

Powering futures



Annual Report 2017

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**King Salman
bin Abdulaziz Al-Saud**

The Custodian of the Two Holy Mosques



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

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

ACWA Power

ACWA Power is a leading developer, investor, co-owner and operator of power generation and desalinated water production plants.

We provide power and water for customers across the Middle East and North Africa, Southern Africa and Southeast Asia, with a focus on sustainable supply for the communities we serve and delivering value for shareholders.

Established in 2004, our portfolio has grown to include 46 assets including nine in advanced development in 10 countries.

Sunset behind Bokpoort CSP IPP Plant, South Africa





OUR MISSION:

To reliably deliver electricity and desalinated water at the lowest possible cost.

OUR VISION:

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

OUR VALUES:



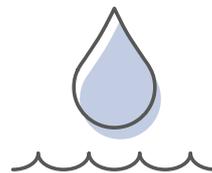
Find our more on **page 13**

Contents

Strategic Report	
ACWA Power	2
Highlights of the Year	4
Chairman's Statement	6
At a Glance	8
Leadership Statement	10
What Differentiates Us	12
Strategy	14
Business Model	16
Our Assets	18
Market Overview	22
Strategy in Action	24
Operational Review	30
Directors' Report	
Chairman's Introduction to Governance	34
Board of Directors	36
Directors' Report	38
Glossary	IBC



Shauibah IWPP,
Saudi Arabia



10
countries



HIGHLIGHTS OF THE YEAR

Sustainable and reliable

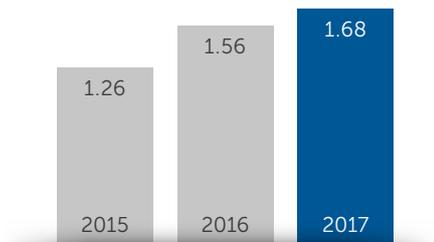
Key Performance Indicators (KPIs) are used by ACWA Power to evaluate the Group and assets, and measure how well we are adding value for our stakeholders. A range of financial and operational metrics are used to track and manage performance. The KPIs shown here illustrate ACWA Power’s progress against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

FINANCIAL HIGHLIGHTS

Earnings per Share – Net Income (SAR)

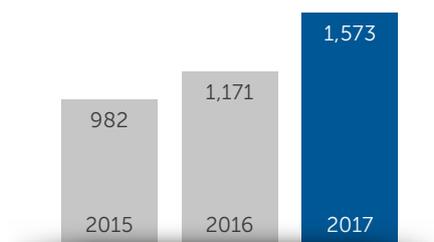
1.68

+8%



Operating Income (SAR)

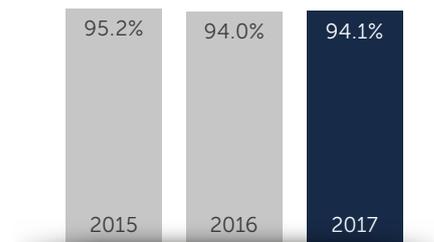
1,573Mn



OPERATIONAL HIGHLIGHTS

Power – Availability

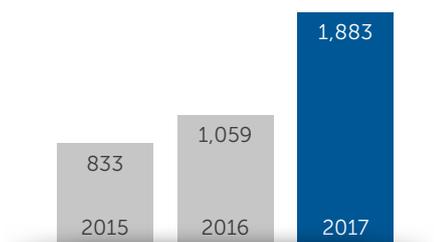
94.1%



Cash Inflows from Projects (SAR)

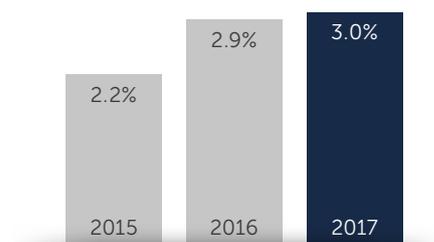
1,883Mn

+78%



Power – Forced Outage

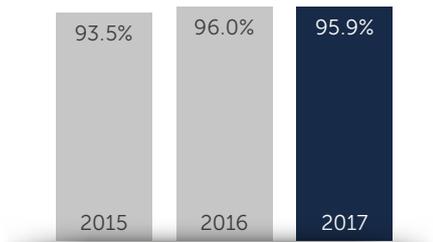
3.0%



Financially, in 2017 the Group achieved operating income after share in net result of equity accounted investees, of net SAR 1,573 million and net income of SAR 920 million. Operationally, we are committed to providing our customers with a reliable supply of energy and water with an integrated HSSE management approach.

Water – Availability

95.9%



Lost Time Incident Rate – Operational Phase (per 200,000 man hours)

0.08



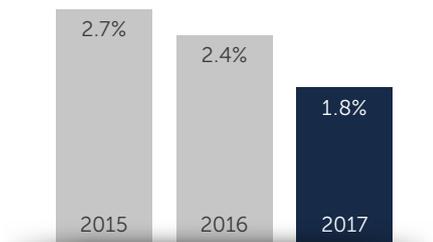
Reportable Incident Rate – Operational Phase (per 200,000 man hours)

0.66



Water – Forced Outage

1.8%



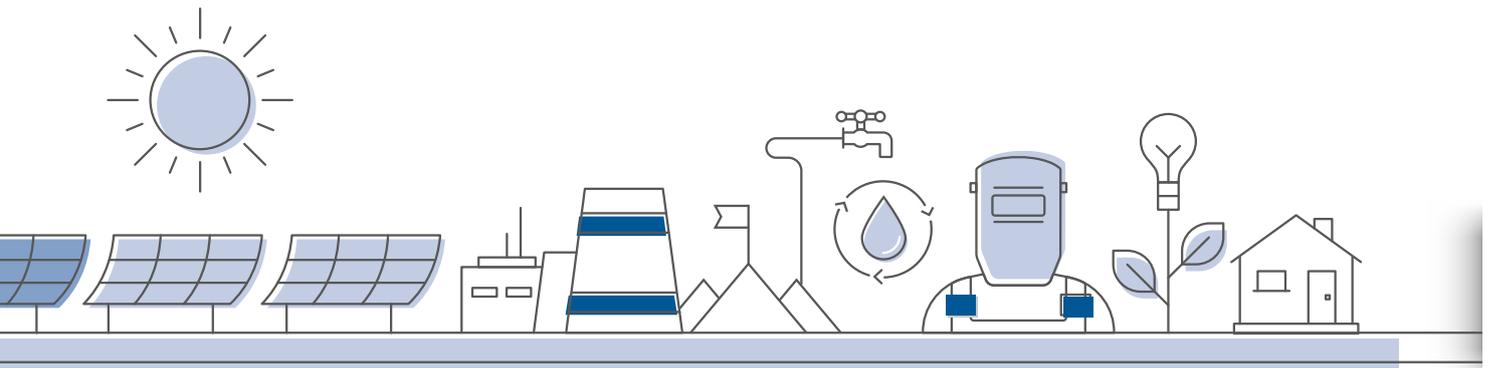
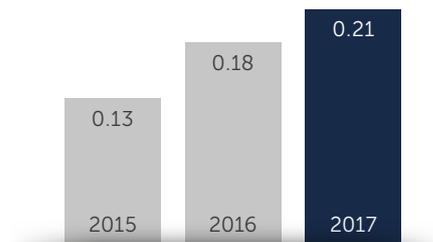
Lost Time Incident Rate – Construction Phase (per 200,000 man hours)

0.03



Reportable Incident Rate – Construction Phase (per 200,000 man hours)

0.21



CHAIRMAN'S STATEMENT
MOHAMMAD A. ABUNAYYAN

A focus on delivery and maintaining robust relationships with all our partners

ACWA Power has managed to deliver another successful year, accomplishing strong double-digit growth in both operating and net income. This is a testament to the Group's ability to execute its strategy for enduring growth, by providing high quality, energy efficient power and water assets at a competitive cost, while contributing to the communities in which it operates.

Our management and the Board upheld the Group's commitment to this strategy, emphasising a focus on delivery at all stages of the business as we evolve in line with ACWA Power's new 'norm', in which multiple projects are under construction, with many others simultaneously coming on-line and all the while, developing a pipeline of new opportunities. This entails a great deal of coordination, management oversight and complex interactions with numerous partners across many countries and time zones.

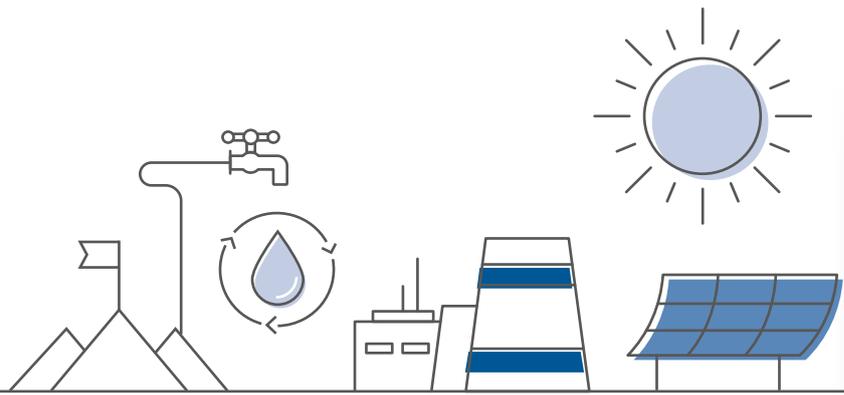
Our position as one of the largest and most ambitious high-growth markets IPP/IWP/IWPP developers, with 46 projects (14 under construction, 23 operational and nine in advanced development), also comes with great responsibility. The provision of power and water is not just a key input to economic development but is a vital ingredient for sustaining life itself and therefore we are focused on ensuring reliable supply.

The business model we pursue requires ACWA Power to invest billions of dollars to develop power generation and desalinated water production plants that have a lifespan of many decades, take responsibility for many more billions of co-investors' and project finance lenders' funds, and recover this investment with returns commensurate with the risk we take by producing and selling electricity and water at a few cents per kWh and per litre of water over decades. Thus, even though we enter into robust contracts with our bulk purchasing creditworthy counterparties, our customers must sell to the communities, commerce and industries they serve and therefore the countries we invest in need to thrive. ACWA Power is committed to supporting the countries we invest in through the development and



46

assets (14 under construction,
23 operational and nine in
advanced development)



maintenance of this vital infrastructure well beyond just providing electricity and water.

We do so by:

1. maximising the efficiency of the plants we develop, thus minimising fuel consumption;
2. keeping a tight rein on costs, developing fit-for-purpose solutions and identifying risks and managing them efficiently to deliver a cost-competitive tariff without compromising on the return on investment and supply chain margins;
3. maximising local content utilisation;
4. progressively increasing the level of local employment; and
5. developing communities within which our facilities are located.

While ACWA Power is technology neutral and fuel agnostic, serving our customers in accordance with their fuel choice, we ensure environmental stewardship by minimising impact. The 2,400 MW Hassyan clean coal power plant, currently under construction in Dubai, is designed to deliver best-in-class performance on efficiency and output. It also adheres to even stricter limits set for flue gas emissions than those imposed by commonly utilised standards such as the European Union Industrial Emissions Directive and International Finance Corporation Environmental Impact mitigation guidelines.

However, while governments across the world focus on understanding the true total cost of energy, they are seeking to reduce costs, increase security of supply by broadening the fuel mix, and also to establish the path to compliance with the commitments made at COP 21 to reduce carbon emissions. As such, renewable energy deployment is becoming more significant. ACWA Power is therefore very

proud to be centre stage of the resulting energy revolution underway, by leading the reduction of cost of production of electricity utilising PV and solar thermal technologies. In 2011 on the NOORo 1 project in Morocco we brought down the tariff of Concentrated Solar Power technology operating with molten salt storage, thus dispatching power through the day and many hours into the night to revitalise this technology. In 2017 on a 700 MW CSP plant with 15 hours of storage in Dubai for DEWA, we delivered a tariff to supply solar power 24 hours a day, seven days a week at a tariff that is comparable with that offered by combined cycle gas fired power plants for the first time.

In 2016 we set a new tariff benchmark for PV solar power in Dubai and in 2017, on a tender for the first utility scale renewable power plant in the Kingdom of Saudi Arabia (a 300 MW PV plant) we set yet another ultra-low global tariff benchmark for renewable energy.

Going forward, as our customers adapt to a lower oil price environment, these considerations will be even more pertinent as governments become more cost-conscious and seek out sustainable solutions for power and water supply. In turn, power intensive industries previously cushioned by subsidised fuel prices will increasingly be taking an interest in renewables, opening up the private sector market, as demonstrated by the 125 MW Khalladi Wind Farm at Tangiers in Morocco where this renewable energy is being sold to three cement companies. In the past decade we have advanced at a rapid pace, from handling one project a year in our home market of Saudi Arabia when we first started, to expanding throughout the Middle East and into other target markets, delivering multiple

projects each year. Such success is in no small way due to the commitment of our Board members and management team, who I would like to thank for the diligence with which they have ensured the organisation is strong enough internally to both consolidate our leading position in our field and ensure the ongoing seamless execution of our activities. I would also like to thank our employees for their entrepreneurship, ingenuity, passion, dedication and sheer hard work that has taken the Group from strength to strength.

Our achievements and progress so far have proved to our stakeholders – shareholders, customers, supply chain, the financial community and consumers – that we can be trusted to deliver on our promise of high quality, energy efficient power and water assets at a competitive cost. Thank you for supporting ACWA Power's growth, and I trust you will continue with us on the exciting journey ahead.



Mohammad A. Abunayyan
Chairman

AT A GLANCE

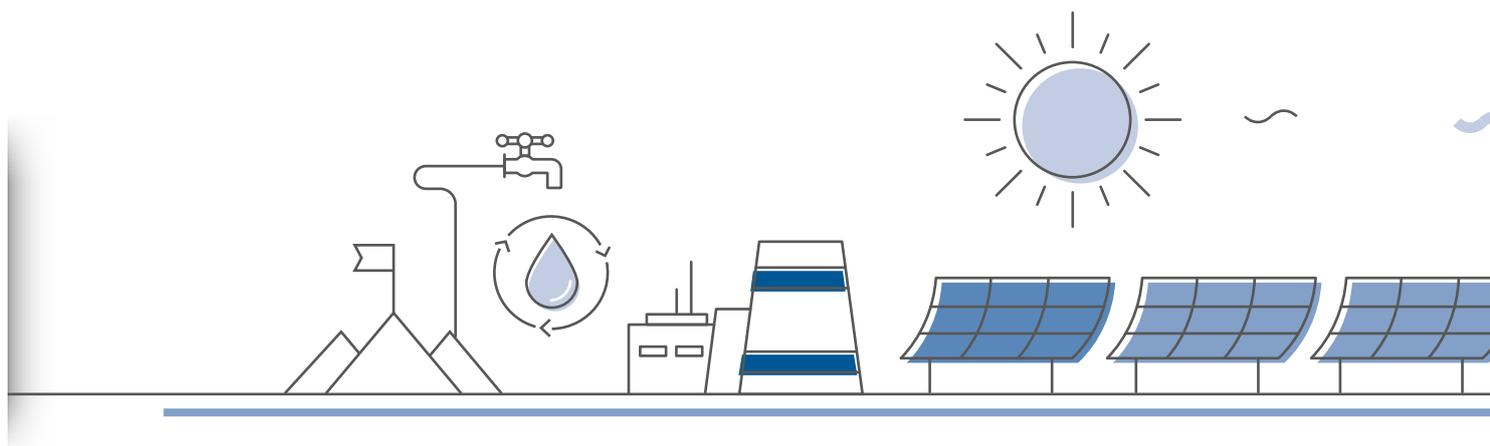
Foundations for development and growth

We focus on providing power and desalinated water efficiently, reliably and safely at a competitive cost. Water and power are essential commodities, providing the foundations for social development and economic growth.

Founded more than 10 years ago in Saudi Arabia in response to government liberalisation of the energy market, we have defined and refined the Public Private Partnership (PPP) model.

ACWA Power is a fast-growing industry player and has evolved into an international developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants with a combined gross investment value in excess of SAR 115 billion (US\$ 30 billion).

Our portfolio of investments reflects interests in 46 projects (14 under construction, 23 operational and nine in advanced development) comprising 27 GW of generation capacity and 2.8 million m³/day in 10 countries and three continents.



2004-07 Formation

2004

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

2005/2006

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

Successful bids for Shuqaiq IWPP and Marafiq IWPP in KSA

2007

ACWA Power adds Shuaibah expansion IWPP to its portfolio in KSA

Bowarege and Petro-Rabigh IWSP begin commercial operation

2008-11 Integration and expansion

2008/2009

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

Successful bid for Rabigh IWPP

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

2010/2011

Barka 1 IWPP completely integrated into ACWA Power portfolio

Investment in the Central Electricity Generating Company (CEGCO) in Jordan

Acquires 35 percent of Saudi Arabia's NOMAC from minority

ACWA Power announces the execution of its inaugural corporate credit facility structured on a Murabaha basis – SAR 1,125 million (US\$ 300 million)

2012-13 Expansion

2012

Signed development agreements for the 160 MW, 55,000 m³/day phase 2 of the Petro-Rabigh IWSP in Saudi Arabia

Acquired 42 percent controlling stake in 60 MWp PV plant in Bulgaria

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

Completed acquisition of 35% stake in NOMAC making it a wholly owned subsidiary

2013

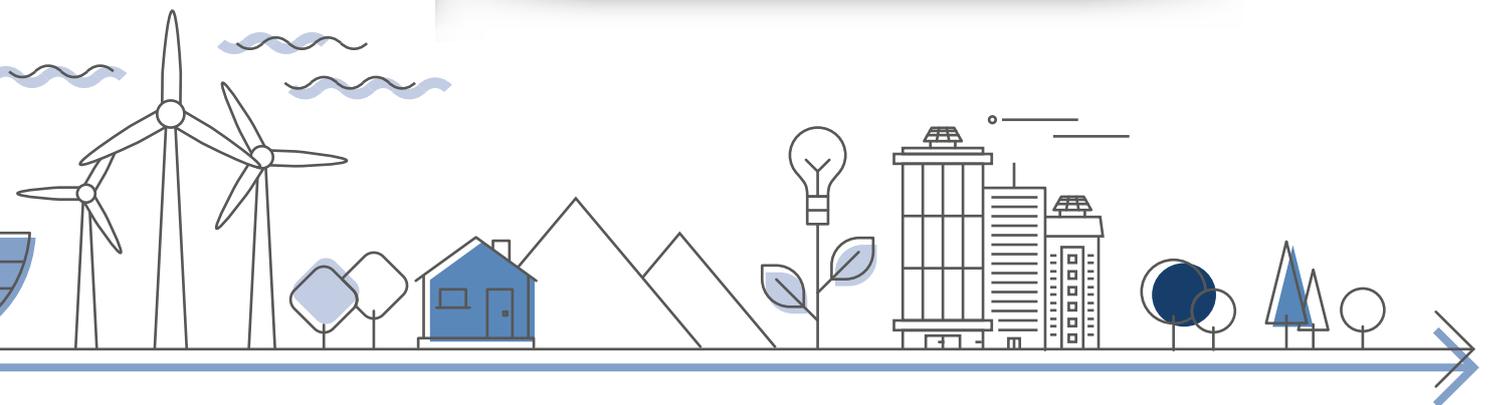
Achieved financial close and began construction of Qurayyah IPP

Successful bid for Rabigh 2 completed

ACWA Power closes its second Corporate Murabaha facility of SAR 1.775 billion and repaid the first credit facility of SAR 1,125 million (US\$ 300 million)



Rabigh 2-Al Mourian IPP,
Saudi Arabia



2014-15 Value growth

2014

Signed a JDA with Taekwang Power Holdings in South Korea for Nam Dinh 1

Commences construction of Kirikkale 926 MW CCGT in Turkey and Barka 1 Phase II Expansion IWP

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

2015

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

2016 Sustainable value

2016

ACWA Power consortium wins Salalah 2 IPP and acquires Dhofar Generating Company in Oman

ACWA Power Khalladi confirms final orders for its wind power project in the North of Morocco

ACWA Power consortium wins largest single tendered independent power project in Oman producing 3,219 MW

Hassyan Energy Phase 1 reaches financial close on DEWA's 2.4 GW Hassyan Clean Coal Project with signing of SAR 9.26 billion (US\$ 2.47 billion) financing

ACWA Power Mafrag signs financial agreements for 60.3 MWp Solar PV IPP in Jordan

2017 Powering futures

2017

H.H. Sheikh Mohammed bin Rashid Al Maktoum inaugurates 200 MW second phase of the Mohammed bin Rashid Al Maktoum Solar Park in Dubai

ACWA Power agrees Risha Jordan PV deal with record-low tariff for Jordan

King Mohammed VI of Morocco launches the NOOR PV I Programme in Ouarzazate

ACWA Power awarded landmark NOOR Energy I 700MW CSP project in Dubai

ACWA Power awarded three Solar PV projects under Round 2 of Egypt FIT programme II

ACWA Power officially inaugurates Kirikkale Power Plant in Turkey

ACWA Power successfully issued \$814 million bond through subsidiary APM11 backed by Saudi project cash flows

LEADERSHIP STATEMENT
PADDY PADMANATHAN AND THAMER AL SHARHAN

Setting new benchmarks for the sector and the Group in a new era

Our growth story continued impressively in 2017, as we remained focused on procuring and delivering projects across our target regions. We reported a 7.5 percent increase in net income as our business expanded to 46 assets (14 under construction, 23 operational and nine in advanced development) in 10 countries across three continents.

We continued to strive for diversification in our operations, achieving 56 percent of our total investment in our home market of the Kingdom of Saudi Arabia and 44 percent internationally. More than 15 percent of our assets, in terms of project cost, were powered by renewable sources of energy including solar and wind power.



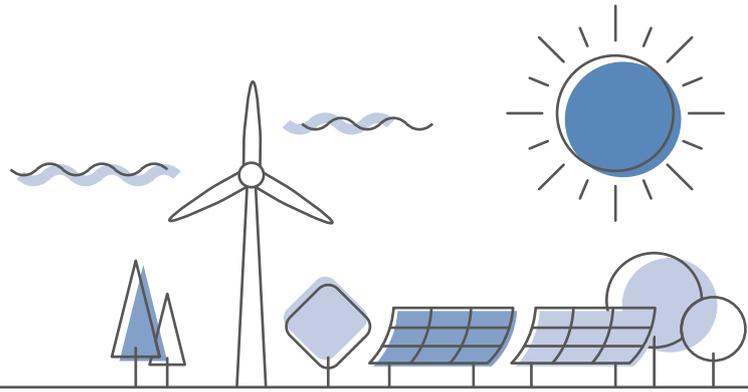
Our landmark project win for 2017 was the DEWA CSP 700 MW concentrated solar power plant located in the Mohammed bin Rashid Al Maktoum Solar Park in Dubai, which we were awarded in September. Not only did it set a new global record for the lowest levelised cost for renewable baseload electricity, but it will also be able to collect and store enough heat to provide reliable and dispatchable electricity to the emirate during day and night. This project is truly a gamechanger in our quest to decarbonise electricity generation. It will make renewable energy available at a price that competes with fossil fuel generated electricity without subsidy, not just when the sun is shining but at any time.

Another highlight of the year was the 950 MW Kirikkale combined cycle power plant in Turkey. At SAR 3.75 billion (US\$ 1 billion), it is the largest Saudi investment in Turkey's power sector. As well as our first operational plant in the country, it is also our first asset in a liberalised energy market.

2017 also marked the first time we went to the debt capital markets, as we diversify our sources of financing and gain further flexibility in terms of our ability to take advantage of investment opportunities, particularly as the players in our target markets embark on privatisation programmes. We have a number of reasons to be proud of this first foray into the debt markets. The SAR 3,052.5 million (US\$ 814 million) debut bond issuance, backed by eight assets in our Saudi portfolio, significantly outperformed our initial SAR 2,250 million (US\$ 600 million) target due to strong demand from foreign investors.

7.5%

increase in net income



The structure was extremely innovative, gaining recognition in the highly regarded annual Project Finance International awards as the Middle East and North Africa Bond Deal of the Year, and we expect other companies to use it as a blueprint for their own issuances. Since listing, the bond has traded within a narrow range as owners hold the paper. This demonstrates the confidence of the investment community in the fundamentals of our business, in our leadership team, and in the long-term prospects for Saudi Arabia.

Indeed, as we look ahead, Saudi Arabia's Vision 2030 provides exciting opportunities for us in our home market, as embedded in that vision is both the increasing role of the private sector and in particular the privatisation of power and water production and introduction of significant levels of renewable energy deployment. The tone has been set by the Kingdom's decision in 2017 to move forward with desalination plants in Shuaibah, its first new privately-financed desalination project in about a decade and a renewable energy programme to keep up with growing demand. As such, we are reinforcing our operations in the country, which in any case is in line with our operating philosophy of being strong in our home market, supporting Saudisation and localising content.

As we move forward, we will continue to broaden the pools of liquidity we tap and we remain open to broadening ownership. This is partly because power and water is an essential social service: while private sector motives will continue to drive efficiencies and reduce costs, we believe it makes long-term sense to share ownership and rewards with as broad a base as possible. In addition, given how much of a capital intensive business we are in, it is essential to widen the source of equity funds.

Leading ACWA Power during this new era of economic transformation of our client base is both a privilege and a great responsibility.

An initiative to assess the health of the organisation that we undertook in 2017 with the help of McKinsey & Co, resulted in a three-year action plan that will further improve organisational efficiency and increase employee engagement. This will ensure that as an organisation we remain in the best possible health to keep delivering an exemplary level of service to our customers for not just a few more years, but for decades to come. A wholehearted thank you to our unfailingly supportive Board of Directors; our passionate, ingenious, hardworking employees, loyal shareholders, customers

and consumers, and the reliable value delivering supply chain, for your ongoing invaluable contributions, without which we could not have delivered these achievements in 2017. We now look forward to what will no doubt be an even more adventurous and exciting 2018.

A stylized signature in black ink, consisting of several overlapping lines and loops.

Paddy Padmanathan
President & CEO

A stylized signature in black ink, featuring a prominent loop and a sharp arrow-like end.

Thamer Al Sharhan
Managing Director

WHAT DIFFERENTIATES US

Standing out as the leading provider in the market

By practicing our values – Safety, People, Performance – we stand out by conducting our business ethically, with environmental and social responsibility, and transparency for all our stakeholders.



SERVING THE COMMUNITY

We believe that equitable long-term partnerships and balanced stakeholder relationships are essential to delivering sustainable utility solutions. Therefore, underpinning all our activities and operations is a commitment to support the socio-economic development of the communities and nations in which we operate.

We have consistently reported on our corporate sustainability performance in alignment with the Global Reporting Initiative (GRI). In 2017, we made the decision to transition from reporting against the GRI G4 to referencing the new, more flexible GRI Standards. This has allowed us to broaden our focus to other sustainability frameworks, standards and initiatives that are increasingly relevant to our stakeholders, including the Sustainability Accounting Standards Board (SASB), Taskforce on Climate-related Financial Disclosures (TCFD) and the UN Sustainable Development Goals (SDGs). Our 2017 Sustainability Report is available from our website:

www.acwapower.com

OUR GEOGRAPHIC LOCATION

ACWA Power’s geographic location at the centre of emerging markets has facilitated its strategic geographical expansion in high-growth economies with sound regulatory environments that also encourage private sector participation.

Our activities have a ripple effect across the countries in which we operate, as we can scale up from localised offices. As a responsible employer, we work with our host nations to develop local content, provide employment opportunities, contribute to local initiatives and retain economic value at a local level.

OUR BUSINESS MODEL

Since our inception in 2004, we have won a reputation as an industry leader delivering world-class assets at low cost. This is because our business model is grounded in a unique and integrated collaboration of partnerships through the value chain, allowing us to deliver fit-for-purpose solutions that are the most efficient at each stage of the project: construction, financing and operation. Meanwhile, our precise and diligent processes from pricing to execution ensure the achievement of long-term returns at low risk.

We work hard to provide effective solutions in response to clients’ requirements and challenges while optimising the Group’s returns. We draw on the cultural and professional diversity of our talent to better understand our partners and the global markets in which we operate in order to ensure talent scalability, profitable returns and commitment to the community.

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.



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 practicing the highest professional and ethical standards towards our clients, communities and one another.

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.

“As a responsible employer, we work with our host nations to develop local content, provide employment opportunities, contribute to local initiatives and retain economic value at a local level.”



Aerial view of NOORo III, Morocco

STRATEGY

Creating sustainable value for all our stakeholders

ACWA Power delivers sustainable value for its stakeholders by developing and operating power and water projects in developing markets.

Our strategy is underpinned by a robust business model that ensures we are able to fulfil our customers' needs whilst strengthening shareholder value by ensuring long-term capital growth and stable returns.

In 2017, ACWA Power won more than half of all projects for which it bid, including the most bids in

the MENA region in the power and desalinated water sectors. ACWA Power also achieved financial close on six assets in 2017, and now has a 27 GW of power and 2.8 million m³/day of desalinated water portfolio, including 13.2 GW of operational assets, 9.3 GW under construction and 4.7 GW in advanced development.

Total amount of power*

22.6 GW

* 27 GW including advanced development

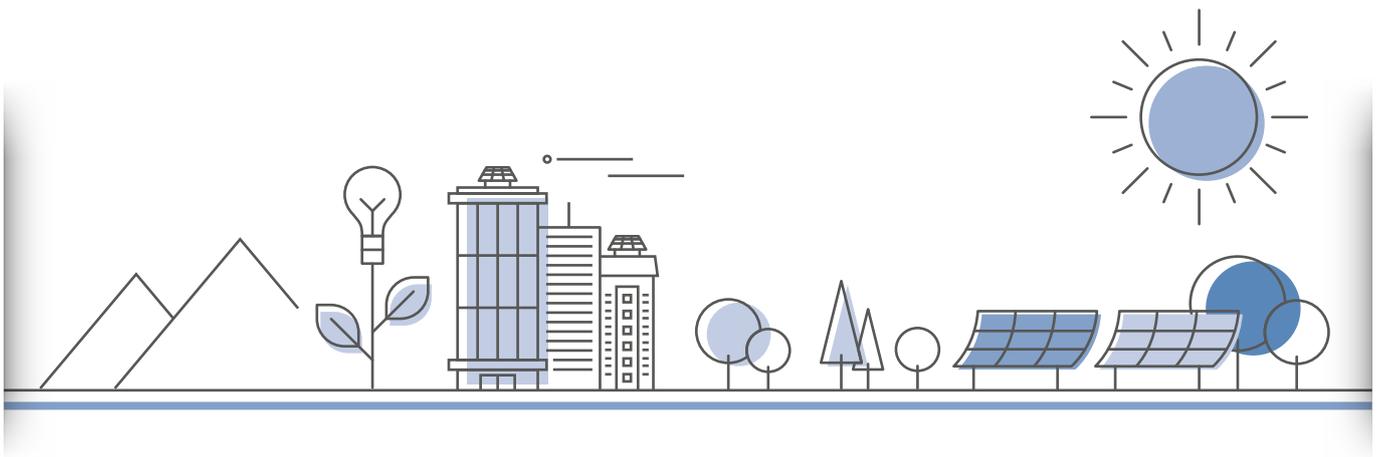
Total amount of desalinated water*

2.7Mn m³/day

* 2.8Mn m³/day including advanced development



Qurayyah IPP,
Saudi Arabia



PROVEN TRACK RECORD

We have achieved this by developing, investing in and operating a world-class portfolio...

DEVELOP

We win bids as lead developer, by partnering selectively and focusing on cost leadership.

CLEAR FOCUS

Mostly investment grade and sovereign-linked off-takers.

Long term PPAs with Government guarantees.

Fuel agnostic, technology neutral.

INVESTING

While taking significant, long-term stakes in all our plants.

OPERATE

We operate and manage our plants to high global standards.

LEADING O&M BUSINESS (NOMAC)

Fully captive to ACWA Power.

Delivering the **highest standards of safety and quality.**

GROWING PORTFOLIO

We invest in all plants we develop...

...which **deliver increasing cash flows** over the life of the asset...

...and give us a large **scalable investment platform.**

BUSINESS MODEL

Defying markets, delivering value – The Total ACWA Power Solution

ACWA Power’s strategy to defy market prices focuses on making a profit by truly adding long-term value to all our stakeholders. The Group’s business model requires a collaboration between partners throughout the value chain. Partnerships optimise the supply chain, providing a range of inputs to deliver fit-for-purpose solutions. This drives down costs associated with the construction, financing and operation of the plants, allowing ACWA Power to offer competitive tariffs.

The focus on establishing low costs for all inputs and purposefully adding only a reasonable margin commensurate with the level of risk enables us to deliver the most competitive tariff possible which in turn supports, directly and indirectly, the social and economic development of our host countries. ACWA Power’s approach means that significant investments will only be recovered over decades, yet it also enables the Company to deliver tariff differences sometimes in excess of 20 percent, compared to the second bidder, regardless of technology, capacity or country. In addition, these lower electricity and water prices, guaranteed for 15-25 years, directly reduces the need for subsidies, thus enabling central governments to fund other much-needed infrastructure and improvement programmes. In this way ACWA Power, using the IPP model, prides itself on its material contribution to several national economies.

This has allowed the business to grow fast and set itself apart as a cost leader, a paradigm breaker and price setter. ACWA Power ensures a profit by finding a balance between setting tariffs as low as possible to ensure customers pay the contracted tariff throughout the term while also setting the tariff high enough to recover all costs and ensure adequate returns in order for the investment to make financial sense.

Our business model requires us to focus on the cost of each component and possibly restrict the margins the supply chain might have realised by working with our competitors. However, the win rate that ACWA Power delivers through this strategy of defying market pricing, is more than compensated through consistent work volume.



The strategy of setting low tariffs is not a recent development at ACWA Power. We focus on keeping tight control of costs and seeking a reasonable rate of return on investments to keep the tariff low on each and every contract, rather than aiming to maximise the tariff and striving to win by the smallest possible margin. By doing so, the Group is able to ensure that the gap between a contracted tariff and any future bulk purchases made by customers will remain consistently small over time.

There are factors at play that fall outside of ACWA Power's control, with cost components resting in the hands of other players. At ACWA Power, we focus on several components that drive the essence of our management operations – Construction, Fuel, Operating and Maintenance, HSSE (see below) and Financing. We deliver best-fit solutions by ensuring technology providers and contractors prepare asset-specific cost estimates while reducing contingencies. As the Group has grown, we have developed economies of scale that

allow us to optimise the plant from the outset and reduce cost in the operating and maintenance departments. Through financing, we ensure appropriate structures in terms of loan and equity pricing to drive all costs down.

Through our business model, the Group recorded tangible results spanning clients, consumers, communities and the overall environment. Through our partners, we seek to tender the lowest possible cost to deliver impressive results.

Our sustainability agenda is not a stand-alone initiative. ACWA Power's business model incorporates and links to various aspects of the Group's sustainability agenda. Our efforts across our sustainability framework – Asset, People, Environmental, Financial and Social Sustainability – are therefore woven into the fabric of our operations, guiding how we do business and thus contributing to local communities. ACWA Power's environmental and social management and performance benchmarks are, at the minimum, of legal and contractual

compliance, and often exceeding regional and local standards as we proactively comply with the latest requirements at a global level. We continue to adhere to the current International Finance Corporation (IFC) and World Bank (WB) requirements to ensure that our financial partners and lenders can readily comply with their Equator Principles commitments.

During the feasibility assessment, development or acquisition phases for new assets, HSSE issues are identified and

managed through HSSE due diligence assessments and then by commissioning environmental and social impact assessments from consultants. Asset performance-related and technical issues with HSSE consequences are covered by ACWA Power's minimum technical specifications which are applied to all assets. In 2014 we actively integrated the WB/IFC Environmental and Social Performance Standards across our asset life cycle.

The expectations and requirements of our stakeholders are taken into consideration in strategic decision-making, goal-setting and then throughout asset delivery and operation. Our employees and the local communities are our key stakeholders and, as such, we engage formally and informally on an ongoing basis. Our clients, the public utilities that purchase our electricity and water, are similarly a core focus and have at least one seat on the Boards of the majority of our assets which ensures direct engagement and response to clients' needs.

ACWA Power has been committed to meeting international best practices on disclosure and reporting since its inception. In 2017, we have maintained our alignment to the World Bank/IFC Environmental and Social Performance Standards, and have broadened our focus to other leading international frameworks. We have made the decision in this reporting year to transition from the Global Reporting Initiative (GRI) G4 to reference the new GRI Standards. We have re-evaluated our material issues in alignment to the Sustainability Assurance

Standards Board (SASB) for ACWA Power's business sector, and included disclosures aligned to the Task Force for Climate-Related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (SDGs). This report covers our operations and performance in the calendar year 2017, and includes our assets, joint ventures and operations over which we have management control. More details on our materiality assessment and reporting process can be found in our 2017 Sustainability Report.

OUR ASSETS

Our assets and operations

Our international footprint has risen to 46 assets (14 under construction, 23 operational and nine in advanced development) in 10 high-growth economies across three continents.

ACWA Power is a leading developer, investor, co-owner and operator of power generation and desalinated water production plants with a capacity of 27 GW (13.2 GW operational, 9.3 GW under construction and 4.7 GW in advanced development) and 2.8 million m³/day (0.1 million m³/day in advanced development). We are at the centre of high growth markets, with a portfolio that is evenly shared between -growth nations with robust regulatory environments surrounding them. One third of our portfolio (14 assets) is currently under construction.

Technology neutral and fuel agnostic, ACWA Power is committed to selecting the optimal solutions that meet the needs of our client nations and communities. Our portfolio of assets encompasses a spectrum of energy and water desalination technologies, including natural gas, oil fired, clean coal, wind power, PV, concentrated solar power, waste-to-energy and reverse osmosis.

“ACWA Power is committed to selecting the optimal solutions that meet the needs of our client nations and communities.”



NOORo III, Morocco, by Mohammed Amine Hirry, QA/QC Engineer, ACWA Power

14
assets under construction





OUR ASSETS CONTINUED

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

Projects under advanced development

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

* Asset under construction.

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

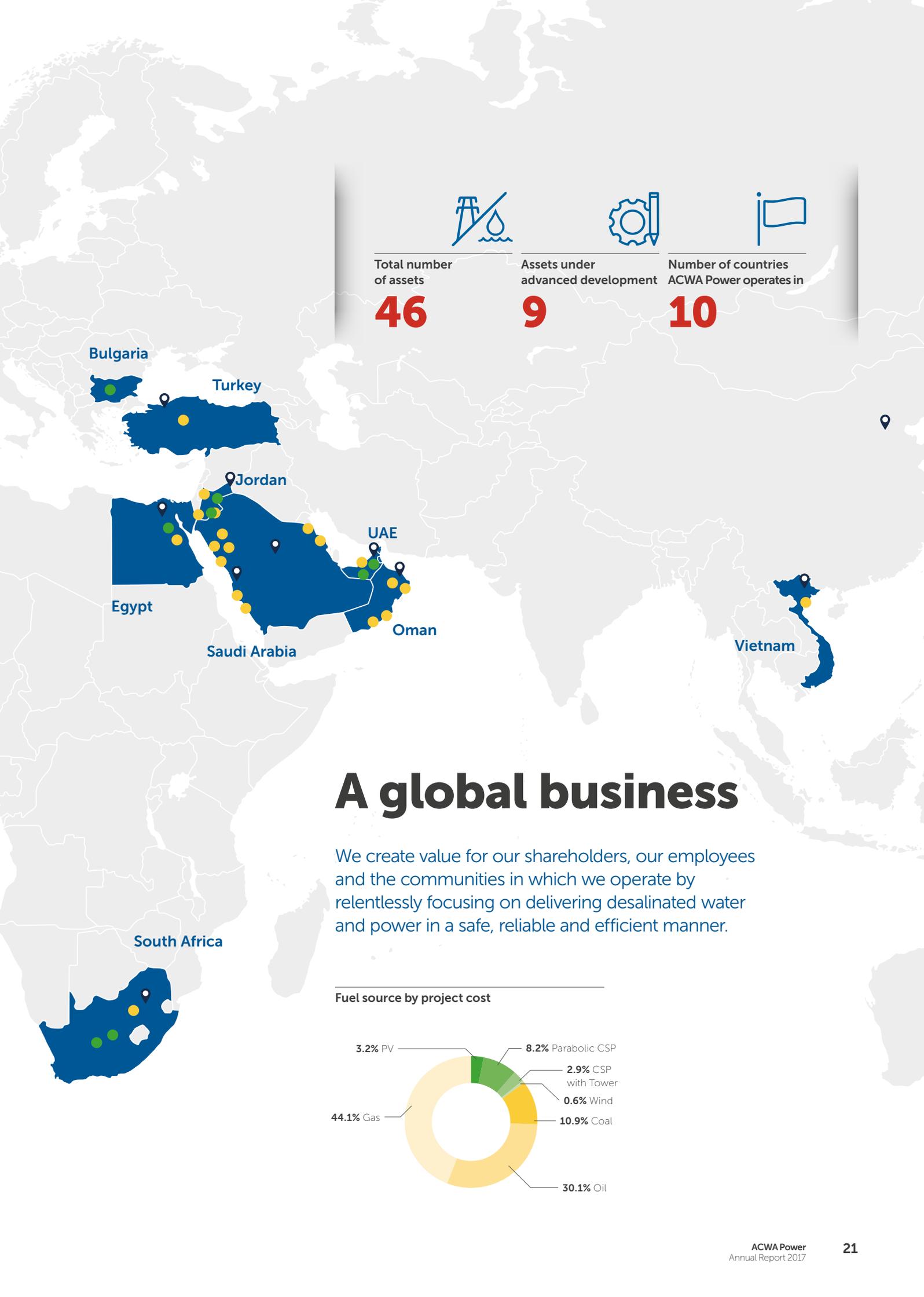
CEGCO includes five assets of which two are renewable (wind) assets.

PROJECT TYPE

● Conventional

● Renewable

📍 Our offices



Total number of assets

46



Assets under advanced development

9



Number of countries ACWA Power operates in

10

Bulgaria

Turkey

Jordan

UAE

Egypt

Saudi Arabia

Oman

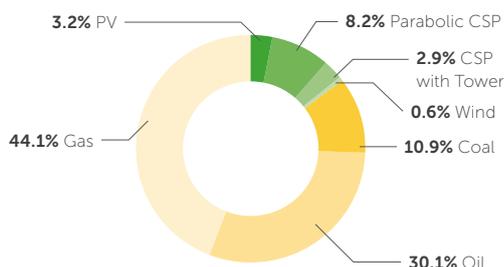
Vietnam

South Africa

A global business

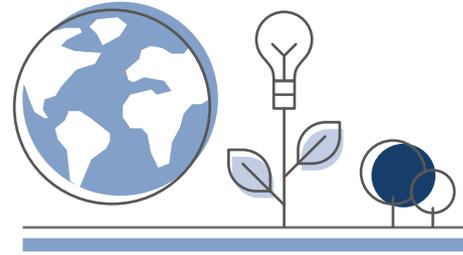
We create value for our shareholders, our employees and the communities in which we operate by relentlessly focusing on delivering desalinated water and power in a safe, reliable and efficient manner.

Fuel source by project cost



MARKET OVERVIEW

Focus on high growth economies with increasing need for power and water



ACWA Power aims to be a leader in markets that demonstrate several key trends in their macroenvironment: namely, strong growth in GDP, population, electricity demand, and need for water desalination, and whose sovereign credit ratings are mostly investment grade. In terms of their power and water markets, these countries have low reserve margins, electricity markets/exchanges which are less developed, strong power capacity growth, robust water desalination demand, and who offer long-term PPAs in their thermal power and renewables power sales.

THE MIDDLE EAST, AFRICA AND SOUTHEAST ASIA: ACWA POWER'S TARGET REGIONS

ACWA Power's target regions of operation – the Middle East, Africa and Southeast Asia – are predicted to show the biggest growth in demand after India and China through 2040, according to the annual outlook from the International Energy Agency. This is due to expanding populations, a process of urbanisation and economic growth which will propel demand to rise by 30 percent from today. Every aspect of these growing economies depends on safe and stable power generation, and the provision of clean water as a fundamental human right.

These target markets are shifting from the EPC model to IPP model, increasing the addressable market for ACWA Power.

THE MIDDLE EAST

Middle Eastern electricity demand is growing at more than three percent a year and is expected to double by 2040. And as one of the world's driest regions, with less than two percent of the world's fresh water supply, one of the biggest challenges facing governments in this region is finding sustainable solutions for the supply of both power and water. Combined with economic expansion and rapidly growing populations, the Middle East is set for significant mid-term opportunities.



GCC AND LEVANT

SAUDI ARABIA

ACWA Power's home market of Saudi Arabia aims to raise some \$200 billion through privatisation programmes in 16 sectors as part of its ambitious Vision 2030 plan to transform the economy including privatisation of power and water assets. As of 2016, installed power generation capacity was 87,980 MW (Source: ECRA, IRENA), while KSA had the capacity to desalinate over 7.7 million m³/day (Source: ECRA).

REST OF GCC AND LEVANT

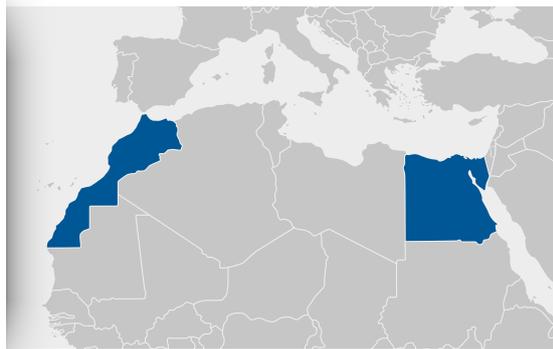
GCC countries have all embraced private sector participation in the ownership, development and operation of power generation and water desalination plants. ACWA Power has already invested in assets in Oman and the UAE, which are at the forefront of involving private players in the power and water sector, and new opportunities abound. Meanwhile the UAE is decoupling water desalination and power generation, seeking out the most competitive industry players to reduce production costs and use renewable energy sources to ensure sustainability. As of 2017, total installed capacity was 4,530 MW (87% fossil-based and 13% renewables) (Source: MEMR). A further 2,812 MW is expected to be added by 2025 (Source: NEPCO).

In countries where ACWA Power is currently operating, potential pipeline is estimated at 225,502 MW (of which 98,628 MW is renewables) of new power capacity and 11.2 million m³/day of new water desalination capacity, which is targeted by 2025.



TURKEY

As one of the fastest developing countries in the world, Turkey has huge appetite for energy and seen more than USD 100 billion invested to fuel its continuing growth. Turkish installed capacity is set to reach 87 GW in 2018. The country's demand for electricity has grown at CAGR of 6.6% during 2002-2008, which was one of the biggest growth rates in the world. However, the increase in demand for electricity has slowed down to 4.0% during 2010-2017. ACWA Power has played an active role in lobbying both for enactment of CPM Law in August 2016 as well as for drafting and implementation of secondary legislation on CPM in February 2018. CPM aims to secure reliable and flexible supply capacity in the grid by providing financial sustainability to eligible technologies. We firmly believe that current pressure on gross margins in the electricity market, due to a combination of over supply and demand slowdown, is short term and will ease as soon as the economy picks up.



NORTH AFRICA

ACWA Power has significant operations and advanced development projects in both Morocco and Egypt. In 2016, installed electricity generation capacity totalled 8,261 MW in Morocco with renewable capacity making up 34% of the total. Power demand has grown at 6.4% annually since 2000, (faster than GDP growth), due to an electrification programme, especially in rural areas, where access to electricity has reached 99% (Source: ONEE). In Egypt, installed capacity in 2017 totalled 45,008 MW. The 2030 Egypt Vision was adopted by the Supreme Council in 2016 with targets to reach a renewable energy share of 42% and improvement in energy efficiency of 18%. Electricity production targets have been set for each of 2019/20, 2025/26, 2029/30 and 2034/35. Total thermal and renewable power capacity additions of 23,375 MW are expected by 2025 in order to meet these targets. (Source: NREA).



SOUTHERN AFRICA

ACWA Power is focusing on the southernmost countries in Africa, i.e. South Africa, Botswana and Namibia. These are fast-growing economies whose natural resource bases offer many opportunities across a mix of fuel types in both the sovereign and industrial offtake markets.



SOUTHEAST ASIA

ACWA Power is already involved in building a power project in Vietnam. In 2018, Vietnam has stepped up its planned divestment of hundreds of state-owned companies including utility providers in an effort to boost their performance and relieve pressure on the state, thereby creating further acquisition opportunities. Greenfield developments also exist in Vietnam, as sovereign and quasi-sovereign purchasers plan capacity additions.

In 2016, installed capacity in Vietnam totalled 42,135 MW (Source: EVN). The government plans to expand the total capacity in the country to 59,000 MW by 2020, and 129,000 MW by 2030.

Indonesia is also an interest country for ACWA Power. There is a pipeline of 42.9 GW of power generation projects that have been announced, permitted, financed, or are under construction. Beyond the current pipeline of projects, there is a further shortfall of 12.6 GW in the requirement for renewable capacity to meet the RUKN target of 45 GW installed renewable capacity (Source: Global Data).

STRATEGY IN ACTION

OUR HOME MARKET – KSA



Leading the development of KSA's first privately financed desalination plant in a decade



The public-private partnership model has brought ACWA Power impressive success in its home market in Saudi Arabia. This started in 2004 when the Kingdom opened up to private sector participation in the power and desalination water generation space with ACWA Power's Shuaibah Independent Water and Power Project (IWPP). More than a decade later, the success of the PPP model is reaffirmed with ACWA Power closing a Second Expansion IWP at the Shuaibah complex.

In late 2016, in view of a projected shortfall of power and water supply in the Madinah Al Munawarah region, starting from the Hajj season 2019, we submitted a preliminary proposal to the Water and Electricity Company to help bridge the gap. We highlighted our ability to both rapidly mobilise and raise capital, as well as to leverage the synergies from our existing Shuaibah complex. Following the issuance of a tender for the 250,000 m³/day Shuaibah Second Expansion IWP, we were awarded the project in March 2017.

The award was due to our compelling value proposition, which ensured timely commissioning of a facility to deliver water by H12019. The proposition included on-balance sheet funding even prior to signing the Water Purchase Agreement; the offer of competitive tariffs through the utilisation of synergies with the nearby Shuaibah-3 IWPP, the sea water reverse osmosis expansion, the procurement of the most innovative and cost-competitive

engineering, procurement, construction and financing solutions; and demonstrated our unmatched ability to deliver projects on time and within budget. Moreover, our proposal was backed by operational reliability, as we selected our subsidiary NOMAC, which already operates the largest privately-owned desalination fleet in the world, as the operations and management provider.

Funded with commercial debt and equity with a leverage of 85:15, debt raised from a consortium of international commercial banks and – for the first time for a greenfield project and for a project with no Korean content – Korean insurance companies, we're proud that the SAR 1,219 million (US\$ 325 million) project sets several other new benchmarks:

- It is the first IPP/IWPP project in Saudi Arabia to close without any state-owned equity participation, while tapping new pools of project finance liquidity for greenfield projects in the Kingdom and the region;
- It is the first time a major IWP/IWPP project in Saudi Arabia has been financed entirely by foreign/non-Saudi institutions;
- It is the first project to receive substantial Korean financial institutional participation, given there is no Korean content or Korean ownership; and
- It is the first time that Korean insurance providers have invested in a greenfield project in the region with construction risk.



1.3 Mn

m³/day

The project brings the total committed desalination capacity of our Shuaibah complex to some 1.3 million m³/day.



The competitiveness of the overall financing allowed for the project to be funded through long-term debt without any refinancing triggers, thereby ensuring the project has no exposure to financing risk over the entire term of concession. The equity is funded through an equity bridge loan on highly competitive terms, with the flexibility for incoming equity investors to accede automatically into the facility.

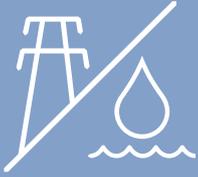
In terms of efficiency, the project has 10 trains optimised for (n-1) operational redundancy without standby trains and a double-pass design to allow for delivery of significantly higher quality water than is the norm for the region. The project is also designed to adhere to the most stringent environmental standards, including the IFC

Performance Standard and EHS Guidelines, Equator Principles III and the KSA GAMEP environmental standards. To ensure minimal impact on marine life, a detailed mapping of sea-bed flora was conducted prior to the start of works, translocation into a purpose-built 'nursery' is ongoing and the overall design will ensure new marine life colonisation following the project's completion.

The project brings the total committed desalination capacity of our Shuaibah complex to some 1.3 million m³/day. It serves as proof-of-concept for the upcoming water, integrated power and water projects and state-owned asset sales to be tendered over the next 24 months in the Kingdom: the government seeks partners to help supply a

further 2.6–3.2 million m³/day of water and 3,000 MW of power, and plans to privatise existing capacity. The interest shown by local and international banks, the availability of new sources of liquidity and the strong interest from participants across the value chain (developers, contractors, advisors) all set the stage for what promises to be the beginning of a bright, new era in the Saudi Arabian infrastructure story. By extending to the Kingdom our commitment to providing power and water at the lowest cost, we look forward to playing a central role as it evolves.

STRATEGY IN ACTION CONTINUED
DEVELOPING STRONGHOLD
COUNTRIES



Committed to
Jordan's long-
term success



Ever since it acquired a controlling stake in Jordan's largest electricity generator CEGCO in 2011, ACWA Power considers the Kingdom of Jordan as one of its strategic markets and is pursuing a long-term commitment towards the country's energy sector as it expands installed power capacity.

With a population growing at around 2.5 percent a year and a steady growth rate in electrical energy of around six percent, Jordan's favourable demographics, combined with a unique geographical location, good social infrastructure and a robust human resource base, makes it one of ACWA Power's core and strategic markets. In order to support the country meeting its power demand requirements, ACWA Power has stepped in with its knowledge base and expertise, becoming an active contributor to the Jordanian economy.

The 2011 investment in Jordan's Central Electricity Generation Company (CEGCO), accounting for some 34 percent of Jordan's installed capacity, has given ACWA Power a cornerstone portfolio in the country. As such, ACWA Power has added capacity locally in a cost-efficient manner, led by its mantra of delivering reliable power at the lowest possible cost.

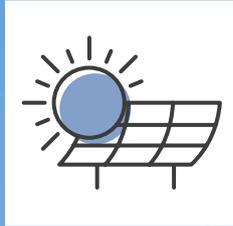
In light of some of the plants in CEGCO reaching the end of their useful lives, ACWA Power has worked on adding capacity, using their strategic locations and the infrastructure already existing at their sites – auxiliary equipment as well as electricity transmission infrastructure – to deliver incremental electricity. This is being done for the ageing oil-fired Hussein Thermal Power Station, which was decommissioned in 2015. Work has begun on its replacement at the same site with ACWA Power Zarqa project, a SAR 1,818 million (US\$ 485 million) greenfield IPP. Zarqa has the most efficient technology in Jordan.

As well as introducing new efficient technologies, ACWA Power has also championed renewable energy options for the country. The decommissioned gas turbines at CEGCO's Risha power plant are now being replaced with a 50 MW Solar PV project, which has the lowest ever tariff in the Jordanian market for PV technology and is expected to begin construction in 2018. Separately, ACWA Power acquired Sunrise Solar Energy, a 50 MW Solar PV

project, which has been renamed ACWA Power Mafraq and will complete construction and commence operations in 2018. CEGCO is the O&M operator for Zarqa, Mafraq and Risha.

ACWA Power has been instrumental in transforming CEGCO into a learning organisation, developing a culture of continuous improvement to achieve excellence. Various initiatives have been implemented, including an ERP system with automated payroll, financial systems and maintenance management, and a performance-based management system with well-defined KPIs. A culture of participative management and autonomous decision-making has also been introduced, and there is a huge drive to improve corporate governance through transparent and timely reporting to all stakeholders.

CEGCO has a sizeable workforce with considerable operational experience, and ACWA Power has invested in the learning and development of the staff by providing various in-house as well as external training



As well as introducing new efficient technologies, ACWA Power has also championed renewable energy options.



programmes, sharing best practices along with its O&M arm NOMAC. Today the performance of CEGCO is benchmarked with world-class standards in terms of performance, and also reliability and HSSE.

ACWA Power's commitment to the well-being of Jordan goes beyond its energy and power sector. Its numerous Corporate Social Responsibility projects include creating job opportunities, training young Jordanians, developing PV projects for mosques, hosting free medical days, investing in school rehabilitation, installing LED lights in streets and supporting the local municipalities. In 2017, ACWA Power donated a 2.6 MW Solar PV plant to the King's Academy, helping to significantly reduce the school's operating costs. ACWA Power is also working with the government to conduct a comprehensive study to identify the best possible way forward for the country not only for electricity generation but for the whole energy sector.

Jordan's demographics mean that electricity demand will continue to grow apace in the next decade. Through CEGCO, ACWA Power has become a major player in the country's power market and, because of its commitment to ensure the best outcomes for the country, a strong contender for future power projects.

STRATEGY IN ACTION CONTINUED
ENSURING FINANCIAL STRENGTH
AND FLEXIBILITY TO FUND
HIGH GROWTH



**ACWA Power's
SAR 3,052.5 million
(US\$ 814 million)
maiden bond
issuance was
oversubscribed**



ACWA Power has been an avid fundraiser for its rapidly growing portfolio, raising more than SAR 93 billion (US\$ 25 billion) in financing over its history. This has typically been in the form of project financing by the project companies, with very limited corporate debt required and raised from banks. As it continues on its next phase of growth, and in light of the size of the opportunity Saudi Arabia's privatisation plans present, diversifying sources of funding further enhances the Group's financial strength and flexibility.

In May 2017 ACWA Power made its first foray into the debt markets, issuing an SAR 3,052.5 million (US\$ 814 million) debut bond. The transaction, which has a 22-year maturity, has been a big step forward for us in further diversifying sources of funding and increasingly being visible to international investors eager to benefit from long-term assets.

We're proud of this debut issuance because of our success in overcoming various challenges due to its innovative structure. The transaction is a hybrid of a project finance and a regular capital market transaction, so advisers had to produce bespoke documents for every aspect; meanwhile the portfolio itself is large, and project-financed with multiple stakeholders. Attainment of investment grade ratings from two agencies (Moody's and S&P) for a first-of-its-kind portfolio issuance required a deep understanding of the rating process

given that neither agency had rated such a structure before.

The bond is backed by cash flows from ACWA Power's portfolio of eight power generation and water desalination projects in the Kingdom of Saudi Arabia, and the associated operations and maintenance companies. These projects have an aggregate contracted capacity of 10.1 GW of power and 2.3 m³/day of desalinated water, which represents 11.5 percent of Saudi Arabia's power generating capacity and 29.6 percent of water desalination capacity.

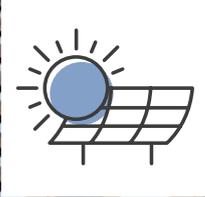
We also engaged in extensive investor education and outreach on both the transactional and contractual structure, as well as about Saudi Arabia itself, a new jurisdiction for many investors, because it was the first private sector investment grade offering from the Kingdom. The transaction

was more than two times oversubscribed, representing resounding demand for such a structured long-tenor offering. With a final order-book of SAR 6.75 billion (US\$ 1.8 billion) ACWA Power was able to upsize the issue from an initial announcement of SAR 2,250 million (US\$ 600 million) to the final SAR 3,052.5 million (US\$ 814 million), the maximum size allowed by the financial parameters to achieve investment grade rating. Some 120 investors participated, more than half from the US and the remainder split between MENA, Europe, the UK and Asia. The appetite for the bond reinforces our ambitions in our home market Saudi Arabia while demonstrating investor confidence in our overall corporate strategy.

The transaction has achieved multiple 'firsts' in the market. It is the first ever private 'investment grade' bond from the Kingdom, the largest Dollar bond issued by a private



The appetite for the bond reinforces our ambitions in our home market Saudi Arabia while demonstrating investor confidence in our overall corporate strategy.



sector company in Saudi Arabia, the first time Moody's and S&P have rated emerging market IPP/IWPP holding company debt 'investment grade', the first ever senior structured multi-asset transaction from the MENA region, the largest single tranche of holding company debt issued in the emerging markets and the first corporate non-recourse transaction from the MENA region since 2013. We also gained recognition in the highly-regarded annual Project Finance International awards as the Middle East and North Africa Bond Deal of the Year, and it is likely to serve as a template for similar portfolio financings in the broader infrastructure sector.

The bond has enabled ACWA Power to diversify its sources of financing, raise longer maturity capital commensurate to the economic life profile of its asset base, repay certain existing facilities, and enhance its funding flexibility while ensuring that

traditional sources of financing – bank markets – remain available. This flexibility, combined with an expanded investor base, puts ACWA Power in a powerful financial and strategic position to take advantage of the opportunities on offer as Saudi Arabia proceeds with Vision 2030 and opens up its power and desalination industry to the private sector.

OPERATIONAL REVIEW

2017 HIGHLIGHTS

JANUARY

ACWA Power agreed to develop, finance, construct, own and operate a 50 MW PV plant in Risha, Eastern Jordan. Under the agreement, ACWA Power will sell electricity to the national grid for JOD 42 fils per kWh, the lowest tariff for solar energy ever presented for a Jordan-based project. Risha PV IPP takes ACWA Power's portfolio in Jordan to eight assets with an aggregate capacity of 1,575 MW, representing almost 34 percent of the total installed electricity capacity and reinforcing ACWA Power's position as the largest IPP operator in the country.

MARCH

Arab Petroleum Investments Corporation purchased a 13.33 percent equity stake in Shuqaiq International Water Company in Saudi Arabia, giving them an 8 percent effective stake in the Shuqaiq IWPP. Prior to this transaction ACWA Power had a 40 percent effective stake in the project, which began operations in 2011. This transaction reflects a co-investment initiative signed by APICORP and ACWA Power in 2014 to collaborate in various projects in the fields of power generation and water desalination across the core geographies of ACWA Power.

H.H. Sheikh Mohammed bin Rashid Al Maktoum inaugurated the 200 MW second phase of the Mohammed bin Rashid Al Maktoum Solar Park. The second phase is a partnership between Dubai Electricity and Water Authority and a consortium led by ACWA Power, the main developer of the project, and TSK from Spain, the main contractor, with an investment of AED 1.2 billion.

INAUGURATION OF THE SECOND PHASE OF THE MOHAMMED BIN RASHID AL MAKTOUM SOLAR PARK IN THE UAE

NEW DEAL FOR PV PLANT IN JORDAN



ARAB PETROLEUM INVESTMENTS CORPORATION PURCHASED A 13.33 PERCENT EQUITY STAKE IN SHUQAIQ INTERNATIONAL WATER COMPANY IN SAUDI ARABIA



APRIL

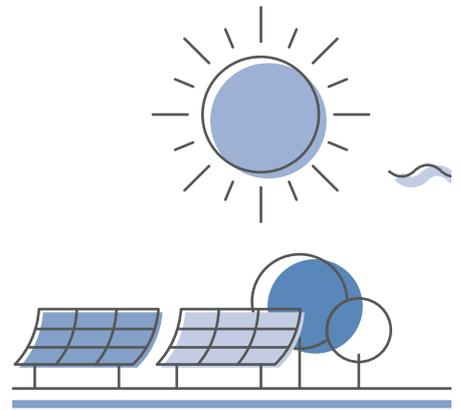
- ACWA Power donated a 2.6 MW solar power plant to King's Academy in Jordan. The project, valued at SAR 15 million (US\$ 4 million), will offset the equivalent of 2,300 metric tons of CO₂ and power the equivalent of 350 households.
- King Mohammed VI of Morocco launched the SAR 788 million (US\$ 210 million) NOOR PV I Programme in Ouarzazate, which will be developed, constructed and operated by ACWA Power. The programme is the first phase of PV generation plants of the NOORo Solar Plan.

MAY

- Successful USD 814 million bond placed by ACWA Power Management and Investments One with a 22-year maturity allowing the company to diversify the investor base. The bond was rated BBB- by S&P and Baa3 by Moody's.

JULY

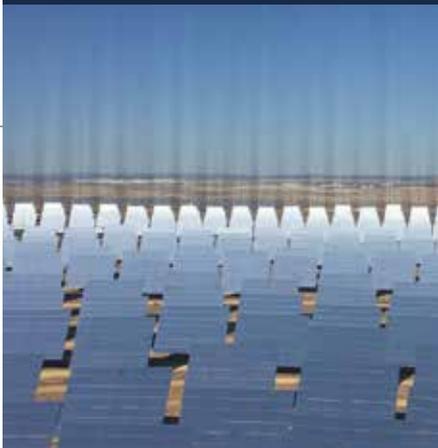
- The Ministry of Planning and Investment of Vietnam issued an Investment Registration Certificate to Nam Dinh First Power Holdings, a Joint Venture between ACWA Power and South Korea's Taekwang Power Holdings, to implement the 1,200 MW Nam Dinh 1 Thermal Power Project in Hai Hau district of Nam Dinh province, Vietnam.



Bokpoort CSP IPP, South Africa



**ACWA POWER
DONATED A 2.6 MW
SOLAR POWER PLANT
TO KING'S ACADEMY
IN JORDAN**



OPERATIONAL REVIEW CONTINUED

2017 HIGHLIGHTS

AUGUST

- ACWA Power was awarded three solar PV projects in Benban, Aswan province, under Round 2 of Egypt's Feed-in-Tariff (FiT) programme. ACWA Power will develop, finance, build, own and operate the plants with an aggregate capacity of 120 MW and total investment value of SAR 713 million (US\$ 190 million).

ACWA Power awarded three solar PV projects in Egypt with a value of

SAR 713Mn

SEPTEMBER

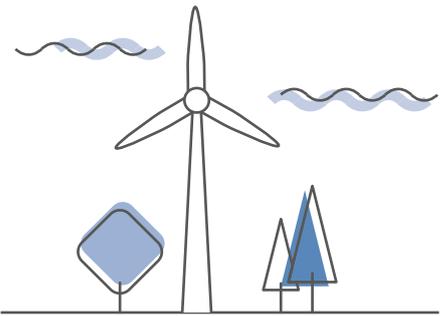
- An ACWA Power-led consortium was awarded the fourth phase of the Mohammed Bin Rashid Al Maktoum Solar Park, the largest single-site CSP plant in the world. With a capacity of 700 MW, the project set a new global record for the lowest levelised cost for renewable baseload electricity in an IPP tender, at 27.4 halalah (US\$ 7.3 cents) per kWh, without the benefit of any subsidy (including any carbon credit). The plant will provide electricity to the emirate during the day and the night, as would a fossil fuel power plant.

NOVEMBER

- ACWA Power inaugurates SAR 3.75 billion (US\$ 1 billion) Kirikkale Power Plant in Turkey. The Combined Cycle Power Plant has a capacity of 950 MW and is capable of meeting three percent of Turkey's total electricity demand. The plant was the first Saudi energy investment in Turkey's power sector.

THE LARGEST SINGLE-SITE CSP PLANT IN THE WORLD

An ACWA Power led consortium was awarded the fourth phase of the Mohammed Bin Rashid Al Maktoum Solar Park, the largest single-site CSP plant in the world.



ACWA POWER
INAUGURATES
SAR 3.75 BILLION
KIRIKKALE
POWER PLANT

DECEMBER

- The 120 MW Khalladi wind power plant in Morocco began supplying the national electricity grid. It is the first renewable energy project to be financed by the European Bank for Reconstruction and Development in Morocco, in collaboration with the Clean Technology Fund and the Moroccan BMCE Bank of Africa.
- ACWA Power Risha achieved financial close for the 50 MW Solar PV IPP in Jordan. Financing agreements were signed with the European Bank for Reconstruction and Development, the German Investment Corporation DEG and Arab Bank.
- An ACWA Power-led consortium, with Veolia and DIDIC, was awarded the Salalah Independent Water Project by the Oman Power and Water Procurement Company. The plant will be located in Salalah, Dhofar region and will have a capacity to generate 113,650 m³/day of desalinated water, using reverse osmosis technology.

Khalladi wind power plant began supplying electricity

120 MW



2017 AWARDS

Renewables Company of the Year
MEED Awards

Top Employer Brand, MENA Region
Linked In Talent Awards

Internal Newspaper, Excellence Award
Institute of Internal Communications

Independent Power Producer of the Year, Saudi Arabia
Asian Power Awards

Bronze Award, Gas Power Project of the Year
Zarqa Ipp, Asian Power Awards

Gold Award, Coal Power Project of the Year
Hassyan Clean Coal, Asian Power Awards

Power Utility of the Year, Jordan
Asian Power Awards

Deal of the Year 2017, Khalladi
Environmental Finance



**KHALLADI WIND
POWER PLANT BEGAN
SUPPLYING NATIONAL
ELECTRICITY GRID**

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

Governance and leadership

OUR CORPORATE GOVERNANCE APPROACH

At ACWA Power we believe that corporate governance is essential for delivering sustainable shareholder value and that conducting our operations with transparency, integrity and the highest ethical values is of paramount priority for our stakeholders. This philosophy is grounded in traditional values that have been augmented and strengthened over time by adopting and monitoring governance behaviour and policies that are compliant with local and international standards of best practice.



Good corporate governance provides an appropriate framework for directing and controlling business. For ACWA Power, this means the distribution of rights and responsibilities among various participants in the Group including the Board of Directors, the management team and staff. The fundamental objective is to protect the interests and deliver value to shareholders, keeping in view the interests of other stakeholders. As ACWA Power is a developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production assets spread across 10 countries, our activities have an impact on the communities we operate in, and this impact should be positive, well-meaning and directed to help build a sustainable future. The application of high standards of corporate governance help to ensure ACWA Power is as committed to and invested in these communities as its clients.

Through the governance mechanism, the Directors carry out their responsibilities to all the Company's stakeholders by making sure their decision-making is transparent, fair and independent. These values are also reflected in the leadership, management and day-to-day operations of the Company.

Code of Conduct and Business Ethics

The Code of Conduct and Business Ethics sets out ACWA Power's values, ethics and business principles, and serves as the ethical roadmap for the Group, its Directors and its employees. The code includes the Company's anti-bribery and anti-corruption policies, and explains how any concern related to non-adherence to the code shall be reported. Internal audit, risk management and internal control processes continue to meet the progressive governance standards.

Corporate Governance Structure

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

Those functional Board Committees are:

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

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

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

LEADERSHIP OF THE COMPANY

The Board of Directors has 10 members, comprising representatives from our shareholders in addition to a selection of experienced independent members who are experts in the industry. The Directors and the Board Committees provide disciplined oversight and guidance, and the management team leads, supervises and controls the Company with uncompromising integrity. The Directors bring deep and wide-ranging experience of corporate governance, operations and maintenance, finance, business development and institution building. The management team's leadership skills are complemented by their academic and professional qualifications in the fields of administration, management, finance and engineering.

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

Four Board meetings were held during 2017 as well as two Board strategy meetings, in addition to the annual statutory shareholders meeting on 21 June 2017. These meetings were convened by issuing proper notices along with the agenda and relevant working papers. The Chairman presided at the meetings, and the minutes of the meetings were appropriately recorded, circulated and approved. The Board of Directors approved the audited financial statements of the Company on 24 April 2018.



Mohammad A. Abunayyan
Chairman

BOARD OF DIRECTORS



Mohammad A. Abunayyan

Chairman of the Board



Sulaiman A.K. Al Muhaidib

Member of the Board of Directors



Ahmad S. Al Rajhi

Member of the Board of Directors



Ibrahim M. Al Romaih

Member of the Board of Directors



His Excellency Mohammed T. Al Nahas

Independent Member of the Board of Directors

BIOGRAPHY

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

Under his leadership, ACWA Power has grown into a leading private sector energy and water provider, achieving significant milestones in the 14 years since he founded the Company.

Mr. Al Muhaidib is the Chairman of Al Muhaidib Group and a number of companies that include Savola Group, Al Oula Development Company, RAFAL Real Estate Development Company, Al Shamiyah Urban Development Company and Swicorp Joussour.

Mr. Al Rajhi is the Vice Chairman of Al Rajhi Holding Company. He also serves as the Vice Chairman of Industrial Committee of the Chamber of Commerce & Industry, Central Province – Saudi Arabia.

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

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

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

H.E. Al Nahas has served as the general manager of the Alinma Bank's Retail Banking Group, where he was a founding member of the first bank branch, and is currently tasked with boosting the financial growth of Alinma.

Prior to joining Alinma Bank, H.E. Al Nahas ascended up the ranks of SAMBA Financial Group from 1984 to 2008, where he last served as Regional Manager of branches in the Middle East.

APPOINTED

22 June 2008

22 June 2008

22 June 2008

2 January 2013

6 July 2016

MEMBERSHIP STATUS

Non-Executive

Non-Executive

Non-Executive

Non-Executive

Independent

EXTERNAL APPOINTMENTS

Mr. Abunayyan serves as chairman and board member of several world-leading organisations, in addition to holding a number of prestigious honorary and leadership positions focused on transforming and diversifying the economy of Saudi Arabia.

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

Mr. Al Rajhi sits on the Board of Directors of the Saudi Industrial Property Authority (MODON), the National Industrial Committee, Saudi Arabia and of various companies including Al Rajhi Insurance Company, Injaz Real Estate Company, Farabi Petrochemicals Company, Hail Cement Company, Trio Mada International Plastic Company and Chairman of Gulf Packaging Industries Ltd.

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

H.E. Al Nahas continues to hold a number of leadership positions at Alinma Bank, and is also a member of the Audit and Risk Committee in Public Pension Agency.

COMMITTEES



- A Audit Committee
- R Risk & Compliance Committee
- Indicates Committee Chairman

- C Conflict Of Interest & Related Party Transaction Committee
- N Nomination and Remuneration Committee



Tariq M. Al Mutlaq

Independent Member of the Board of Directors

BIOGRAPHY

Mr. Tariq Almutlaq is the Managing Director and Board Member of the Almutlaq Group.



Mohsen A. Khalil

Independent Member of the Board of Directors

Mr. Khalil is a veteran with extensive experience in emerging markets and particular expertise in telecoms, information technologies, infrastructure and Cleantech. He served a long executive career with the International Finance Corporation (IFC) and the World Bank. His latest appointment was until the end of 2011 and he was Global Head of the Climate Business Group of IFC with a mandate to mainstream and scale up its 'green' investments and advisory activities across all industries and regions. Mr. Khalil has served as board director and advisor for many companies and investment funds at different stages of growth.



Rasheed A. Al Rasheed

Member of the Board of Directors

Mr. Al Rasheed sits on the Board of Directors of ACWA Holding.



David Crane

Member of the Board of Directors

Mr. Crane is a member of the Board of Directors at ACWA Power, Director at ACWA Holding and ACWA Guc, ACWA Power's Subsidiary in Turkey. Mr. Crane joined the Board in 2016. Prior to joining ACWA Power, Mr. Crane was President and CEO at NRG Energy and NRG Yield, the largest non-utility power company in the US. Under Mr. Crane's leadership NRG was a key member of the US Climate Action Partnership. He was also CEO and Executive Director at International Power and Senior Vice President, Global Power at Lehman Brothers, where he was responsible of Lehman Brother's Global Power business in emerging markets.



Federico Tauber

Member of the Board of Directors

Mr. Federico Tauber has a broad range of experience in business management, investment banking, financial services, real estate and corporate restructuring developed over a career of 20 years in Latin America and nine years in the Middle East. Mr. Tauber was President of Tameer Holding Investment where he was responsible for the completion of seven projects comprising more than 3,000 residential units. Prior to joining Tameer he was Vice President of Business Development of Al Rajhi Holding and Managing Director of Citigroup.

APPOINTED

29 November 2008

6 July 2016

22 June 2008

6 July 2016

6 July 2016

MEMBERSHIP STATUS

Independent

Independent

Non-Executive

Non-Executive

Non-Executive

EXTERNAL APPOINTMENTS

Mr. Almutlaq serves on the following Boards: Middle East Paper Company, Riyadh Cables Group of Companies, Watani Wealth Management Company, Almutlaq Real Estate Investment Company, Himmah Capital, Jazan Gas Projects Company (JGPC), Daikin Saudi Arabia, Gas Integrated Company (GIC).

Mr. Al Rasheed is a member of many organisations in KSA and GCC including Saudi Organisation for Certified Public Accountants (SOCPA), The Saudi Economy Association and The Family Business Council of the Gulf Cooperation Council.

In addition to leading Gemstone, he is a Board Member of AEP Investment, and Basil Trust.

COMMITTEES



DIRECTORS' REPORT

Dear esteemed ACWA Power stakeholders,

ACWA Power Board of Directors are pleased to present the annual report relevant to ACWA Power (ACWA Power/The Company) for the year ended 31 December 2017 (referred to as the current year).

GENERAL

The International Company for Water and Power Projects ('the Company') is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215, dated 2 Rajab 1429H (corresponding to 5 July 2008) and registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010253392, dated 10 Rajab 1429H (corresponding to 13 July 2008). The Company and its project companies (collectively 'the Group'), are engaged in the development, acquisition, leasing, operation and maintenance of power generation, steam production and desalinated water production plants and the sale of electricity and desalinated water, and other related or auxiliary business activities complementary to it.

FINANCIAL RESULTS

ACWA Power delivered solid financial and operational results for 2017, accomplishing double-digit growth in income and return on capital employed. This is a testament to the Group's ability to deliver on its strategy for sustainable growth by delivering high-quality, energy-efficient power and water assets at the lowest cost, while contributing to the communities in which ACWA Power operates.

Financially, in 2017 the Group achieved operating income after share in net revenue of equity accounted investees, of net SAR 1,573 million and net income of SAR 920 million. The primary drivers of net income are attributed to three sources: services rendered (including development fee income); the Group's share of net income from joint ventures and associates; and results of operations from the Group subsidiaries.

KEY ACCOMPLISHMENTS IN 2017

ACWA Power's power generation and water provision portfolio production capacity reached 27 GW of power and 2.8 million m³/day of desalinated water. The asset portfolio of 46 projects (17 under construction, 23 operational and six in advanced development), includes 18 renewables assets as of 31 December 2017.

ACWA Power was awarded five projects in the MENA region in 2017 – more than any other developer. Furthermore, the Group's first merchant asset and first plant in Turkey, the 1,000 MW Kirikalle power plant, began operations.

Other key highlights include:

- Awarded the contract for DEWA CSP (700 MW), the largest single-site Concentrated Solar Power (CSP) project in the world.
- Commenced operations at the Khalladi wind power plant in Morocco (120 MW).
- Expanded Jordanian portfolio to incorporate eight assets with a combined capacity of 1,665 MW, representing almost 40 percent of the country's total installed capacity.
- Awarded a contract to develop three solar PV plants in Egypt (165.5 MWp).
- Issued SAR 3,052.5 million (US\$ 814 million) bond backed by eight assets in Saudi Arabia, a debut issuance for the Group and a key milestone in the evolution of the Saudi market.
- Undertook an organisational health assessment with the help of McKinsey & Co to enhance business performance.

BOARD OF DIRECTORS

The Board of Directors held four meetings during 2017, establishing the Company's business progress and reviewing the strategies advanced by the management team relating to expanding operations through new projects that fall within the targeted geographical regions.

The Company held its statutory Annual General Meeting (AGM) on 21 June 2017. The AGM agenda included the following:

1. Approval of the Auditor's Report of the Company for the year ended 31/12/2016.
2. Approval of the financial statements for the year ended 31/12/2016.
3. Approval of the distribution of dividends to shareholders for the 2016 financial year.
4. Approval of the Board's authorisation to distribute interim dividends for the year 2017.
5. Approval of the Board's report of the year ended 31/12/2016.
6. Approval of release of Board managers for the year ended 31/12/2016.
7. Approval of the appointment of an external auditor.
8. Approval of the Audit Committee charter.
9. Approval of appointment of the Audit Committee members.
10. Approval of the Company's revised bylaws to align with the new companies' law.

The table below lists all the Directors and their attendance at the Board Meetings:

Name of member	Role	Board Meeting (2017) – Attendance				
		15 March	6 June	10 September	11 September (strategy meeting)	16 December
Mohammad A. Abunayyan	Chairman	✓	✓	✓	✓	✓
Sulaiman A. Al Muhaidib	Board Director/Member	✓	✓	✓	✓	✗
Ahmad S. Al Rajhi	Board Director/Member	✓	✗	✓	✓	✓
Rasheed A. Al Rasheed	Board Director/Member	✓	✓	✓	✓	✓
Tariq Al Mutlaq	Board Director/Member	✓	✓	✓	✓	✓
Ibrahim Al Romaih	Board Director/Member	✓	✓	✓	✓	✓
Mohsen Khalil	Board Director/Member	✓	✓	✓	✓	✓
David Crane	Board Director/Member	✓	✗	✓	✓	✓
Federico Tauber	Board Director/Member	✓	✗	✓	✓	✗
Mohamed Al Nahas	Board Director/Member	✓	✓	✓	✓	✓

Legend: (✓) Present; (✗) Apology; (N/A) not a Board member at that time.

Note: The Board appointed Mr. Maged Al Goaid as the new Board Secretary in June 2017.

BOARD AUDIT COMMITTEE

The members of the Board Audit Committee (BAC) have the required knowledge and experience of accounting standards, risk management and commercial laws that enable them to perform their functions.

During the year, the Committee reviewed key internal audit findings covering operational, risks, financial and compliance. The Internal Audit function also presented its report and findings on internal control systems. The Committee ensures that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by Saudi Arabia, by early adopting the same in preparation of the Company's 2017 financial statements. The Committee, through self-assessment, annually evaluates its performance, reviews the status on compliance of its obligations under the Charter and confirms that it fulfils its duties and responsibilities.

Note: The committee's Chairman Mr. Khalid Al Solai resigned on 3 November 2017, therefore the Board has approved Mr. Harold Manasa as the new BAC Chairman as per Board resolution dated 16 December 2017.

The Committee is chaired by an independent member of the Committee.

The table below lists all the Board Audit Committee members and their attendance at 2017 meetings:

Name of member	Role	Board Audit Committee			
		March	June	September	December
Khalid Al Solai	Chairman	✓	✓	✓	N/A
Rasheed Al Rasheed	Member	✓	✓	✓	✓
Harold Manasa	Member	✓	✓	✓	✓
Pek Hak Bin	Member	✓	✓	✓	✓
Abdulrahman Al Khulaifi	Member	✓	✓	✓	✓

Legend: (✓) Present; (✗) Apology; (N/A) not a Committee member at that time.

BOARD RISK & COMPLIANCE COMMITTEE

The Risk & Compliance Committee (BRCC) is to assist the Board in executing its fiduciary responsibility for overseeing and reviewing: (i) management's identification and evaluation of the Company's principal strategic, financial, operational, business and compliance risks, including the Company's risk management framework and the policies, procedures and practices employed to manage risks; and (ii) the Company's compliance programme.

This Committee supports the Board to monitor the risk environment for the Company and provides direction for the activities to mitigate the risks that may adversely affect the Company's ability to achieve its goals.

The Committee is chaired by an independent member of the Committee.

DIRECTORS' REPORT CONTINUED

The table below lists all the Board Risk & Compliance Committee members and their attendance at 2017 meetings:

Name of member	Role	BRCC		
		12 January	4 June	3 December
Khalid Al Faddagh	Chairman	✓	✓	✓
Mohammed Talal Al Nahas	Member	✓	✓	✓
Ammr Kurdi	Member	✓	✓	✓
Mohammed Al Roubi	Member	✓	✓	✓
Harold Manasa	Member	N/A	N/A	✓

Legend: (✓) Present; (X) Apology; (N/A) not a Committee member at that time.

Mr. Harold Manasa – BAC member (was appointed as BRCC member as per Board resolution dated 10 September 2017 to be a joint member between this Committee and BAC).

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee (BEC) is a standing committee of the Board deriving its powers under full delegation of responsibility from the Board of Directors. The Board Executive Committee consists of six members as of the end of December 2017 who are appointed by the Board and all of whom are members of the Board of Directors. The Board Executive Committee held eight meetings during 2017.

The primary purpose of the BEC is to review and recommend for approval to the Board of Directors the five-year business plans, operating plans, the capital expenditure programmes and other studies or plans that will have a significant impact upon the operations of the Company.

Company management regularly engages with the BEC to share its insights and analysis on potential new investments and seek its sanction to progress. The BEC in turn has full authority to: approve investments and acquisitions; approve the submittal of binding bids in relation to any project; sanction further changes or revisions in the Company's investments or bids submitted; and to conclude all agreements and contracts.

The principal purpose of the Board Executive Committee is to give its directions, guidelines and approvals relating to investments in projects, strategic business plans and related decisions. The Committee also reviews the Company budget, oversees the development of projects, in line with the powers delegated to the Committee.

The table below lists all the Board Executive Committee members and their attendance at 2017 meetings:

Board Director	Role	6 March	14 March	4 June	12 July	10 September	25 October	31 October	22 November
Mohammad A. Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓
Tariq Al Mutlaq	Member	✓	✓	✓	✓	✓	✓	✓	X
Ibrahim Al Romaih	Member	✓	✓	✓	✓	✓	✓	✓	✓
Mohsen Khalil	Member	✓	✓	✓	✓	✓	✓	✓	✓
David Crane	Member	✓	✓	✓	✓	✓	✓	✓	✓
Federico Tauber	Member	X	✓	X	✓	✓	✓	X	X

Legend: (✓) Present; (X) Apology; (N/A) not a Committee member at that time.

CONFLICT OF INTEREST & RELATED PARTY TRANSACTION COMMITTEE

The Conflict of Interest & Related Party Transaction Committee's primary purpose is to review and approve any related party transaction and conflict of interest situation as provided for under the Companies bylaw and the Corporate Governance Regulations issued by the Capital Market Authority, and as set out in the 'Related Party Transactions and Conflicts of Interest Policy' (the RPTCI Policy) approved by the Board.

It is constituted by the Board and performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. The Committee supports the Board to review and approve matters and transactions that involve related party transactions with its direct shareholders and potential conflicts of interest within the Company. This includes the review of disclosures in the Annual Report or financial statements of the Company on materially significant related party transactions. Any approval or rejection given by the Conflict Of Interest & Related Party Transaction Committee is considered as having been given by the Board themselves.

The Conflict Of Interest & Related Party Transaction Committee met four times in 2017. The Committee consists of three members, with the Chairman being an independent member of the Committee.

The table below lists all the Conflict of Interest & Related Party Transaction Committee members and their attendance at 2017 meetings:

Board Director	Position	6 June	3 October	13 November	14 December
Mohsen Khalil	Chairman	✓	✓	✓	✓
Tariq Al Mutlaq	Member	✓	✓	✓	✓
Ibrahim Al Romaih	Member	✓	✓	✓	✓

Legend: (✓) Present.

THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) performs its functions, drawn up in a charter, which complies with the Code of Corporate Governance approved by the Board. The Nomination and Remuneration Committee formed to assist the Board of Directors in performing their duties and responsibilities related to policies and standards of the appointment of members of the Board, policies and allowances of the Board members and senior executives.

The Committee consists of four members. The table below lists all the Nomination and Remuneration Committee members and their attendance at 2017 meetings:

Name of member	Role	13 February	3 March	13 July	3 December
Tariq Al Mutlaq	Chairman	✓	✓	✓	✓
Fahad Al Zahrani	Independent Member	✓	✓	✓	✓
John Leggate	Independent Member	✓	✓	✓	✓
Guy Richelle	Independent Member	N/A	N/A	N/A	✓

Legend: (✓) Present; (N/A) not a Committee member at that time.

Guy Richelle was appointed as NRC member on 1 October 2017.

ALLOWANCES OF BOARD OF DIRECTORS

Each member of the Board is entitled to a fee for each meeting they attend during the year. The Board of Directors received a fee of SAR 3,152,000 as an allowance for their services and attendance, excluding Board expenses of SAR 158,018.61, for the period of 1 January 2017 to 31 December 2017.

Name of member	Role	Allowance (SAR)	Attendance (SAR)	Committees allowance and attendance fees (SAR)	Total (SAR)	Expenses (SAR)
Mohammad Abunayyan	Chairman	200,000	15,000	139,500	354,500	–
Sulaiman Al Muhaidib	Member	200,000	12,000	–	212,000	–
Ahmed S. Al Rajhi	Member	200,000	12,000	–	212,000	–
Tariq Al Mutlaq	Member	200,000	15,000	245,000	460,000	–
Rasheed Al Rasheed	Member	200,000	15,000	–	215,000	4,594.98
Ibrahim Al Romaih	Member	200,000	15,000	186,000	401,000	32,013.36
David Crane	Member	200,000	12,000	124,000	336,000	71,602.00
Mohsen Khalil	Member	200,000	15,000	201,500	416,500	44,324.96
Federico Tauber	Member	200,000	9,000	62,000	271,000	–
Mohammed Al Nahas	Member	200,000	15,000	59,000	274,000	5,483.31
TOTAL		2,000,000	135,000	1,017,000	3,152,000	158,018.61

ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express their gratitude to The Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al-Saud (May Allah protect him), His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, the Crown Prince, Vice President of the Council of Ministers and Minister of Defense, Minister of Interior, as well as His Royal Highness Deputy Crown Prince the Second Prime Minister and H.E. the Minister of Finance. Much is owed to H.E. the Minister of Environment, Water & Agriculture and H.E. the Minister of Energy, Industry & Minerals, for their continued support for the privatisation of the electricity and water sectors.

The Directors' appreciation extends to all government officials and relevant authorities for their continued co-operation with the Company.

DIRECTORS' REPORT CONTINUED

We also take this opportunity to thank our management and employees for their dedication and commitment to ensure ACWA Power's position as a leader in this sector, not only in Saudi Arabia, but also in all our target geographic regions.

Agenda of ACWA Power General Assembly – 2018:

1. Approval of the Auditor's Report.
2. Approval of the audited financial statements for the year ended 31/12/2017.
3. Approval of the distributed dividends of the financial year ended 31/12/2017.
4. Approval to authorise the Board to distribute interim dividends for the year 2018.
5. Approval of the Board of Directors' Report for the 2017 financial year.
6. Discharge the Chairman and Board of Directors' liability on the previous financial year 2017.
7. Approval to appoint the auditors for the financial year 2018 based on the recommendations of the Internal Audit Committee and the Board of Directors and specify their fees.



Mohammad Abdullah Abunayyan
Board of Directors' Chairman

GLOSSARY

CCGT	Combined Cycle Gas Turbine	KSA	Kingdom of Saudi Arabia
CEGCO	Central Electricity Generating Company	kWh	Kilowatt hour
CEMP	Construction Environmental Management Plan	LTI	Lost Time Incident
COD	Commercial Operation Date	MED	Multiple-Effect Distillation
CSP	Concentrated Solar Power	MIGD	Million Imperial Gallons per day
EHS	Environment, Health and Safety	MSF	Multi-Stage Flash
EMP	Environmental Management Plan	MW	Megawatt
EPC	Engineering, Procurement, Construction	MWp	Megawatt Peak
ESIA	Environmental and Social Impact Assessment	NOMAC	First National Operation & Maintenance Company
GAMEP	General Authority for Meteorology and Environment Protection	NTP	Notice to Proceed
GCC	Gulf Cooperation Countries	OEM	Original Equipment Manufacturer
GHG	Greenhouse Gas	Offtaker	Contracted buyer of power and/or water
GRI	Global Reporting Initiative	OHSAS	Occupational Health and Safety Assessment Scheme
GW	Gigawatt	OTS	Owner's Technical Specification
HIWPT	Higher Institute for Water and Power Technologies	O&M	Operations and Maintenance
HSSE	Health, Safety, Security and Environmental	PCOD	Project Commercial Operation Date
IFC	The International Finance Corporation, member of the World Bank	PPA	Power Purchase Agreement
IPP	Independent Power Project	PPP	Public Private Partnership
ISO	International Organisation for Standardisation	ProjectCo	Project Company
IWP	Independent Water Project	PV	Photovoltaic
IWPP	Independent Water & Power Project	PWPA	Power and/or Water Purchase Agreement (P(w)PA)
IWSPP	Independent Water Steam Power Producer	ROCE	Return on Capital Employed
		SMEs	Small and Medium Enterprises
		SPV	Special Purpose Vehicle
		UAE	United Arab Emirates
		WB	World Bank
		WPA	Water Purchase Agreement
		YoY	Year on year



Printed on Neenah WW Green Conservation Smooth, which is an FSC-recognised paper, produced from well-managed forests, and recycled wood or fibre.

**KINGDOM OF SAUDI ARABIA**

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

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

UNITED ARAB EMIRATES

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

CHINA

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

EGYPT

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

JORDAN

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

MOROCCO

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

SOUTH AFRICA

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

SPAIN

EMPRESARIOS AGRUPADOS,
CALLE MAGALLANES 3,
28015, MADRID

OMAN

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

TURKEY

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

VIETNAM

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