

CORPORATE GOVERNANCE AND COMPLIANCE

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Corporate governance framework

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

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

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

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

[More details can be found in the Board report on page 175.](#)

Corporate behaviour and compliance

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

During 2024, the Company has not received any notification of violation from the Capital Market Authority (CMA) or from Tadawul. Further it did not identify nor it was notified of any severe violation from any of the subsidiaries.

Our approach

One of the most important factors for the success of any organisation is its compliance with laws, rules and regulations. Compliance protects the Company's reputation and credibility, serves shareholders' interests, ensures customer satisfaction and reduces litigation. Compliance is a comprehensive and multi-aspect responsibility involving all parties in a company; it starts with the Board and senior management overseeing compliance and ethics, and extends to all employees and contractors based on their roles and responsibilities.

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

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

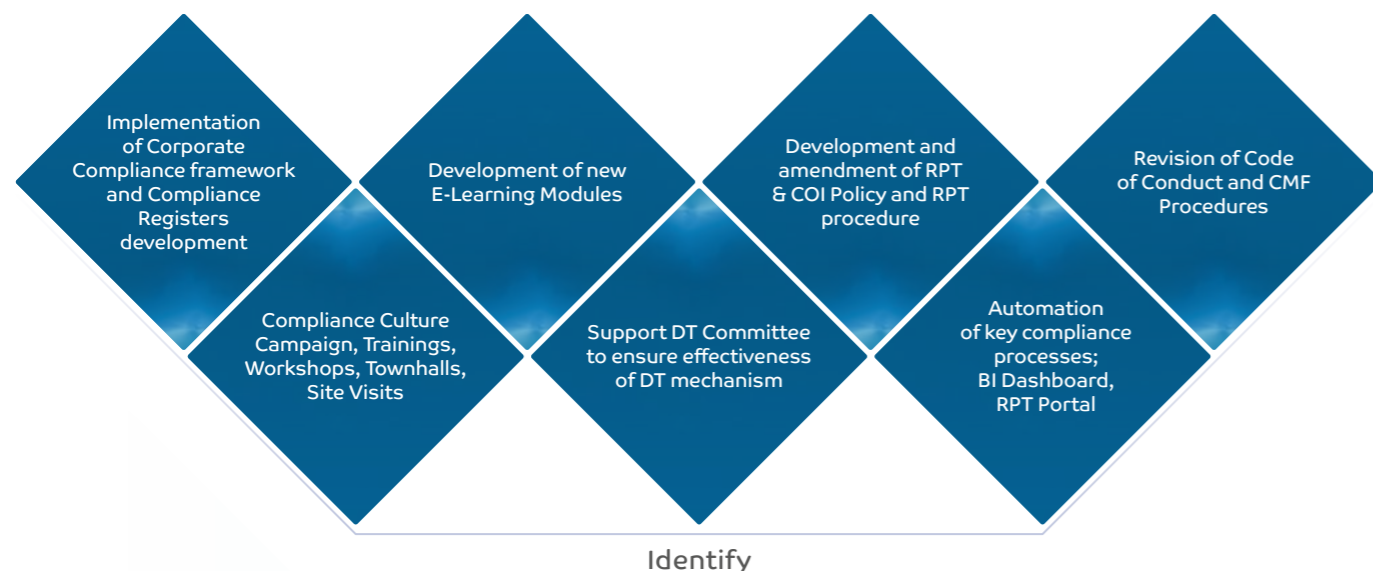
ACWA Power operates across multiple jurisdictions and is required to comply with a complex compliance landscape, consisting of a plethora of obligations imposed by regulators, arising from agreements, or from federal, local, or global regulations.

Compliance obligations include one-time, event-based, ongoing licences, filings and statutory dues that need to be tracked and acted upon in a timely manner. This diverse landscape imposes a regular monitoring and screening to ensure that the set of rules, regulations and laws that ACWA Power and its affiliates must adhere to in order to operate legally and ethically, is properly identified and complied with.

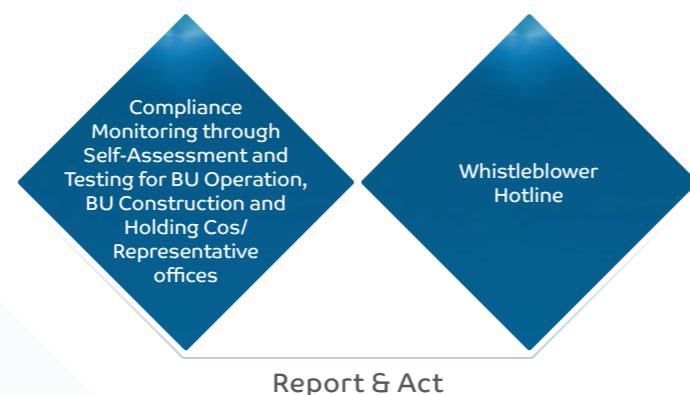
All projects and key activities of our Compliance Program are organised under 5 major workstreams, identified with 5As: Automation, Awareness, Addition and internal enhancement, Advancement and internal enhancement, and Assurance and support.

The Compliance Department has trained, informed, and advised employees across all BUs and geographies on the applicable regulatory requirements, contractual obligations and internal groupwide policies.

Key 2024 Initiatives:



During 2024, compliance registers were developed for new in-scope assets, including representative offices and holding companies across various geographies. Furthermore, the Compliance Department enhanced the ownership and management of the whistleblower programme, which provides employees with a channel for raising concerns about any ethical breaches or potential violations of laws/policies. This was supported by key employee-oriented initiatives, such as training and awareness sessions.



Regular reporting to the Board, Board Committees, and Management Committee covers all activities across the Compliance Programme. Policies and Procedures were revisited in response to changes in requirements and feedback. The Board and management maintain oversight of all compliance-related issues, ensuring alignment with organisational standards and legal obligations.

Following a review of the existing repository of policies and procedures with Compliance implications, the Compliance function developed new documents and addressed gaps identified in the existing ones during 2024.

Development of new Policies and Procedures

- related Party Transaction Procedure
- privacy Policy
- anti-DVH Framework

Revision of existing Policies, Procedures and Frameworks

- code of Conduct and Ethics Policy
- related Party Transactions and Conflict of Interest Policy
- compliance Management Framework Procedures
- disclosure and Transparency Procedure

Compliance culture

In 2024, ACWA Power significantly enhanced its compliance culture by focusing on comprehensive training programmes designed to ensure adherence to both internal and external regulatory standards. Key initiatives included the creation of engaging, multilingual training videos and an easily accessible E-Booklet that addresses crucial compliance topics such as whistleblowing, anti-discrimination, conflict of interest, and anti-corruption practices. Additionally, in collaboration with the Capital Market Authority, we developed targeted awareness videos to deepen understanding of regulatory requirements among investors in KSA capital market. These educational efforts are integral to our strategy of reinforcing a culture

of transparency, accountability, and integrity, thereby protecting our company and stakeholders from compliance risks.

In addition, our comprehensive compliance training module, mandatory for all employees including full-time, part-time, and temporary employees, covers essential topics such as the Code of Ethics Policy, Anti-Money Laundering and Counter-Terrorist Financing, Whistleblower Training, Disclosure and Transparency, Third-Party Due Diligence (KYC), Privacy Policy, Anti-Bribery and Anti-Corruption Training, Conflict of Interest, Making Ethical Decisions, and Insider Trading. Moreover, an annual sign-off on the Privacy Policy and Code of Conduct is also conducted to ensure ongoing compliance awareness and adherence.

Compliance portal

The portal is a one-stop shop for employees for any compliance related activities. Finalised during 2024 and hosted on our new intranet, it fosters a culture of compliance and facilitates compliance communication across the organisation.

Employees can:

1. familiarise themselves with the key roles and responsibilities of the compliance function;
2. access our database of compliance-related information, compliance culture campaigns and a set of policies and procedures, including the newly approved [Code of Conduct & Ethics](#);
3. kickstart key compliance processes, such as submitting declarations of conflicts of interest or requesting approval before offering or receiving gifts, entertainment and hospitality.

During 2024, the compliance department received 36 requests for approval prior to offering or receiving gifts, entertainment or hospitality to or from third parties. All requests were carefully evaluated to ensure adherence with the company's policy and guidelines by securing the required approvals and maintaining transparency and fairness in all our dealings and upholding the highest standards of integrity. In accordance with our Conflict of Interest (COI) procedure, employees are expected to file every year a declaration to confirm whether they are in a position of conflict of interest or not. We carried out our annual Conflict of Interest disclosure process for the year 2024 in October which lasted until the end of November. Following multiple follow-ups and escalations by the Compliance team, the submission rate for the COI declarations has exceeded 95%. The compliance team continued to monitor and manage these activities to prevent any violations

of the Code of Conduct and its guidelines and to ensure proper reporting and documentation throughout the year.

Comprehensive entity-wise enterprise assessment and audit

To ensure the effectiveness of the Compliance Framework and its alignment with organisational objectives, ACWA Power's Regional Compliance team undertook a detailed entity-wise enterprise assessment as of June 2024. The assessment, which reviewed a master list of 315 entities maintained by the Legal Department, aimed to identify which entities fall within the scope of compliance monitoring. Approximately 49% of these entities, including Holding Companies, Project Companies (PCs), O&M entities, branch offices, and representative offices, are now part of our Compliance Monitoring Plan (CMP). This includes the establishment of dedicated compliance registers, the appointment of Compliance Champions, and the deployment of periodic monitoring exercises. Conversely, 51% of the entities were excluded from the CMP due to factors such as limited headcount and low transaction volumes, in accordance with the updated Compliance Monitoring Procedures aligned with ISO 37301:2021.

In 2024, our company received a request from the Saudi General Court of Audit (GCA) for documents relating to various departments including Finance and Compliance. A task force was formed to facilitate the audit process. After a focused initial meeting, the audit scope was limited to material subsidiaries. The audit, which started with GCA's onsite visit, concluded with no critical findings.

Our Code of Conduct

The [Code of Conduct and Ethics policy](#) went through a thorough revision, part of a process initiated in 2023, to address business requirements together with suggestions and feedback received from various stakeholders. One of the key changes saw the document being split into a Code of Conduct and Ethics policy ('Code') approved by the Board of Directors, a document outlining the key ethical principles the Company stands for, and a Code of Conduct and Ethics Guidelines ('Guidelines') approved by the CEO, established to further articulate and supplement the general principles set out in the Code and provides employees with clear guidance on the expected behaviours.

The revision of the policy included further amendments and additions, including but not limited to:

- › Adding a specific scope within the policy that applies only to the Board and Board committees in accordance with KSA's Corporate Governance Regulation;
- › Introducing a set of criteria for assessing and approving employees' engagement in personal businesses, and the prohibition of engaging in full time day-to-day personal businesses for full-time employees;
- › Adding the definition of Primary Compliance Training courses to be completed by Employees within 2 months from joining;
- › Adding provisions specifying applicability of the Code and that vendors shall abide to the Undertaking of Code of Conduct and Ethics held by the Supply Chain department of ACWA Power;
- › Including personal data protection provisions; and
- › Updating thresholds for Gift, Entertainment and Hospitality.

Engaging with trusted partners

The Compliance department is responsible to perform due diligence KYC process and risk assessment on high risk third parties before any material agreement is entered into with ACWA Power, i.e., for any equity acquisition, joint venture, partnership, EPC agreements, O&M agreement, agents/intermediaries, and private off-taker agreements. In the year under review, a total of 38 KYC requests were received and successfully conducted. The majority of those requests, a total of 35, were rated as low risk after careful evaluation, thoroughly performing the required due diligence screening and third-party background checks, and finally conducting the risk assessment, providing

the business with the required approvals. Two of the third-party KYCs were rated as high risk prompting additional scrutiny, further disclosures and assurances and enhanced due diligence measures, ensuring that all relevant risk factors were thoroughly evaluated and mitigated as necessary, as part of our commitment to maintaining the highest standards of compliance in all of our business dealings and ensuring engagement with reputable third parties and compliance with legal and regulatory requirements. This rigorous evaluation helps mitigate potential risks and safeguard the interests and reputation of ACWA Power.

Privacy Policy

Following a decision from the Management Committee to establish a task force for assessing personal data protection requirements within the organisation in compliance with existing regulations, Compliance in collaboration with other functions developed a policy to address key requirements mandated by the Saudi Personal Data Protection Law and its implementing regulations.

The policy, finalised and rolled out for employees' acknowledgement, reflects the following key principles:

- a. Implement a thorough framework for protection and management of personal data;
- b. Set out a process to enable data owners to enforce their rights;
- c. Roll out required notifications in case of data leaks;
- d. Establish a personal data-processing register.

Anti-corruption

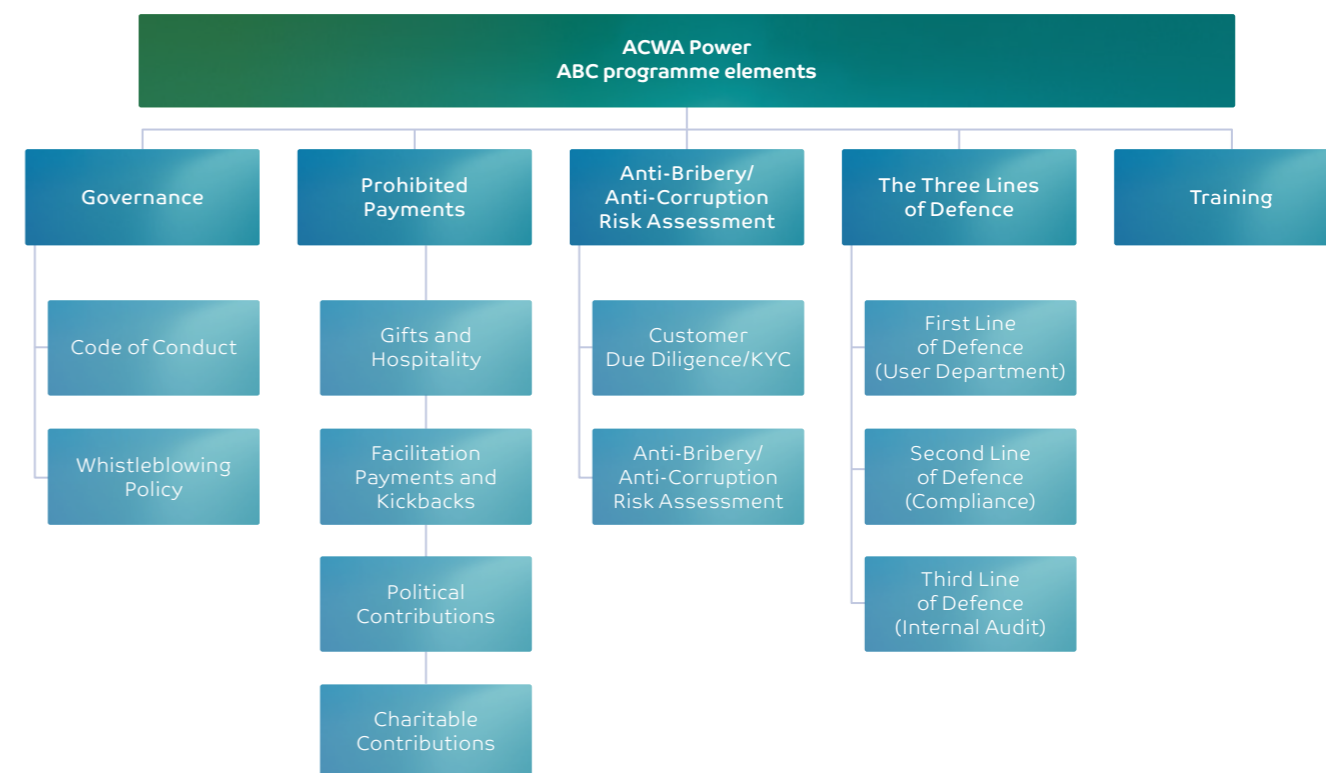
ACWA Power has zero tolerance for any bribery and corruption activities and is committed to conducting its business ethically and in compliance with all applicable domestic and foreign anti-bribery and anti-corruption laws and regulations. To this end, the company's Management Committee approved the [Anti-Bribery and Anti-Corruption Policy](#) (ABC Policy) in 2021. This policy applies to directors, officers, third parties such as consultants, agents, vendors, suppliers and independent contractors and all employees of ACWA Power, including its subsidiaries, business units and branches.

The ABC Policy is overseen by Senior Management, administered by an individual with sufficient authority, expertise and resources and endorsed by the Board of Directors. Senior Management has the oversight responsibility and allocates sufficient resources to achieve reasonably effective operations. Periodic updates and material issue reporting are made to the Executive Board and the Board of Directors.

For suppliers, the company performs Customer Due Diligence to ensure that they are properly risk-assessed. All suppliers are expected to maintain

anti-corruption policies and implement programmes that ensure and demonstrate their compliance. To further protect the Company, ACWA Power may conduct heightened due diligence in circumstances where there is a reason for it.

All the new directors, officers, employees, consultants and contractors of ACWA Power at the time of their induction are provided with an overview of the Policy, educated on its importance and informed where the Policy is available for future reference. Furthermore, all directors, officers, employees, and long-term consultants and contractors of ACWA Power, including its subsidiaries, business units, and branches, receive annual refresher training on the Policy. Additionally, they are required to provide an annual certification of compliance and formally accept their commitment to adhere to this Policy each year. As for short-term contractors and consultants (contracted for less than six months), suppliers, business partners and third parties, ACWA Power provides them with a copy of the Policy and communicates the zero-tolerance attitude and importance of their adherence to anti-bribery and anti-corruption laws and regulations.



Whistle-blowing programme

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

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

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

The main objectives of this procedure are to:

- › raise awareness on the whistle-blower programme in place at ACWA Power;
- › explain the importance of reporting serious concerns;
- › explain who is a whistle-blower and when to blow the whistle;

Grievance procedure

Grievance means any type of dissatisfaction or discontent arising out of factors related to an employee's job which he/she thinks is unfair. A grievance is a sign of an employee's discontentment with his/her job or relationship with his/her colleagues. Grievances generally arise out of the day-to-day working relations in an organisation. Any internal or external stakeholder (employees, contractors, vendors, etc) is able to file a formal grievance, in confidence, via the Company website.

- › identify the types of concerns to be reported;
- › list the commitment expected from whistle-blowers;
- › identify channels available to report concerns;
- › provide an overview on the mechanism to investigate and remedy any wrongdoing; and
- › set out the key performance indicators (KPI) of the whistle-blower programme.

This procedure should be read in conjunction with ACWA Power's whistle-blower policy and Code of Conduct and ethics policy. This whistle-blower procedure applies to all employees of ACWA Power, including business units and wholly owned subsidiaries.

In 2024, ACWA Power received 89 whistle-blower (WB) cases through various channels. All WB cases were thoroughly evaluated, investigated or were under investigation. Among these cases, 3 major incidents were escalated to the Disciplinary Committee and 8 cases to the Employee Care Committee. Meanwhile, 17 cases remain under review by the investigation team. The closed cases resulted in the identification of 87 actionable items.

To ensure ease of reporting and proper management, the organisation has categorised grievances to ensure timely and relevant action. Any filings are then assessed by the People Committee, comprising of individuals with appropriate experience and no prior involvement in the complaint. Once the investigation is completed and an outcome has been decided, a member of the People and Culture team will arrange a meeting with the complainant and the subject of the complaint to discuss the outcome and next course of action, if any. All actions taken as part of the process will be in line with the organisation's HR policy and local regulations.

Our commitment to human rights

ACWA POWER emphasises the importance of treating individuals with dignity and respect inside our organisation and throughout our supply chain. Where we don't have managerial control, we actively seek to promote compliance with our policy and guidelines. Where national laws and international human rights standards differ, we follow the higher standard to the extent it doesn't contradict with applicable laws. Among the broader human rights issues identified, our focus areas are as below:

- › providing access to grievance mechanisms;
- › supporting access to water and sanitation;
- › any form of child labour, modern slavery, forced labour and human trafficking in any part of its business and supply chain;
- › ensuring a decent living wage and income;
- › ensuring safety and health; and
- › women's rights and empowerment.

We prioritise the protection of human rights through comprehensive due diligence reviews that assess labour rights, supply chain practices, and working conditions across all our projects. Central to our efforts is the ECC, which upholds employee rights and dignity by ensuring fair treatment, particularly in cases involving gender-based violence and harassment and other forms of workplace harassment. Additionally, we are committed to enhancing employee awareness of our whistle-blower mechanism and reporting tools, guaranteeing confidentiality and the security of reporting channels to foster an environment of transparency and trust. Where appropriate, we engage in dialogue with stakeholders on human rights issues related to our business and the communities where we operate in.

Anti-discrimination and anti-harassment

ACWA Power's [Code of Conduct and Ethics Policy](#) sets out the Company's approach on discrimination and harassment:

The key principles of anti-discrimination and anti-harassment are:

- › We strictly prohibit employees from making malicious accusations against any employee of the organisation.
- › We require staff to behave respectfully with other team members, and not purposefully, falsely, or maliciously attempt to injure the reputation of another team member.

- › We do not accept abusive conduct, including verbal abuse and physical conduct that another person would find threatening or humiliating.
- › We encourage staff to speak up to report harassment without fear of retaliation.

The Company's management is responsible for ensuring a culture of accepting grievances without prejudice and providing a safe and impartial procedure to complete the relevant investigation of each grievance.

Disclosure and Transparency

In order to meet the requirements, set out by KSA in the Rules on the Offer of Securities and Continuing Obligations (OSCOS) and in the Corporate Governance Regulations, ACWA Power has established an internal Disclosure and Transparency (DT) Committee whose mission is to provide a structured and systematic oversight on the organisation's wide implementation of the DT obligations. It is chaired by the Company's CFO and composed of representatives from key enabling functions such as Compliance, Legal, Finance, Investor Relations, Communication & Marketing and BU BD.

Compliance is a key enabler of the DT Committee's daily operativity as it provides:

- › secretarial support activities which include the management of the DT portal;
- › guidance in assessing the materiality of events brought to the attention of the DT Committee;
- › support in facilitating announcement on Tadawul of those events deemed disclosable; and
- › keeping the Company's profile on Tadawul up-to-date.

During 2024, Compliance brought to the attention of the DT Committee for assessment a total of 193 events submitted through the DT portal, of which 36 were deemed material and announced on Tadawul.