

## GOVERNANCE AND LEADERSHIP

Sound corporate governance is the foundation on which ACWA Power is built and operates. Applying leading practice, we distribute the various rights and responsibilities among the Group's diverse participants, including the Board of Directors, management team and staff, to protect the interests of, and deliver value to, our shareholders and other stakeholders.

ACWA Power has 50 assets across 11 countries, with the opportunity to make an impact across generations in each community in which we operate. The strong and transparent framework by which we structure and conduct our business helps ensure that we are meeting the needs of our stakeholders while creating lasting value for our shareholders.



### CODE OF CONDUCT AND BUSINESS ETHICS

Serving as the ethical roadmap for the Group, its Directors and its employees, the Code of Conduct and Business Ethics catalogues ACWA Power's values, ethics and business principles. The code contains the Company's anti-bribery and anti-corruption policies and describes the reporting process for non-adherence to the code. Internal audit, risk management and internal control processes are also defined and continue to meet progressive governance standards.

### CORPORATE GOVERNANCE STRUCTURE

ACWA Power's corporate governance structure consists of a Board of Directors and five functional Board Committees, each responsible for reviewing the Company's operations within their particular areas of expertise and then presenting their findings and suggestions to the wider 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 roles and responsibilities of each of these Committees is expanded upon 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 11 members, comprising shareholder representatives and a selection of experienced independent members who are industry experts. The management team leads, supervises and controls the Company, with oversight and guidance from the Directors and the Board Committees. The Directors bring with them deep and wide-ranging experience of corporate governance, operations and maintenance, finance, business development and institution building. The management team's academic and professional qualifications in the fields of administration, management, finance and engineering complement their leadership skills.

The Executive Management Committee, ExCom, distinct from the Board Executive Committee, consists of the President & Chief Executive Officer (CEO), Managing Director, Chief Investment Officer (CIO), Chief Financial Officer (CFO), Chief Strategy Officer (CSO), Chief Technology Officer and the VP of Human Resources.

Eight Board meetings were held during 2018 as well as one Board strategy meeting to guide the Company's business progress and review strategies for operational expansion through new projects across ACWA Power's targeted geographies. These meetings were convened with the issuance of proper notices, the agenda and relevant working papers. The Chairman presided at all meetings, and the meeting minutes were appropriately recorded, circulated and approved. The Board of Directors approved the audited financial statements of the Company on 24 April 2018.



**Mohammad Abunayyan**  
Chairman

“Serving as the ethical roadmap for the Group, its Directors and its employees, the Code of Conduct and Business Ethics catalogues ACWA Power's values, ethics and business principles.”

## BOARD OF DIRECTORS

**E** Executive Committee    **A** Audit Committee    **N** Nomination and Remuneration Committee



**Mr. Mohammad Abunayyan**

Chairman of the Board of Directors



**Mr. Sulaiman Al Muhaidib**

Member of the Board of Directors



**Mr. Rasheed Al Rasheed**

Member of the Board of Directors



**H.E. Mr. Ahmed Al Rajhi**

Member of the Board of Directors



**Mr. Tariq Almutlaq**

Member of the Board of Directors



**Mr. Ibrahim Alromaih**

Member of the Board of Directors



**Dr. Mohsen Khalil**

Member of the Board of Directors

### BIOGRAPHY

With more than 37 years of experience in the commercial and industrial sectors, Mr. Abunayyan serves as Chairman of ACWA Power, Vision Invest, Dussur and numerous local and regional companies. 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 since his inception of the Company.

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

With over 29 years of experience, Mr. Al Rasheed has a strong track record in management, information technology, accounting and finance. He is a member of the Board of Directors of Vision International Investment Company and is an active member of several reputable organisations in KSA and the GCC, including the Saudi Organization for Certified Public Accountants (SOCPA), Saudi Economy Association and the Family Business Council of the Gulf Cooperation Council. Currently, Mr. Al-Rasheed serves as Chairman, Managing Director and/or is a member of the Board of Directors of more than 8 regional companies.

H.E. Mr. Al Rajhi is the Chairman of the Council of Saudi Chambers, Riyadh Chamber of Commerce & Industry and Vice President of the Federation of the GCC Chambers. In addition, H.E. chairs and/or is a member of the Board of Directors of eminent local and regional companies, across several sectors, including but not limited to financial services, petrochemical and philanthropy.

Mr. Almutlaq is the Vice-Chairman and Managing Director of Almutlaq Group, a closed joint stock company with diversified holdings in industrial manufacturing, real estate, utilities and financial sector. He is the Chairman of Almutlaq Real Estate Investment Company and sits on boards of various companies operating in the petrochemical, financial and industrial sectors. Mr. Almutlaq was appointed as a member of ACWA Power's Board of Directors and board committees in 2008.

Mr. Alromaih is the Chief Executive Officer of Saudi Arabian Investments Company ('Sanabil Investments'). He was appointed as a member of ACWA Power's Board of Directors in 2013. Prior to joining Sanabil Investments in 2009, Mr. Alromaih was appointed, by a royal decree, as the Vice Chairman of the Capital Market Authority in 2004. He served as Assistant Secretary General of the Public Investment Fund from 1985 until 2004.

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

### APPOINTED

22 June 2008	22 June 2008	22 June 2008	22 June 2008 – June 2018	29 November 2008	2 January 2013	23 February 2015
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### MEMBERSHIP STATUS

Non-Executive	Non-Executive	Non-Executive	Non-Executive	Independent	Non-Executive	Independent
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### EXTERNAL APPOINTMENTS

Mr. Abunayyan chairs and/or is a member of the Board of Directors 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, Vision Invest, Prince Salman Centre for Disability Research and Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care.

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

H.E. Mr. Al Rajhi chairs the Council of Saudi Chambers, Riyadh Chamber of Commerce & Industry, Trio Mada International Plastic Company, MATTEX Company, AEP Company and numerous other companies, including Vice Chairman of Al Rajhi Holding Company. His Excellency holds numerous seats on government and socially responsible funds and committees.

Mr. Almutlaq sits on the Board of Directors of several companies, including Middle East Paper Company, Riyadh Cables Group of Companies, Qassim Cement, Watani Wealth Management Company, Almutlaq Real Estate Investment Company, Himmah Capital and Daikin Saudi Arabia.

Mr. Alromaih chairs and/or is a member of the Board of Directors of several local and international companies, including National Commercial Bank of Saudi Arabia.

Dr. Khalil is a member of the Board of Directors for many companies and funds at different stages of growth.

### COMMITTEES





**R** Risk & Compliance Committee

**C** Conflict Of Interest & Related Party Transaction Committee

**○** Indicates Committee Chairman



**Mr. David Crane**

Member of the Board of Directors



**H.E. Mr. Mohammed Al Nahas**

Member of the Board of Directors



**Mr. Federico Tauber**

Member of the Board of Directors



**Dr. Ibrahim S. Al Rajhi**

Member of the Board of Directors



**Mr. Omar AlMidani**

Member of the Board of Directors



**Mr. Raid Ismail**

Member of the Board of Directors

Mr. Crane was appointed as a member of the Board of Directors of ACWA Power and board committees in 2016. Prior to joining ACWA Power, Mr. Crane served as President and CEO of NRG Energy and NRG Yield, the largest non-utility power company in the USA. He was also CEO and Executive Director of International Power and Senior Vice President of Global Power at Lehman Brothers, where he was responsible for the Global Power business in emerging markets.

His Excellency is the Governor of the Public Pension Agency, as per royal decree no. A/236 dated 16/11/1437H. He has more than 32 years of experience in the banking sector where under his leadership, Alinma Bank saw significant growth and expansion as a leading financial institution. Currently, H.E. chairs and/or is as a member of the Board of Directors on numerous esteemed organisations. H.E. received his BSc. in Accounting from King Saudi University in KSA and an Executive Program from Michigan Ross business school in the USA.

Mr. Tauber has over 29 years of experience in investment banking, financial services, real estate and corporate restructuring. He currently serves as the CEO of Gemstone Real Estate Development Company. Prior to this, he was the President of Tameer Holding Investment and Vice President of Business Development of Al Rajhi Holding and Managing Director of Citigroup.

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

Mr. AlMidani is the Chief Executive Officer of Vision Invest, a leading Saudi Development & Investment Holding Company with active investments in the Power & Water, Industrial Gases, District Cooling, Waste Water Treatment, Logistics and Environmental Solutions Sectors.

Mr. AlMidani has served in multiple roles within Vision Invest over the past 9 years, including as Chief Executive Officer of Beatona, a Vision Invest Subsidiary specialised in Environmental Treatment Infrastructure, Waste Management and Recycling. Mr. AlMidani is a member of the Young Presidents Organization and holds a Bachelors of Commerce Degree (Finance) with Honours from the John Molson School of Business in Montreal, Canada.

Mr. Ismail is the Director of Direct Local Holdings within the Public Investment Fund. He has extensive experience in business development, operations and strategy, including but not limited to change management and organisational turnovers and transformations. Mr. Ismail has held various executive management positions, including General Manager of Mawarid Food Co., CEO of Saudi Tadawi Health Care Group and Founder/Managing Partner of House of Retail LLC. He received his BSc. in Finance from the USA and an MBA from the prestigious London Business School, United Kingdom.

10 December 2015– June 2018

16 June 2016

16 June 2016

18 June 2018

18 June 2018

9 July 2018

Non-Executive

Independent

Non-Executive

Non-Executive

Non-Executive

Non-Executive

Mr. Crane served as a member of the Board of Directors of ACWA Power, Vision Invest (formerly known as 'ACWA Holding') and ACWA Guc.

His Excellency is the Chairman of ASMA Capital, Al Raidah, Raza, SPIMACO ADDWAEIH and Taawuniyah Real Estate Investment. In addition, he is a member of the Board of Directors and Committees of SABIC, STC, Riyad Bank, National Centre of Privatization and the General Organization for Social Insurance.

In addition to leading Gemstone, Mr. Tauber sits on the Board of Directors of AEP Investment and Basil Trust.

Dr. Al Rajhi is the Chairman of Arabian Cement Company, Tibah Airports Development Co and Tibah Airports operation Co. In addition, he sits on the Board of Directors of Al Rajhi Holding Group.

Mr. AlMidani sits on the Board of Directors of several Saudi Companies, including Saudi Tabreed, Qudra Energy, Miahona and Etihad International ESCO.

Mr. Ismail sits on the Board of Directors of several companies, including Credit Suisse of Saudi Arabia.

# ACWA POWER BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2018

Dear Esteemed ACWA Power Stakeholders,

The ACWA Power Board of Directors are pleased to present the Annual Report and audited financial data relevant to ACWA Power – ('ACWA Power' and/or 'The Company') for the year ending on the 31st December 2018 (referred 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 5th July 2008) and registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13th July 2008). The Company and its project companies, collectively 'the Group', are engaged in: (i) the development, acquisition, leasing, operation and maintenance of power generation, steam production and desalinated water production plants; (ii) the sale of electricity and desalinated water; and (iii) other related or auxiliary businesses activities.

## FINANCIAL RESULTS

In 2018, ACWA Power experienced stable growth in its operating income before impairment and other expenses, achieving another year of double-digit growth. This is a testament to the Group's resiliency and ability to deliver on its sustainable growth strategy to deliver high-quality, efficient power and water at low cost, while contributing to the communities in which ACWA Power operates. For the year 2018, the Group achieved an Operating Income before impairment and other expenses<sup>1</sup> of 1,980 Mn SAR (2017: 1,433 Mn SAR) and a net loss of 774 Mn SAR (2017: Net Income 920 Mn SAR).

## KEY ACCOMPLISHMENTS IN YEAR ENDED 2018

In 2018, ACWA Power's power generation portfolio capacity reached 29.3 GW and its water capacity reached 3.9 Mn m<sup>3</sup>/day of desalinated water inclusive of assets under construction. In addition to this, ACWA Power has under advance development power generation capacity of 6.4 GW and water generation capacity of 1 Mn m<sup>3</sup>/day of desalinated water. The asset portfolio of 50 projects includes 32 operational assets, 10 projects under construction and eight projects in advanced development phase. As of 31st December 2018, ACWA Power's asset portfolio comprises 18 renewable assets<sup>2</sup>.

The Group brought nine projects into operation in 2018 – more than any other single year of operations and grew its operational power portfolio by 28 percent. The Company continued to grow its portfolio through new business development in 2018 and grew the water portfolio by 36 percent and the power portfolio by 7.5 percent.

## KEY HIGHLIGHTS INCLUDE:

- Awarded contract for Rabigh 3 IWP, the then largest independent reverse-osmosis water desalination plant in the world (600,000 m<sup>3</sup>/day).
- Began construction on the first utility-scale solar plant in Saudi Arabia, Sakaka PV IPP (300 MW).
- Awarded contract for NOOR Energy 1 (950 MW), a novel technology mix that includes the world's tallest CSP tower, three parabolic trough CSP stations, and PV panels.
- Commercial operation of NOORo II CSP, the largest CSP plant in the world.
- Signed a Head of Terms for a 43 Bn SAR, 25-year joint venture with Saudi Aramco and Air Products for the Jazan Economic City IGCC Gasification/Power Plant in which ACWA Power would be a 25 percent shareholder.
- The 814 MUSD 144a-Reg S Bond 'ACWA 39', ACWA Power's maiden Corporate bond, was trading at YTM of 6.45 percent (59 bps pa increase YoY), holding ground against the benchmark Barclays GCC index, which saw its YTM widen by 92 bps in 2018.

## BOARD OF DIRECTORS

The Board of Directors held a total of nine meetings during 2018 to guide the Company's business progress and review strategies for operational expansion through new projects across ACWA Power's targeted geographies.

The Company held an Extra Ordinary General Assembly Meetings (EGM) on 26 June 2018, and two Ordinary General Assemblies on 09 August 2018 and 06 December 2018, respectively. The agendas were as follows:

## EXTRAORDINARY GENERAL ASSEMBLY AGENDA (26 JUNE 2018):

1. Vote on the auditor's report for the fiscal year ending as of 31/12/2017;
2. Vote on the Board of Directors' report for the fiscal year ending as of 31/12/2017;
3. Vote on the financial statements of the Company for the fiscal year ending as of 31/12/2017;
4. Vote on discharging the Board members for the fiscal year ending as of 31/12/2017;
5. Vote on appointing Ernst & Young as the Company's external auditors for the fiscal year 2018, in line with the endorsement of the Audit Committee, for the proposed fees amounting to 557,500 SAR (for statutory and special purpose zakat financial statements);
6. Voting on the remuneration of the members of the Board of Directors as stated in the Board Report;

1 Discontinued operations were classified as a separate line item.

2 Including projects in advanced development.

7. Voting on the remuneration of the Board Audit Committee members;
8. Vote on distributing interim and final dividends to shareholders in an amount of 126.7 Mn SAR and 82.1 Mn SAR, respectively, amounting to a total of 208.8 Mn SAR for the fiscal year ending as of 31/12/2017;
9. Affirmative vote on delegating the Board of Directors to distribute interim dividends for 2018;
10. Vote on accepting the proposed amendments to the bylaws;
11. Affirmative vote on the pre-emption right stated in article 14 of the Company's bylaws;
12. Affirmative vote on increasing the Company's capital from 5,476,037,210 SAR to 6,457,628,780 SAR divided to 645,762,878 shares with share value 10 SAR, provided that the total shares value to be paid in cash, which means that the new shares in the Company shall be fully paid. The capital increase was for the subscription of the Public Investments Fund to 98,159,157 shares;
13. Affirmative vote on increasing the Company's Board composition to 11 members instead of 10 with the additional one member to represent the Public Investment Fund;
14. Affirmative vote on appointing a new Board member, representing the Public Investment Fund; and
15. Affirmative vote on appointing two new Board members in place of the two resigning members – Eng. Ahmed Al Rajhi and Mr. David Crane, respectively.

#### 9 AUGUST 2018:

1. Voting on appointing Mr. Raid bin Abdullah Ismail as a Board of Director, representing the Public Investment Fund.
2. Voting on paying 22,250,000 Saudi Riyals (twenty-two millions and two hundred and fifty Saudi Riyal) to the Arabian Company for Power and Water Development (ACWA Holding) in exchange for ACWA Holding to approve to change its trade name, so as not to include "ACWA" or the following words "Arabian Company for Water and Power" whatever the order is, and no partner or company affiliated to the Company is entitled to use this trade name or these words mentioned above for their interest. The approval was required because some Board members (i.e. – Mr. Mohammad Abunayyan, Mr. Rasheed Al Rasheed, Mr. Sulaiman Al Muhaidib and Mr. Omar Almidani) are representing ACWA Holding and some members also hold equity shares in the Company.
3. Vote on all business and contracts in force, which is deemed as a conflict of interest as well as approving upcoming business and contracts between the Company and British Saudi Bank and Riyadh Bank, respectively, given that Mr. Sulaiman Al Muhaidib is a board member of the former and Mr. Mohammed Talal Al-Nahas of the latter bank. All upcoming business and contract shall be competitive and comply with market conditions, at the present time. Please see table below.

**TABLE 1: DISCLOSURE OF CONFLICT OF INTERESTS**

Bank	Transaction	Project name	Obligor	Guarantor	Currency	Insurance date	Total amounts o/s as of 30 June 2018
SABB	SABB is providing non-funded facilities to ACWA Power to support our obligation as shareholder in various projects; these are mainly Debt Service Reserve Account stand by letter of credit (DSRALC), Liability Account stand by letter of credit (LRALC).	Rabigh IWSP	ACWA Power Projects	ACWA Power International	SAR	28 June 2010	4,308,131
		Rabigh IWSP	ACWA Power Projects	ACWA Power International	SAR	– Revolving facility	60,490,429
		Shuaqaiq IWPP	ACWA Power Projects	ACWA Power International	SAR	21 Sep 2011	92,862,000
		Qurayyah IPP	ACWA Power Projects	ACWA Power International	SAR	– Revolving facility	14,182,396
		Qurayyah IPP	ACWA Power Projects	ACWA Power International	SAR	30 Sep 2014	28,387,763
Riyad Bank	Riyad Bank approved the below new facilities, amounting to 1,137.50 Mn SAR. These facilities have not been utilised nor has the Company entered into any facility documentation. <ol style="list-style-type: none"> <li>1. Equity Bride Loan amounting to 170 Mn USD (637.5 Mn SAR eq) for Rabigh 3 IWP projects. This was approved by the Board Executive Committee (BEC) as part of the project's required approval.</li> <li>2. General bonding and SBLC line amounting to 500 Mn SAR. BEC and Board approval will be sought once the documentation is finalised.</li> </ol>						

## ACWA POWER BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2018 CONTINUED

### BOARD OF DIRECTORS CONTINUED

#### 6 DECEMBER 2018:

1. To vote to waive the legal requirement of a "21 days" notice period to inform the shareholder prior to convening the general assembly meeting, in accordance with article (91) of the Companies' Law and article (36) of the Company's articles of association;
2. To vote in according with article (71) of the Companies' Law on the following related party transactions:
  - a. Sale transaction of related parties containing sale from ACWA Power Company or a subsidiary of ACWA Power through indirect ownership of 30.4 percent in ACWA GUC ELEKTRIK ISLETME ve YONETIM SANAYI ve TICARET A.S., a Turkish project company owner of Kirikkale gas plant (Project Company) to some shareholders of ACWA Power (or to one of their affiliates) "Purchasing Partners." The representatives of shareholders in the Board of Directors stated the existence of direct or indirect interest, as a result of sale of shares in the project company for five American dollars to the Purchasing Partners in addition to a joint venture agreement and any other agreements required to execute the transaction with the related parties and the right to compensation and warranty for the following shareholders:
    - Vision International Investment Company (formerly known as the Arabian Company for Power and Water Development)
    - Al Rajhi Holding Group Company
    - Al Mutlaq Group Company
    - Future Industrial Investments Company<sup>3</sup>
    - Al Toukhi Commercial Group Company<sup>3</sup>
 ("Transaction with the Related Parties")
  - b. The following members of the Board of Directors of ACWA Power have direct or indirect conflict of interests as a result of the transaction, dealings with the related parties:
    - Mr. Mohammad Abunayyan
    - Mr. Sulaiman Al Muhaidib
    - Mr. Rasheed Al Rasheed
    - Mr. Omar Almidani
    - Dr. Ibrahim Al Rajhi
    - Mr. Federico Tauber
    - Mr. Tariq Almutlaq

### ACWA POWER BOARD MEETING SCHEDULE FOR YEAR 2018

The table below lists members of the Board of Directors and their respective attendance for the year 2018:

Board of Directors name	Designation/Position	API Board Meeting (2018) – Attendance									
		29 Jan	1 Mar	24 Apr	29 May	9 Jul	9 Sep	13 Nov	12 Dec	13 Dec	
		RUH	RUH	RUH	RUH	RUH	RUH	RUH	RUH	RUH	
Mohammad Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sulaiman Al Muhaidib	Board Director	✓	✓	✓	✓	✗	✓	✓	✓	✓	
Ahmed S. Al Rajhi	Board Director	✓	✓	✓	✗	N/A	N/A	N/A	N/A	N/A	
Rasheed Al Rasheed	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Tariq Almutlaq	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Ibrahim Alromaih	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Mohsen Khalil	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	
David Crane	Board Director	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	
Federico Tauber	Board Director	✓	✗	✓	✓	✓	✓	✓	✓	✓	
Mohammed Al Nahas	Board Director	✓	✓	✓	✓	✓	✓	✓	✓	✗	
Ibrahim Al Rajhi	Board Director	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	
Omar Almidani	Board Director	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	
Raid Ismail	Board Director	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	

Legend: (✓) Present; (✗) Apology; (N/A) Not a Board member at that time or has resigned.

Note: The Board appointed Ms. Hager Al-Twegieri as the new Board Secretary on 9 September 2018.

<sup>3</sup> Future Industrial Investments Company and Al Toukhi Commercial Group Company elected to not participate in the deconsolidation of Kirikkale and notified the Company the day of the General Assembly Meeting.

## A. BOARD AUDIT COMMITTEE

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

During the year, the BAC reviewed key internal audit findings across operational, risks, financial and compliance matters. The Company's Internal Audit function also presented its report and findings on internal control system. The BAC ensures that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by Saudi Arabia, by utilising the IFRS practices in preparation of 2018 financial statements.

Through self-assessment, the BAC evaluates its performance on an annual basis, reviews its compliance status under the Committee's charter, and confirms that it fulfils its duties and responsibilities.

The Committee is chaired by an independent member.

The table below lists the Board Audit Committee members and their respective attendance for the year 2018:

Name	Designation/Position	BAC Meeting (2018) – Attendance			
		20 Mar	5 Jul	5 Sep	6 Dec
		DXB	RUH	RUH	Oman – Site
Mr. Harold Manasa	Chairman	✓	✓	✓	✓
Mr. Rasheed Al Rasheed	Member	✓	✓	✓	✓
Mr. Abdulrahman Al Khelaifi	Member	✓	✓	✓	✓
Dr. Ammr Kurdi	Member	N/A	N/A	✓	✓
Mr. Khalid Al Rabiah	Member	N/A	N/A	N/A	✓

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

## B. BOARD RISK & COMPLIANCE COMMITTEE

The Board Risk & Compliance Committee (BRCC) supports the Board in the execution of its fiduciary responsibility in 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.

The Committee supports the Board in monitoring the Company's risk environment and provides direction to mitigate risks that may adversely affect the Company's ability to achieve its objectives.

The Committee is chaired by an independent member.

The table below lists the Board Risk and Compliance Committee members and their respective attendance for the year 2018:

Name	Designation/Position	BRCC Meeting (2018) – Attendance			
		22 Mar	2 Aug	4 Oct	10 Dec
		DXB	RUH	DXB	RUH
Dr. Khalid Al Faddagh	Chairman	✓	✓	✓	✓
H.E. Mohammed Al Nahas	Member	✓	✓	✓	✓
Dr. Ammr Kurdi	Member	✓	X	✓	✓
Mr. Mohamed El Roubi	Member	✓	✓	✓	✓
Mr. Harold Manasa	Member	✓	✓	✓	✓

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



## ACWA POWER BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2018 CONTINUED

### C. BOARD EXECUTIVE COMMITTEE

The Board Executive Committee (BEC) is a standing Committee of the Board with delegated responsibilities by the Company's Board of Directors. The BEC consists of seven members who are appointed by the Board and all of whom are members of the Board of Directors, as of the end of December 2018. The Board Executive Committee held 16 meetings during the year 2018.

The primary purpose of the BEC is to review and approve new investment opportunities, in line with the delegated authority stipulated in the Committee's charter. Accordingly, the management regularly engage with the Committee to share insights and analysis on potential new investments. In addition, the Committee has a responsibility to review and endorse studies or plans that have a significant impact on the operations of the Company including, but not limited to, five-year business plans, operating plans and capital expenditure programmes, for Board approval. Overall, the Board Executive Committee is responsible to provide direction, guidelines and approvals for investments in projects, strategic business plans and all associated decisions. In line with the powers delegated to the Committee, the BEC, also reviews the Company budget and oversees the development of projects.

The table below lists the Board Executive Committee members and their respective attendance for the year 2018:

Name	Designation/ Position	BEC Meeting (2018) – Attendance															
		14 Jan	12 Feb	14 Mar	28 Mar	15 Apr	24 Apr	24 May	28 Jun	4 Jul	8 Jul	29 Jul	9 Sep	22 Oct	6 Nov	26 Nov	29 Nov
Mr. Mohammad Abunayyan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Tariq Almutlaq	Member	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ibrahim Alromaih	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Mohsen Khalil	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. David Crane	Member	✓	✓	✓	✗	✗	✓	✓	✗	✗	✗	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Federico Tauber	Member	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Omar Almidani	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓
Mr. Raid Ismail	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓

Legend: (✓) Present; (✗) Apology; (N/A) Not a Committee member at that time or has resigned.

## D. CONFLICT OF INTEREST & RELATED PARTY TRANSACTION COMMITTEE

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

The Committee is constituted by the Board and functions in line with its Board-approved Committee charter, which complies with the Company's Code of Corporate Governance policy. The Committee supports the Board in reviewing and approving matters and transactions that involve related party transactions, with its direct shareholders, and potential conflicts of interests within the Company. This includes the review of materially significant related party transaction disclosures contained in the Annual Report or in the Company's financial statements. Any approval or rejection given by the Conflict of Interest & Related Party Transaction Committee is considered as an approval or rejection by the Board of Directors<sup>4</sup>.

The Conflict of Interest & Related Party Transaction Committee met five times in 2018. The Committee consists of three members, with the Chairman of the Committee being an independent Board member.

The table below lists the Conflict of Interest & Related Party Transaction Committee members and their respective attendance for the year 2018:

Name	Designation/Position	RPTC Meeting (2018) – Attendance				
		27 Feb	15 Apr	5 Aug	1 Oct	6 Nov
		RUH	RUH	RUH	RUH	RUH
Dr. Mohsen Khalil	Chairman	✓	✓	✓	✓	✓
Mr. Tariq Almutlaq	Member	✓	✓	✓	✓	✓
Mr. Ibrahim Alromaih	Member	✓	✓	✓	✓	✓

Legend: (✓) Present.

## E. THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) performs its duties in line with its Board-approved committee Charter, which complies with the Code of Corporate Governance Policy. The NRC assists the Board in reviewing and endorsing all Board directorship and Committee membership appointments, related policies and allowances of the Board member and Executive Management.

The Nomination and Remuneration Committee met four times in year 2018. The Committee consists of five members, with the Chairman of the Committee being an independent Board member.

The table below lists all the Nomination and Remuneration Committee members and their attendance at 2018 meetings:

Board of Directors name	Designation/Position	NRC Meeting (2018) – Attendance			
		20 Mar	21 May	18 Sep	28 Nov
		DXB	RUH	DXB	DXB
Mr. Tariq Almutlaq	Chairman	✓	✓	✓	✓
Dr. Fahad Al Zahrani	Member	✓	✓	✓	✓
Mr. John Leggate	Member	✓	✓	✓	✓
Mr. Guy Richelle	Member	✓	✓	✓	✓
Mr. Raid Ismail	Member	N/A	N/A	X	✓

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

<sup>4</sup> Please refer to Table 1 on page 33 for a list of disclosed conflicts of interest. In addition, the deconsolidation of Kirikkale as a related party transaction (refer to agenda item #2 from the GAM held on 06 December 2018).

## ACWA POWER BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2018 CONTINUED

### ALLOWANCES OF BOARD OF DIRECTORS

Each member of the Board is entitled to an annual allowance and attendance fee for each meeting attended during a given year. The Board of Directors received a fee of 4,340,000 SAR as remuneration for their services and attendance, which excludes the Board's expense of 302,749 SAR, for the period of 1st January 2018 to 31st December 2018.

Board of Director name	Role	Annual allowance (SAR)	Attendance (SAR)	Committees allowance & attendance fees (SAR)	Total (SAR)	Expenses (SAR)
Mr. Mohammad Abunayyan	Chairman	200,000	27,000	248,000	475,000	5,180
Mr. Sulaiman Al Muhaidib	Member	200,000	24,000	0	224,000	0
Mr. Ahmed S. Al Rajhi	Member	100,000	9,000	0	109,000	0
Mr. Rasheed Al Rasheed	Member	200,000	27,000	150,000	377,000	4,702
Mr. Tariq Almutlaq	Member	200,000	27,000	356,500	583,500	21,159
Mr. Ibrahim Alromaih	Member	200,000	27,000	310,000	537,000	0
Dr. Mohsen Khalil	Member	200,000	27,000	310,000	537,000	113,455
Mr. David Crane	Member	100,000	12,000	115,000	227,000	85,844
Mr. Federico Tauber	Member	200,000	24,000	232,500	456,500	29,542
Mr. Mohammed Al Nahas	Member	200,000	24,000	62,000	286,000	37,512
Dr. Ibrahim S. Al Rajhi	Member	100,000	15,000	0	115,000	0
Mr. Omar Almidani	Member	100,000	15,000	93,000	208,000	0
Mr. Raid Ismail	Member	100,000	12,000	93,000	205,000	5,355
<b>TOTAL</b>		<b>2,100,000</b>	<b>270,000</b>	<b>1,970,000</b>	<b>4,340,000</b>	<b>302,749</b>

### BOARD DECLARATION FOR 2018:

As per the CG regulations requirement for the Company to make a declaration regarding non-applicable or non-existing matters, the Board undertakes the following:

Number	Declaration/Confirmation
1.	The Board, through self-assessment, annually evaluates its performance, reviews the status on compliance of its obligations under the Charter and confirms that it fulfilled its duties and responsibilities.
2.	There were no penalties or precautionary attachments imposed on the Company by any supervisory, regulatory or judicial body.
3.	To the knowledge of the Audit Committee there were no critical or major observations found during the 2018 audits that can impair the effectiveness of the Company's internal control systems.
4.	There was no conflict between the Audit Committee recommendations and the Board's resolutions.
5.	The Company's books and records comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as endorsed by the Saudi Organization for Certified Public Accountants (SOCPA).
6.	There are no interest in any class of voting shares for anyone who has notified the Company with these interests and any change in these rights during the last fiscal year.
7.	There is no interest, contractual documents and subscription rights of senior executives and their relatives in the shares or debt instruments of the Company or its affiliates, and any change in this interest or right during the last fiscal year.
8.	There are no treasury shares held by the Company for any purpose and accordingly no disclosure is required of details of treasury shares used by the Company.
9.	There are no debt instruments issued to ACWA Power and its subsidiaries except as already disclosed in audited financial statements of the Group.
10.	There is no class and number of any convertible debt instruments, contractual securities, pre-emptive right or similar rights issued or granted by the Company during the fiscal year except as already disclosed in audited financial statements of the Group.
11.	There are no conversion or subscription rights under any convertible debt instruments, contractual-based securities, warrants or similar rights issued or granted by the Company except as already disclosed in audited financial statements of the Group.

Number	Declaration/Confirmation
12.	There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the Company and those purchased by its affiliates.
13.	The Board confirms that: A) The Company's accounting records were properly prepared. B) ACWA Power's internal control systems and procedures were properly developed and effectively executed. C) There are no doubts about the Company's ability to continue its business activities.
14.	There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.
15.	The Company confirms that it does not apply any programmes for granting stock options or part of the dividends to the employees, or any pension programmes, and there are no special funds for these programmes.
16.	There were no recommendations by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject recommendations regarding the appointment of the Company's external auditor, the dismissal, the determination of its fees, the performance evaluation or the appointment of the internal auditor during the year.

### ACKNOWLEDGEMENT

The Board of Directors would like 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, Vice President of the Council of Ministers and Minister of Defense, Minister of Interior; His Royal Highness Deputy Crown Prince, the Second Prime Minister; and H.E. the Minister of Finance.

The Board of Directors also graciously thanks H.E. the Minister of Environment, Water & Agriculture and H.E. the Minister of Energy, Industry & Mineral Resources, for their continued support of the privatised electricity and water sectors.

The Directors' appreciation extends to all government officials and relevant authorities for their continued cooperation with the Company. We also would like to acknowledge our management and employees for their dedication to ACWA Power, and for their commitment to ensuring ACWA Power remains an industry leader in the electricity and water sectors in Saudi Arabia and across all our target geographic regions.

Yours Sincerely,



**Mohammad Abunayyan**  
Chairman of ACWA Power