

The sustainability elements considered in procurement are:



We subject all suppliers to thorough due diligence screening and evaluation, and require them to submit an Undertaking of Code of Ethics. This crucial process combats corruption and ensures adherence to our ethical standards. By doing so, we ensure that suppliers align with our procurement principles and establish a solid foundation for continuous improvement within our supply chain. The Central Procurement team plays a key role, working closely with Compliance and HSSE departments to carefully assess new suppliers.

Once assessed, we classify suppliers into high, medium, or low risk categories. We do not engage with high-risk suppliers. For those in the medium risk

category, we develop specific plans to help improve their performance, discussing and refining these plans as necessary with the suppliers.

As part of the vendor performance management process, all vendors are subject to performance evaluation on a six-monthly basis. Our approach has identified 17 suppliers as underperforming. We have started targeted action plans for these suppliers to boost their operations. These efforts help us uphold and exceed traditional corporate responsibility standards, demonstrating our commitment to a sustainable and transparent supply chain.

Local content

ACWA Power has been a leader in advancing local content in KSA and remains committed to enhancing this support in the future. In 2024, our updated local content strategy was approved, establishing a framework to consolidate and extend our leadership in this area. This strategy focuses on monitoring and improving ACWA Power's audited local content score, developing a clear approach to localisation, and creating a structured supplier development program that captures, qualifies, and develops local suppliers for ACWA Power projects during both construction and O&M phases.

The implementation of the Local Content Policy and Strategy aims to achieve higher local content targets and enhance operational efficiency at both the entity and project levels. The Company is committed to supporting and implementing local content across all project types during construction and operation. The minimum requirement for local content during construction is 15% and can reach up to 40%

depending on the project type, while the minimum during operation is 50%. All efforts are aligned with the relevant guidelines from authorities on how to compute local content contributions in our projects.

A critical component of our strategy includes the integration and development of the local workforce, emphasising local employment and training to meet and exceed these targets. Notably, actual local spending with Saudi-based companies and for construction activities in KSA ranges from 35 to 75%, varying by project and technology. Approximately 60% of ACWA Power's active projects are located in KSA. ACWA Power and its subsidiaries in KSA have an estimated local content score of around 46% in 2024, covering goods and services, labour, training, R&D, and depreciation in KSA.

[For more detailed information on local workforce development, please refer to page 143 of this report.](#)

STAKEHOLDER ENGAGEMENT

▶ **GRI 2-29 Approach to stakeholder engagement**

▶ **GRI 3-1 Process to determine material topics**

▶ **GRI 3-2 List of material topics**

We conducted an extensive stakeholder survey, among 86 ACWA Power employees, to produce a comprehensive materiality assessment, which helped us identify the most material topics. We supplemented our initial materiality assessment by referencing it with the GRI reporting standards, as well as industry best practice. The materiality assessment helped us to identify our core ESG focus topics and indicators, which include climate change, water, health and safety, and governance, and to develop our ESG framework accordingly.

Our key stakeholders include:

- › Employees
- › Suppliers
- › Partners
- › Shareholders
- › Governments
- › Power and water providers
- › Educational institutions
- › End customers

We intend to conduct broader stakeholder engagement, on a qualitative basis, with representatives of the above groups, in the near future.

We develop ACWA Power's materiality matrix in six steps



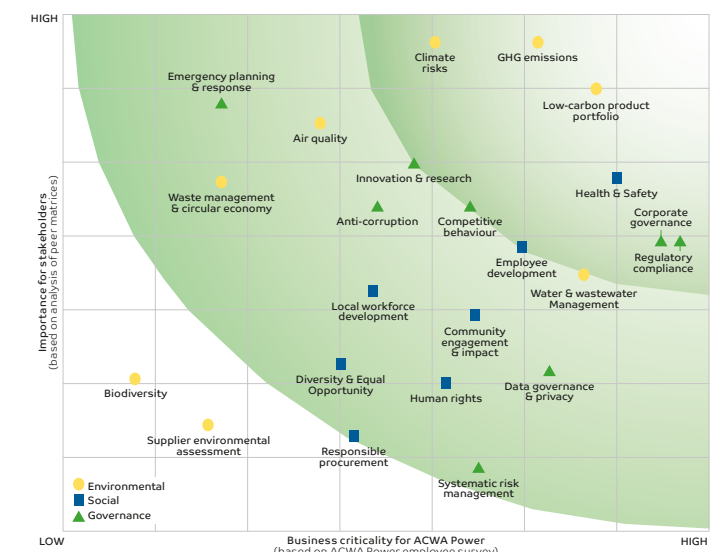
Source: BCG care experience

Importance for stakeholders assessed via BCG MMAP analysis of materiality matrices of 17 international players in the utility sector and calculation of average stakeholder importance, likely to represent international stakeholder views.

ACWA Power project-based materiality assessments

Before and during each ACWA Power project, the Company engages with local stakeholders to conduct materiality assessments to ensure that the construction and operation of each project is managed responsibly and with sensitivity to their needs and concerns. ACWA Power, through its 100% owned subsidiary, NOMAC, actively plans operations and maintenance to include local communities, often by providing development opportunities and creating employment and training programmes for local people.

Final ACWA Power materiality matrix



Source: business criticality assessed via materiality survey conducted with 86 ACWA Power employees from Dec 2020 – Jan 2021