 December 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

36 Risk management (Continued)

36.1 Credit risk (Continued)

Trade accounts receivables

a. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. Below is the concentration of credit risk by different geographies.

	As of 31 Dec 2022	As of 31 Dec 2021
Hashemite Kingdom of Jordan (covered by government guarantee)	504,589	519,546
Sultanate of Oman (covered by government guarantee)	5,032	72,684
Morocco (covered by government letter of support)	154,544	125,311
Kingdom of Saudi Arabia ("KSA")	242,932	328,109
United Arab Emirates ("UAE") and others	675,852	273,266
	1,582,949	1,318,916

The customers in KSA, UAE and others are transacting with the Group for a few years and historically, the Group has suffered no material impairment from these customers. Accordingly, the balances due from these customers are assessed to have a strong credit quality and limited credit risk.

a. As of reporting date, the ageing of trade accounts receivables that were not impaired was as follows:

	As of 31 Dec 2022	As of 31 Dec 2021
Neither past due nor impaired	654,583	461,616
Past due 1-90 Days	285,743	290,659
More than 90 Days	642,623	566,641
	1,582,949	1,318,916

Management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on past history and expected credit loss model which involves extensive analysis of credit risk, including customers' credit ratings if they are available.

a. The movement in allowance for impairment, in respect of trade receivables during the year was as follows:

	2022	2021
Opening balance at 1 January	29,519	28,795
Impairment loss / (reversal)	56,685	724
Closing balance at 31 December	86,204	29,519

Derivatives

The derivatives are designated as hedging instruments and reflects positive change in fair value of foreign exchange forward ('Forward') and interest rate swap (IRS) contracts. These are entered into with banks or financial institutions with sound credit ratings hence credit risk is expected to be low.

Insurance receivables

These represents amounts recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

In common with other reinsurance companies, in order to minimise financial exposure arising from large reinsurance claims, ACWA Power Reinsurance Co. Limited ("ACWA-Re", a 100% owned subsidiary of the Group) in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. The reinsurance is effected under facultative arrangements. Between 31 July 2019 and 30 July 2020, ACWA Power retained an element of risk within its property reinsurance program with a maximum cap of USD 1.5 million per project for each and every event and in the aggregate for the relevant policy period for certain projects.

From 31 July 2021, ACWA Re retained risk on certain reinsurance programs (operational property program), with a total combined maximum exposure of up to SR 37.5 million during the policy period until 30 July 2022, with a sublimit of SR 9.4 million per incident or claim. Effective 31st July 2022, the total combined maximum exposure on the operational property program has increased to SR 61.9 million representing 27.5% of USD 60 million for the period of 18 month until 31st January 2024, with a sublimit of SR 10.3 million (27.5% of USD 10 million) per incident or claim.

To minimise its exposure to significant losses from reinsurer insolvencies, ACWA Re evaluates the financial condition of its reinsurers. ACWA-Re only deals with reinsurers of a minimum rating of Standard and Poor's (S&P) A- ("A minus") or equivalent from other rating agencies.

Due from related parties and other financial assets

Other financial assets includes dividend receivable, advances for investments, advances to employees and other receivables. Credit risk attached to related party balances is limited due to sound financial position of the related parties. There is no credit risk attached to advances for investments and advances to employees. Credit risk attached to other financial instruments is not considered significant and the Group expects to recover them fully at their stated carrying amounts.

Credit concentration

Except as disclosed, no significant concentrations of credit risk were identified by the management as at the reporting date.

36.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Group's reputation. Accordingly, the Group ensures that sufficient bank facilities are always available.

As of 31 December 2022, the Group had SR 1,499.3 million (31 December 2021: SR 1,754.0 million) remaining undrawn from its Revolving Corporate Murabaha Facility and other corporate revolver facilities.

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36 Risk management (Continued)

36.2 Liquidity risk (Continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date.
The amounts are gross and undiscounted and include contractual interest payments:

		Contractual cash flows				
As of 31 Dec 2022	Carrying Amount	Total	No fixed maturity	0-12 months	1-5 years	More than 5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Short term facilities	275,052	288,805	-	288,805	-	-
Term financing and funding facilities	23,372,582	32,116,982	-	2,003,113	11,909,452	18,204,417
Due to related parties	951,490	1,119,883	76,679	8,110	134,094	901,000
Other financial liabilities	2,771,999	2,998,691	2,690,635	1,352	142,604	164,100
	27,371,123	**36,524,361**	**2,767,314**	**2,301,380**	**12,186,150**	**19,269,517**
DERIVATIVE FINANCIAL LIABILITIES						
Interest rate swaps and currency forwards used for hedging	1,669	14,987	-	6,566	8,421	-
AS OF 31 DEC 2021						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Short term facilities	186,381	191,972	-	191,972	-	-
Term financing and funding facilities	23,815,229	35,993,352	-	1,977,277	14,434,465	19,581,610
Due to related parties	1,678,337	2,027,206	83,485	61,247	920,400	962,074
Other financial liabilities	4,036,552	4,075,130	3,865,149	128,358	11,511	70,112
	29,716,499	**42,287,660**	**3,948,634**	**2,358,854**	**15,366,376**	**20,613,796**
DERIVATIVE FINANCIAL LIABILITIES						
Interest rate swaps and currency forwards used for hedging	406,948	646,657	-	106,926	118,593	421,138

The cash flows relating to derivatives disclosed in the above table represent contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rate changes.

Changes in liabilities arising from financing activities

Change in liabilities arising from financing activities can be broken down as follows:

	As of 1 Jan	Cashflows	Exchange loss / unwinding of interest	Deconsolidation on loss of control	Other movements	As of 31 Dec
2022						
Financing and funding facilities	24,001,610	2,738,852	(400,984)	(2,691,844)	-	23,647,634
Dividends payable	1,305	(625,619)	-	-	625,401	1,087
Due to related parties	1,678,337	(757,933)	31,398	(312)	-	951,490
Other financial liabilities	265,295	-	-	-	45,604	310,899
Fair value of derivatives	361,408	-	-	-	(359,739)	1,669
2021						
Financing and funding facilities	19,984,747	4,379,683	(362,820)	-	-	24,001,610
Dividends payable	800,881	(905,924)	-	-	106,348	1,305
Due to related parties	1,621,119	27,774	29,444	-	-	1,678,337
Other financial liabilities	302,240	(142,060)	-	-	105,115	265,295
Fair value of derivatives	710,373	-	-	-	(348,965)	361,408

36.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's income or cash flows. To some extent the project companies consolidated in the Group gets protection in relation to variability in exchange and interest rates within power and water purchase agreements (PWPAs) as the tariffs are usually denominated in functional currencies. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group uses derivatives to manage market risks. All such transactions are carried out in accordance with Group's policies and practices. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of companies within the Group. For most of the transactions denominated in US Dollars (USD), the currency risk is limited as exchange rate of USD and respective functional currency is usually pegged. Currency risk arises primarily on certain revenues and borrowings in Euro (EUR), Moroccan Dirhams (MAD), US Dollars (USD) and Japanese Yen (JPY) where the functional currency is different to the currency of financial instrument and is also not pegged. The Group hedges certain foreign currency exposures through hedge strategies, including use of derivative financial instruments.

Some of the Group's subsidiaries and joint ventures in Egypt are facing risk of converting local currency (EGP) to USD due to local restrictions. However, the restrictions have no impact on the Group's consolidated financial statements.

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For the year ended 31 December 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

36 Risk management (Continued)

36.3 Market risk (Continued)

Foreign currency risk (continued)

Quantitative data regarding the Group's exposure to significant currency risk are as follows:

Equivalent to thousands of Saudi Riyals	EUR	MAD	ZAR	JPY
AS OF 31 DEC 2022				
Borrowings and other financial liabilities	3,079,214	1,848,102	297,431	64,698
Net investment in finance lease	(3,129,102)	(2,375,854)	-	-
Net position	**(49,888)**	**(527,752)**	**297,431**	**64,698**
Impact of currency forwards	-	-	-	-
Net exposure	(49,888)	(527,752)	297,431	64,698
AS OF 31 DEC 2021				
Borrowings and other financial liabilities	3,409,068	2,168,389	250,837	99,721
Net investment in finance lease	(3,446,461)	(2,768,401)		-
Net position	**(37,393)**	**(600,012)**	**250,837**	**99,721**
Impact of currency forwards	-	-	-	(32,190)
Net exposure	(37,393)	(600,012)	250,837	67,531

Sensitivity analysis

A reasonably possible strengthening (weakening) of respective currencies against Saudi Riyal unless otherwise specified at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact - (Profit) or loss	
	Strengthening	Weakening
FOR THE YEAR ENDED 31 DEC 2022		
EUR (5% movement)	(2,494)	2,494
MAD (5% movement)	(26,388)	26,388
JPY (5% movement)	1,625	(1,625)
ZAR (5% movement)	14,872	(14,872)
FOR THE YEAR ENDED 31 DEC 2021		
EUR (5% movement)	(1,870)	1,870
MAD (5% movement)	(30,001)	30,001
JPY (5% movement)	3,377	(3,377)
ZAR (5% movement)	12,542	(12,542)

Interest rate risk:

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on future cash flow of its interest bearing assets and liabilities, including bank deposits, finance lease receivables, bank overdrafts, term loans and amounts due from/ to related parties. The Group hedges long term interest rate sensitivities through hedge strategies, including use of derivative financial instruments and regularly monitors market interest rates.

The interest rate profile of the Group's interest-bearing long-term financing and funding facilities are as follows:

	As of 31 Dec 2022	As of 31 Dec 2021
FINANCIAL LIABILITIES		
Fixed rate including interest free	11,017,533	13,768,915
Floating rate	12,355,049	10,046,314

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, in case of fixed interest rate financial instruments, change in interest rates at the reporting date would not affect profit or loss.

In case of variable interest rate financial instruments, a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
FOR THE YEAR ENDED 31 DEC 2022				
Variable rate financial liabilities	(123,550)	123,550	(123,550)	123,550
Interest rate swaps	87,678	(87,678)	87,678	(87,678)
Net sensitivity	(35,872)	35,872	(35,872)	35,872
FOR THE YEAR ENDED 31 DEC 2021				
Variable rate financial liabilities	(100,463)	100,463	(100,463)	100,463
Interest rate swaps	65,798	(65,798)	65,798	(65,798)
Net sensitivity	(34,665)	34,665	(34,665)	34,665

The above table summarises the impact of interest rate fluctuations net of hedging for the Company and its subsidiaries only. This does not include information of floating rate liabilities and interest rate swaps of the Group's equity accounted investees.

IBOR Reforms

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Group has established a project to manage the transition for any of its contracts that could be affected. The project is being led by senior representatives from functions across the Group including the lenders facing teams, Legal, Finance etc. The Group is confident that it has the capability to process the transitions to risk free rates ("RFR") for those interest rate benchmarks such as USD LIBOR that will cease to be available after 30 June 2023. IBOR reform exposes the Group to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with lenders due to the amendments required to existing contracts necessary to effect IBOR reform
- Financial risk to the Group that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFR

Information of floating rate financial liabilities and interest rate swaps associated with the Group's subsidiaries that may subject to reforms and are yet to transition to RFRs are disclosed in note 15 and note 21 respectively.

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36 Risk management (Continued)

36.3 Market risk (Continued)

IBOR Reforms (continued)

Uncertainties and potential accounting risks associated with the IBOR reforms on the Group's financial statements are explained below.

a. Effective interest rate method and liability derecognition

IBOR reform Phase 2 requires, as a practical expedient that changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform are treated as a change to a floating rate of interest provided that the transition from IBOR to an RFR takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform.

For changes that are not required by IBOR reform, the Group will apply judgement to determine whether they result in the financial instrument being derecognised. Therefore, as financial instruments transition from IBOR to RFRs, the Group will apply judgment to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group will consider the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors.

The Group will derecognise financial liabilities in case of substantial modification of their terms and conditions. In the context of IBOR reform, many financial instruments will be amended in the future as they transition from IBORs to RFRs. In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the Group will first apply the practical expedient as described above, to reflect the change in the referenced interest rate from an IBOR to an RFR. Second, for any changes not covered by the practical expedient, the Group will apply judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognised and a new financial instrument is recognised. If the changes are not substantial, the Group will adjust the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised EIR.

b. Hedge Accounting

The IBOR reform Phase 2 amendments provide temporary reliefs to enable the Group's hedge accounting to continue upon the replacement of an IBOR with an RFR.

37 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable input).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Level 1	Level 2	Level 3	Fair value Total
AS OF 31 DEC 2022					
FINANCIAL LIABILITIES / (ASSET)					
Fair value of derivatives used for hedging	(1,028,999)	-	(1,028,999)	-	(1,028,999)
Long-term financing and funding facilities	23,372,582	1,421,291	21,845,332	-	23,266,623
Other financial liabilities	312,251	-	-	312,251	312,251
AS OF 31 DEC 2021					
FINANCIAL LIABILITIES					
Fair value of derivatives used for hedging	361,408	-	361,408	-	361,408
Long-term financing and funding facilities	23,815,229	3,619,044	20,810,769	-	24,429,813
Other financial liabilities	393,654	-	-	393,654	393,654

Fair value of other financial instruments has been assessed as approximate to the carrying amounts due to frequent re-pricing or their short-term nature. Management believes that the fair value of net investment in finance lease is approximately equal to its carrying value because the lease relates to a specialised nature of asset whereby the carrying value of net investment in finance lease is the best proxy of its fair value.

Valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivatives used for hedging[1] Bank borrowings[2]	Discounted cash flows: the valuation model considers the present value of expected payments or receipts discounted using the risk adjusted discount rate or the market discount rate applicable for a recent comparable transaction.	Not applicable	Not applicable
Coal derivative[1]	Discounted cashflows: the valuation model considers the present value of expected payments or receipts using the risk adjusted discount rate.	Coal procurement quantity and coal prices	The fair value would increase or decrease if: • the actual coal procurement quantities would be different than what is considered in the valuation model; or • the future coal prices would be different than what is considered in the valuation model
Other derivatives[1]	Other derivatives represent options that are valued using the valuation models wherein fair values are determined through valuation techniques based on discounted cash flows and include a discount for lack of marketability and project specific factors representing the amounts that the Group has determined that market participants would take into account when pricing these instruments.	Contracted capacities and risk adjusted discount rate	The estimated fair value would increase or decrease if: • the actual availabilities are different to contracted capacities; or • the risk adjusted discount rate were higher or lower.

[1] The instruments were measured at fair value in consolidated statement of financial position.
[2] The fair value of these instruments were measured for disclosure purpose only.

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38 Subsequent events

On 22 January 2023, Jazan Integrated Gasification and Power Company (a Joint Venture of the Group) completed acquisition of the second group of assets for the Jazan Integrated Gasification Combined Cycle project ("IGCC" or the "Project"). The project involves the acquisition of the USD 12 billion IGCC assets from Saudi Arabian Oil Company. The acquisition of the first group of IGCC assets was completed on 27 October 2021. With transfer of the second group of assets, JIGCC has now taken over more than 95% of assets and the remaining is expected to be transferred by 30 September 2023. The acquisition has no impact on the Group's consolidated results and financial position as reported in these consolidated financial statements.

On 26 January 2023, the Board of Directors approved a dividend payment of SR 606.8 million (SR 0.83 per share) for the year 2022 (refer to note 13.4).

Further, on 2 February 2023, the Group completed the issuance of SR 1,800.0 million Sukuk under its SR 5,000.0 million Sukuk issuance program. The Sukuk issuance bears a return based on Saudi Arabia Interbank Offered Rate (SIBOR) plus a pre-determined margin payable quarterly in arrears. The Sukuk will be redeemed at par on its maturity i.e., 7 years from the date of the issuance with a call option effective on or after 5 years from the issuance date. The Sukuk has no impact on the Group's consolidated results and financial position as reported in these consolidated financial statements.

Furthermore, subsequent to the year-end, the Group in accordance with the nature of its business has entered into or is negotiating various agreements. Management does not expect these to have any material impact on the Group's consolidated results and financial position as of the reporting date.

39 Comparative figures

Certain figures for the prior periods have been reclassified or adjusted to conform to the presentation in the current year. This includes reclassifications as required under IFRS 5 – Non-current assets held for sale and discontinued operations (refer to note 33.3). Summary of reclassifications/adjustments are as follows:

39.1 Consolidated statement of profit or loss and other comprehensive income:

Particulars	As previously Reported	Reclassifications due to discontinued operations (refer to note 33.5)	Reclassification to conform to the presentation in the current period	As reported in these financial statements
CONTINUING OPERATIONS				
Revenue	5,360,940	(125,547)	-	5,235,393
Operating costs	(2,460,554)	76,877	-	(2,383,677)
General and administration expenses	(940,769)	15,897	-	(924,872)
Share in net results of equity accounted investees, net of tax	225,606	96,087	-	321,693
Other operating income	141,503	(8,827)	54,754	187,430
Other income	96,308	-	(54,754)	41,554
Exchange loss, net	(46,503)	(412)	-	(46,915)
Financial charges, net	(1,059,769)	7,238	-	(1,052,531)
Zakat and tax charge	(83,123)	3,013	-	(80,110)
DISCONTINUED OPERATIONS				
Loss from discontinued operations	-	(64,326)	-	(64,326)

39.2 Consolidated statement of financial position:

Particulars	As previously reported	Reclassifications	As reported in these financial statements
NON-CURRENT ASSETS			
Strategic fuel inventories	54,086	(54,086)	-
Other assets	156,923	54,086	211,009
NON-CURRENT LIABILITIES			
Other financial liabilities	265,295	(265,295)	-
Other liabilities	408,953	265,295	674,248

39.3 Consolidated statement of cashflows:

Particulars	As previously reported	Unrealised exchange gain / (loss) adjustment (note 39.3.1)	Reclassification to conform to the presentation in the current period	As reported in these financial statements
CASH FLOWS FROM OPERATING ACTIVITIES				
ADJUSTMENTS FOR:				
Share based payments	280,000	-	(280,000)	-
CHANGES IN OPERATING ASSETS AND LIABILITIES:				
Accounts receivable, prepayments and other receivables	(72,950)	(25,620)	-	(98,570)
Accounts payable and accruals	259,958	35,129	-	295,087
Net investment in finance lease	763,035	(389,076)	-	373,959
Strategic fuel inventories	16,674	-	(16,674)	-
Other assets	21,424	-	16,674	38,098
CASH FLOWS FROM FINANCING ACTIVITIES				
Transaction costs on issue of shares including share-based payments	(404,868)	-	280,000	(124,868)
Repayment of financing and funding facilities	(5,769,355)	377,827	-	(5,391,528)
NET FOREIGN EXCHANGE DIFFERENCES IN RELATION TO CASH AND CASH EQUIVALENTS	-	1,740	-	1,740

39.3.1 This represents adjustment to eliminate the impact of unrealised forex gain or loss (non-cash movement) included in loan repayments and changes in net investment in finance lease; accounts payable and accruals; and accounts receivable, prepayments and other receivables.

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(All amounts in Saudi Riyals thousands unless otherwise stated)

40 Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 Shaban 1444H, corresponding to 1 March 2023G.