

ENOWA WATER INAUGURAL ESG REPORT

2022 ENOWA WATER

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NEOM VISION:

“THE **LAND OF THE FUTURE**, WHERE THE GREATEST MINDS AND BEST TALENTS ARE **EMPOWERED TO EMBODY PIONEERING IDEAS AND EXCEED BOUNDARIES** IN A WORLD INSPIRED BY IMAGINATION.”

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ABBREVIATIONS

TERM	MEANING
D&I	Diversity and Inclusion
ERP	Emergency Preparedness and Response Plan
ESG	Environmental, Social, and Governance
EWSIP	ENOWA Water Sustainability Implementation Plan
GRI	Global Reporting Initiative
KPI	Key Performance Indicator
KSA	Kingdom of Saudi Arabia
NRW	Non-Revenue Water
OH&S	Occupational Health and Safety
PMR	Performance, Monitoring, and Reporting
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
TCFD	Task Force on Climate-Related Disclosures
WAB	Water Accounting Board
WSSO	Water Sector Sustainability Outcomes
WSSS	Water Sector Sustainability Strategy

PURPOSE OF THIS REPORT

The purpose of this report is to outline ENOWA Water's approach to sustainability in an easily understood and transparent manner. It sets out the desired sustainability-related outcomes, targets, and ambitions of ENOWA Water, and communicates how

ENOWA Water will deliver and measure progress on these in the future. Noting this is the first report of its type for ENOWA Water, preliminary progress is communicated where data is available.

THIS INFORMATION IS CONFIDENTIAL AND PRIVILEGED

1. INTRODUCTION

1.1 LETTER FROM THE EXECUTIVE DIRECTOR

Sustainability is a core principle that guides NEOM's decision-making, implementation, day-to-day actions, and behaviors at all levels. It is integral to the full scope of our activities.

For NEOM, and for ENOWA Water, sustainability means operating within ecological planetary boundaries and achieving balance between the economic, environmental, and social needs of our diverse stakeholders. Sustainability guides our aspiration to develop regenerative and transformative solutions to pressing global challenges. We don't just want to meet the needs of future generations, we want to balance the needs of the environment, society, and economy in such a way that optimal sustainable outcomes are achieved.

Our approach to water management and use reveals and reflects the environmental, economic, and social values of water in management and operation of a water utility. This focus on value will provide benefit, or net positive impact, to the Kingdom of Saudi Arabia (KSA), NEOM, our Water Sector, and our customers and communities. It will help to advance KSA's progress towards its commitments to the UN Sustainable Development Goals (SDGs), to the Paris Agreement, and to the Sendai Framework for Disaster Risk Reduction. In addition to the focus on value, it will help NEOM achieve its vision, to truly become the land of the future, where the greatest minds and best talents are empowered to embody pioneering ideas and exceed boundaries in a world inspired by imagination.

For all services delivered by ENOWA Water, a sustainable approach will lead to more informed and resilient long-term planning and investment decisions. Sustainability will inform conversations between our customers and service providers, emphasizing the benefits and costs of meeting demand for utility services into the future and how these costs will be met. A sustainable approach to water management, use, and investment directly supports our utility to continually deliver and demonstrate customer value. Our approach to sustainability and ESG involves focusing strongly on our material impacts, developing a holistic and visionary Sustainability Strategy for our sector, designing action-focused Sustainability Implementation Plans to deliver on our outcomes, transparently reporting on our progress, and sharing our practices globally.

Our ENOWA Water ESG Report is structured around eight sustainability outcomes, informed by material topics. They help us to have open conversations with stakeholders about trade-offs and be transparent about how these will be managed. They allow us to incorporate environmental, cultural, and other non-market values into decision-making, and they allow us to develop linkages and commitments to globally significant issues, like climate change.

Our ESG Report is also informed by multiple indices and reporting frameworks including the United Nations Sustainable Development Goals (SDGs), Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Disclosures (TCFD). Each of these frameworks has a different focus and perspective, and by aligning our report with multiple frameworks, we develop a holistic view that captures both 'outside-in' (focusing on the outside world's impacts on our business) and 'inside-out' (focusing on our impact on the outside world) perspectives.

Our initial ESG reporting will rely on available data and operations and will help us to build a platform for future reporting. It is important that we start this process early in order to demonstrate our commitment to the NEOM Vision and in order to have an accurate measurement starting from our greenfield position today.

We thank you for taking the time to read our inaugural report. While NEOM's journey toward sustainability is underway, it is just beginning, and we welcome you to join us as we move toward our new future.



Gavin van Tonder
Executive Director, ENOWA Water

1.2 INTRODUCTION TO NEOM AND ENOWA WATER

What is NEOM and the NEOM Water Sector?

NEOM is the community of the future, with its name deriving from the Greek word 'neo' (meaning 'new') and the Arabic word 'mustaqbal' (meaning 'future'). It provides an opportunity to re-think how humans interact with nature, in a sustainable and prosperous way. NEOM is a region located in the Northwest of KSA.

In order to maximize the benefits of this greenfield setting, NEOM is designing and implementing world leading communities and industries informed by aspirations of sustainability, circularity, innovation and customer-centricity.

Throughout the region, NEOM is making use of abundant solar and wind resources to capture and generate renewable energy for its operations. It expects to eventually be home to a population of nine million residents by 2050 and to receive an additional 15 million visitors per year.

NEOM is exploring how its Water Sector can best support and advance the community's physical and mental health, wellness, and quality of life, ensuring NEOM achieves its livability targets through infrastructure amenity and aesthetics, and service options.

NEOM's Water Sector has clearly defined its institutional arrangements to build a strong governance foundation, ultimately contributing to its long-term stability and success. Law and regulation support NEOM's bold but achievable water-related sustainability outcomes and ensure that the Sector's institutions are well-equipped to enable compliance and accountability (see Appendix A for governance and policy information).

Water management and use in NEOM will contribute significantly to the sustainability of NEOM overall.

The NEOM Water Sector is working alongside other NEOM Sectors, such as Food, Environment and Energy, and regional developments including Trojena, Sindalah, Shushah islands, Oxagon, and THE LINE, to ensure sustainability outcomes are met across sectors.

What is ENOWA Water?

NEOM Energy & Water Company (otherwise known as ENOWA), is the first water and energy service provider within NEOM. It includes several business units: (1) ENOWA Water (including the water utility which will provide water industry services), (2) the Water Solutions Company, (3) the Water Innovation Hub, and other businesses. The water utility function of ENOWA Water is composed of several operating units, including:

- Governance Operating Unit
- Sustainability Operating Unit
- Water Recycling Business Operating Unit
- Transmission, Distribution, and Storage Operating Unit
- Desalination Operating Unit
- Brine Operating Unit
- Water Management Operating Unit

ENOWA Water also has a Board, that enables ENOWA Water to perform its functions as a licensee and advise the leadership of ENOWA Water on advancement of its aims and purposes (including in alignment with relevant regulations and law). The Board ensures that ENOWA Water fulfils all its responsibilities in an efficient and transparent manner. ENOWA Water's operational units are captured in Figure 1 below.

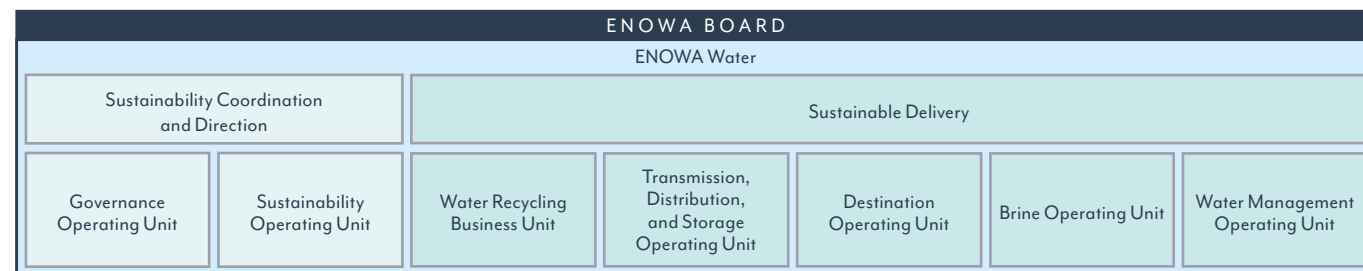


Figure 1. Role of ENOWA Water's operational units in supporting sustainability.

1.3 TIMELINE FOR ENOWA WATER ESG IMPLEMENTATION

NEOM's initial Water Sector Sustainability Strategy (WSSS), which sets the direction for water sustainability efforts in NEOM, was delivered in December 2021 (see Appendix A for more information).

Since then, ENOWA Water has made strides in bringing pre-existing infrastructure including the Duba Desalination Plant, High Point Reservoir and Al Bada Water Recycling Plant into the NEOM asset base. An ENOWA Water Sustainability Implementation Plan (EWSIP) is being created to support ENOWA Water's day-to-day delivery of the WSSS (see Appendix A). The EWSIP will be completed in mid-2023

refreshed on a five-year cycle. ENOWA Water will also be subject to reporting performance data to its Regulator to ensure that it is meeting its service standards.

ENOWA Water's inaugural ESG report (this document) outlines the outcomes and targets that ENOWA Water seeks to achieve, incorporating as much data on progress as is currently available. ENOWA Water's future ESG reports will reflect further progress towards its targets and outcomes, with the next report scheduled to be published in February 2024 (Figure 2).

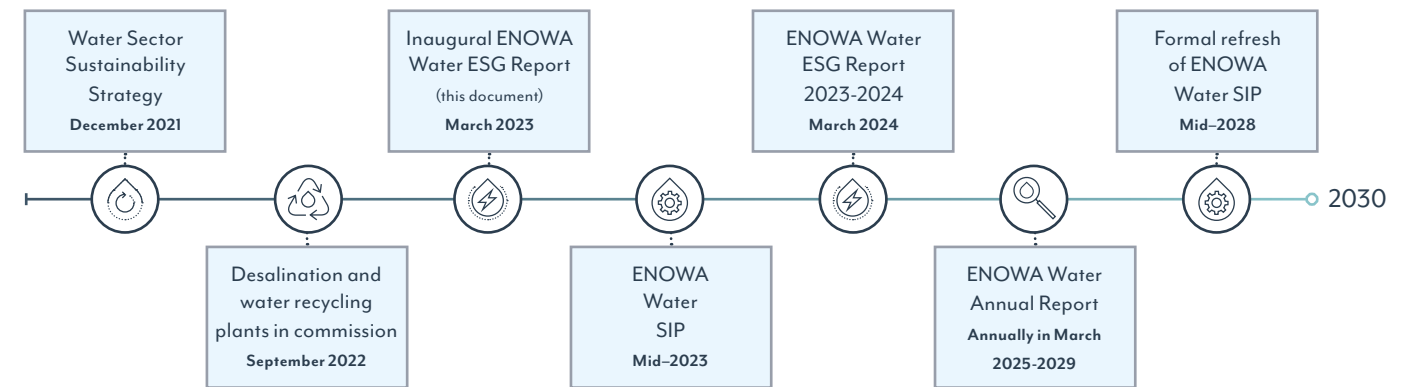


Figure 2. Timeline of past and anticipated ENOWA Water ESG planning and reporting activities. Please note: This timeline is indicative and includes potential future milestones that are expected but subject to change.

2. ENOWA WATER'S INAUGURAL ESG REPORT

2.1 PURPOSE AND SCOPE OF THIS REPORT

The purpose of this report is to clearly outline ENOWA Water's approach to sustainability in an easily understood and transparent manner. It sets out the desired sustainability-related outcomes and critical targets of ENOWA Water and communicates how ENOWA Water will deliver and measure progress on these in the future. Noting this is the first report of its type for ENOWA Water, preliminary progress is communicated where data is available¹.

The scope of this ESG Report applies specifically to the utility functions of ENOWA Water, as introduced in Section 1. This includes the Duba Desalination Plant and the Al Bada Water Recycling Plant.

Sections 2.2 and 2.3 of this report describe the critical components of the framework that inform and guide ENOWA Water's ESG ambitions and reporting (Figure 3). Importantly, going forward, components of the framework are likely to evolve as ENOWA Water strives to maintain world-leading status for ESG planning, activities, and reporting.

Section 3 provides an overview of ENOWA Water's ESG highlights to date. Section 4 details each of ENOWA Water's desired sustainability outcomes, describing activities and successes (including progress towards a selection of key targets) in relation to relevant material topics that contribute to each outcome. Appendix B provides further supporting performance data.

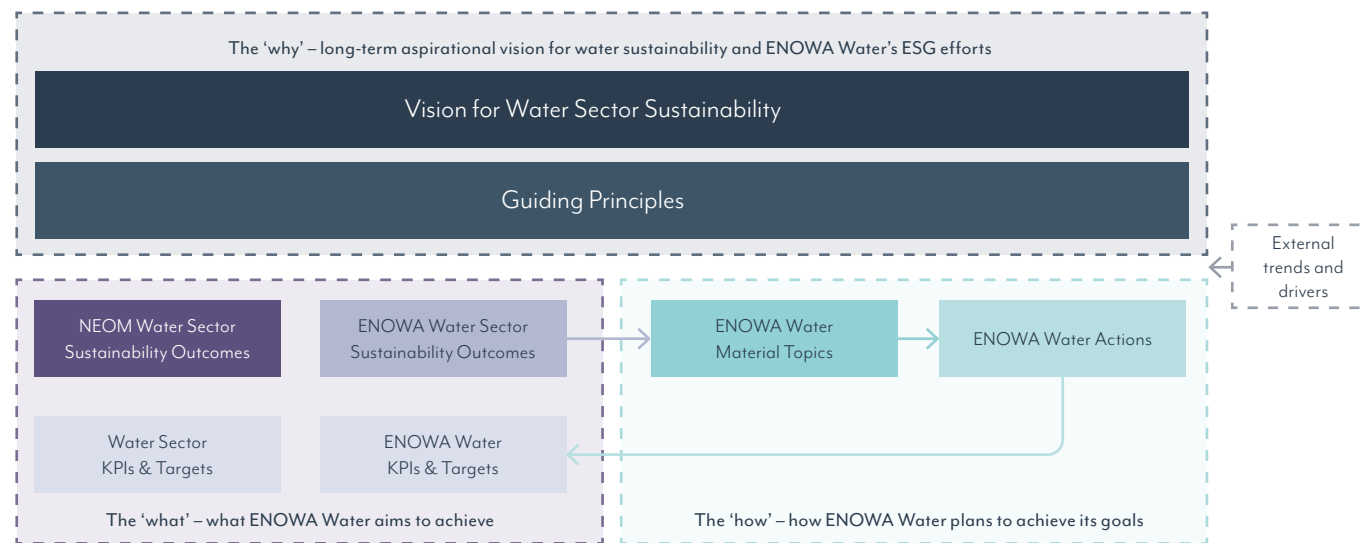


Figure 3. ENOWA Water sustainability framework

¹ This report captures data available from initial services delivered between January and December 2022. This includes data for the Al Bada Recycling Plant from May to December, and data for the Duba Desalination Plant from January to December. As a greenfield site, ENOWA did not have prior operations on which to report. It is important to begin reporting to set the usual cadence of year-end reporting consistent with global best practice reporting cycles.

2.2. SUSTAINABILITY VISION, PRINCIPLES, AND OUTCOMES

Vision

NEOM's WSSS outlines a vision for water sector sustainability that every institution within the NEOM Water Sector is responsible for supporting and implementing (including ENOWA Water). As such, ENOWA Water aims to support and deliver on this sector-wide vision, which is guiding its ESG and sustainability-related activities.

NEOM Water Sector Sustainability Vision

Through implementing holistic and innovative sustainability initiatives, the NEOM Water Sector will achieve the most ambitious sustainability targets for a water sector globally.

The Water Sector will go beyond circularity and maximize resilience and prosperity for NEOM's environment, economy, and society.

Principles

The following four principles establish how ENOWA Water will work to achieve its outcomes and design, develop, and deliver ESG reporting.

Intentional – focus on outcomes and be context-specific

ENOWA Water has identified sustainability outcomes that are specific to its context and the unique opportunities posed by being in a greenfield setting. Focusing on outcomes supports clarity of expectations, allows for measurement and demonstration of progress, and provides a structured approach to learning. Outcomes also guide decision-making, prioritization, and planning, and encourage continuous improvement in the way services are delivered.

Interdependent – recognize cross-sector interdependencies

Achieving sustainability and developing successful ESG reporting will require working partnerships with other NEOM Water Sector entities, such as the Water Innovation Hub and the Water Department, as well as NEOM Departments outside of the Water Sector, such as the Environment, Energy, and Human Resource Departments. Ensuring success will require developing strong collaborative relationships and engaging with these partners on various aspects of ESG reporting.

Innovative – continuously improve and innovate

ENOWA Water will stay on top of leading trends related to the evolving global environment of sustainability practices. It will remain adaptable and flexible to consider and/or adopt these as practical. It has strived for outcomes that will lead ENOWA Water forward in terms of water services and sustainability.

Intelligible – communicate clearly and transparently

ENOWA Water has designed a sustainability reporting approach that is robust and holistic, building on best practice sustainability standards. This includes the SDG, GRI, SASB, and TCFD frameworks. This will enable accountability through transparent reporting practices.

Outcomes

ENOWA Water's sustainability outcomes reflect the desired change, experience, or condition for its customers, the environment, the business, and others (Figure 4). These align with NEOM's broader water sector sustainability outcomes (see Appendix A) and with the SDGs (Figure 4).



Figure 4. ENOWA Water's sustainability outcomes and alignment with SDGs.

2.3 ENOWA WATER'S MATERIAL TOPICS

Material topics are the themes that are most important to ENOWA Water from a sustainability reporting, transparency, and disclosure perspective. They support an understanding of ENOWA Water's progress towards its outcomes and align with topics covered in global sustainability frameworks.

ENOWA Water's material topics are shown in Figure 5. Some topics contribute to an understanding of multiple outcomes, but each topic is listed against the outcome that it most directly informs. These topics will be reviewed² and updated by

ENOWA Water in annual iterations of sustainability and ESG reporting in the future, to ensure they remain relevant and material for the utility's current operations and ambitions.

These topics also align with areas of action, referred to as 'material opportunities', against which ENOWA Water is looking to structure its Sustainability Implementation Plan (EWSIP) (Appendix A). See Appendix C for the materiality assessment that informed these material topics and Appendix B for alignment of material topics with the SDGs.

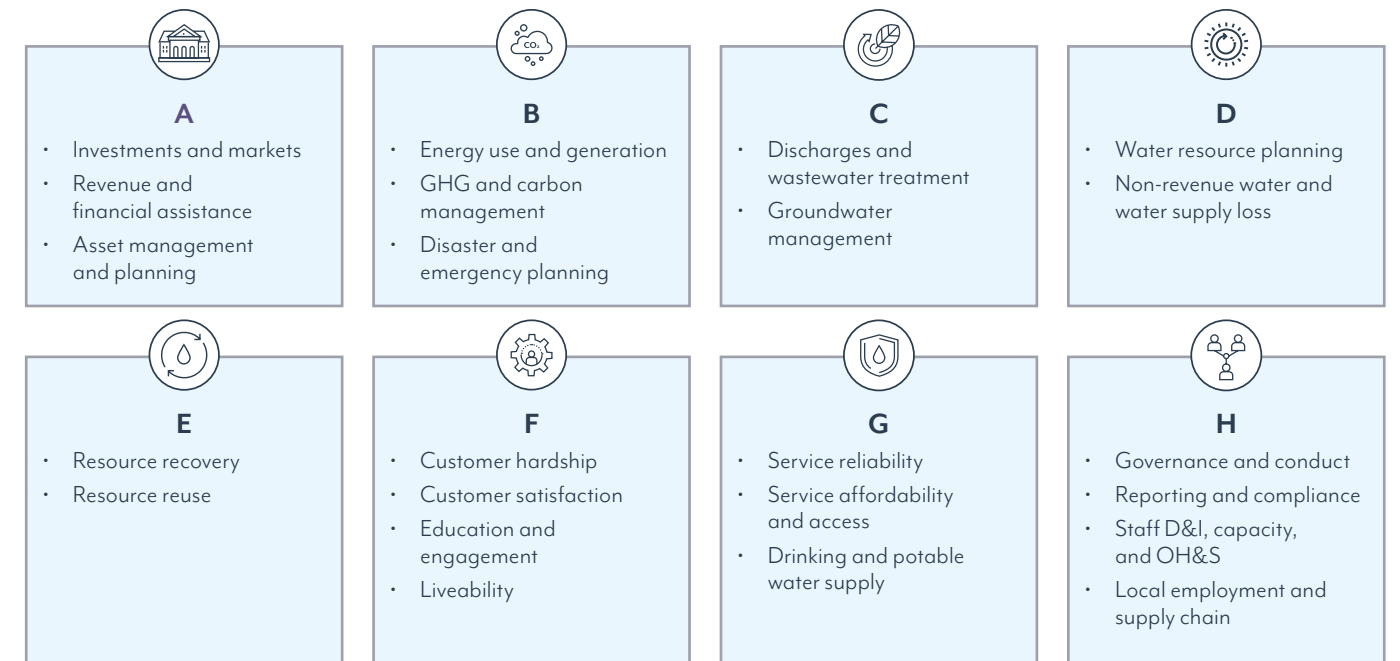


Figure 5. ENOWA Water's material topics and alignment with the sustainability outcomes.

Targets and indicators

Against each outcome, there are specific targets and indicators relating to each relevant material topic. The targets show the desired direction of change or specific desired result for each measure over a defined period. The indicators are quantifiable metrics for tracking performance towards outcomes over time. They may not capture all aspects of all outcomes, but they provide an indication of the extent to which success is being achieved.

The targets and indicators are focused on providing meaningful insights into progress against the outcomes, using the minimum information required, in alignment with global reporting standards and frameworks. The indicators and targets included in this report represent those that ENOWA Water will prioritize monitoring and reporting against in its first year of operation. As such, not all sustainability indicators across all global sustainability standards and existing NEOM reporting frameworks are captured.

² The material topics will be reviewed with stakeholders in compliance with NEOM ESG Framework.

3. ENOWA WATER'S ESG PERFORMANCE AT A GLANCE

3.1 ESG OVERVIEW AND HIGHLIGHTS

An overview of ENOWA Water's ESG outcomes, ambitions and key highlights is provided below (Figure 6). Further detail on ESG highlights, organized around the sustainability outcomes, is provided in Section 4.

To date, ENOWA Water has achieved the most progress towards governance-related outcomes (A and E). While many of the

policies and supporting governance arrangements are in place to support progress towards environmental and social outcomes, progress towards specific targets in these areas is limited to-date. Progress towards environmental outcomes (B, C and E) is marginally greater than progress towards social outcomes (D, F, and G).

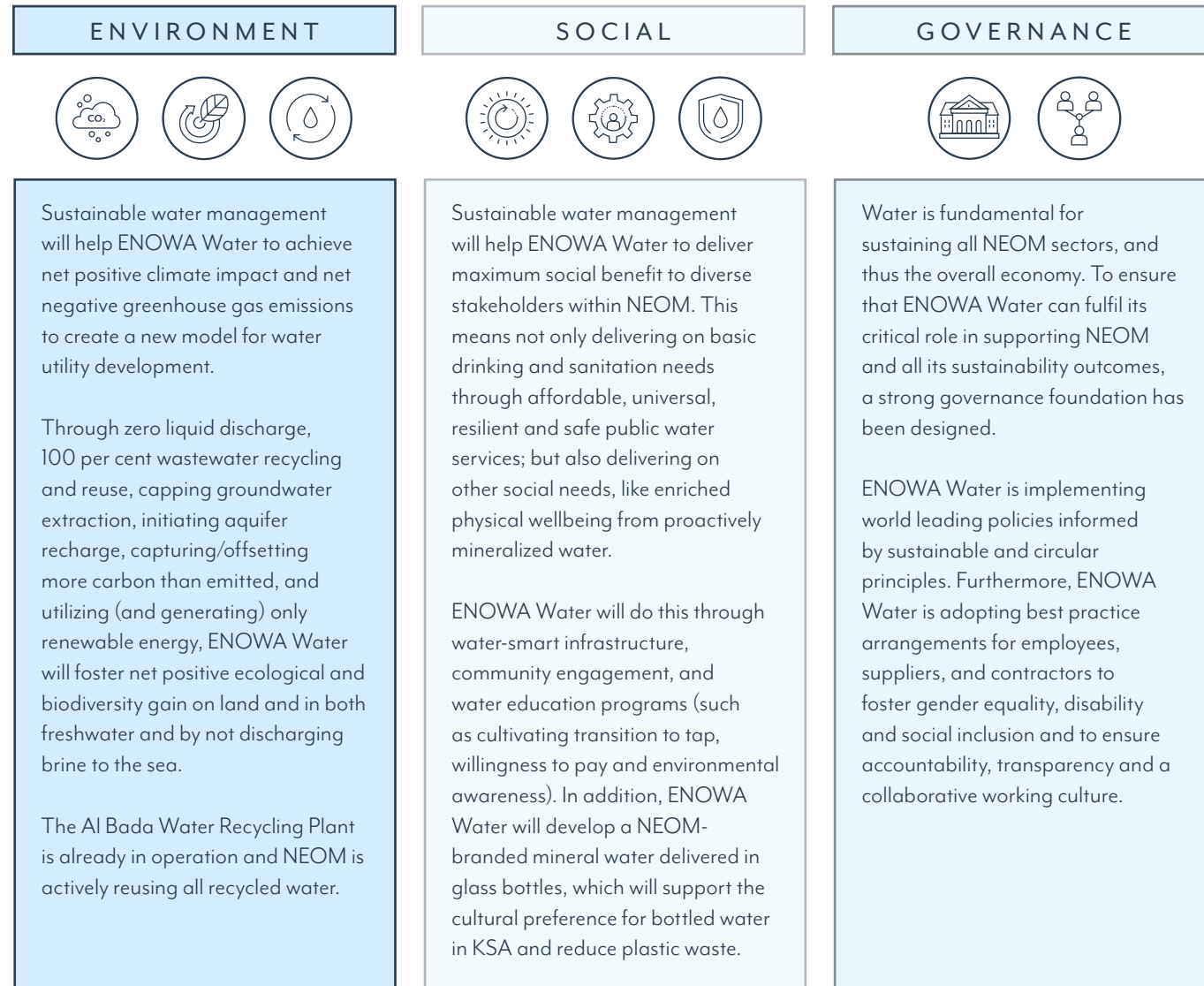


Figure 6. Highlights of ENOWA Water's ESG performance and ambitions.

4. ENOWA WATER'S PROGRESS TOWARDS OUTCOMES

This section provides detailed information on ESG highlights that support each of ENOWA Water's eight desired sustainability outcomes (See Figure 4). For each outcome, the key material topics and associated targets against which ENOWA Water is measuring progress are described, as are the key actions that ENOWA Water is delivering, or will deliver, to support each outcome.

While progress towards specific targets is shown in each material topic box (within each Outcome section, as seen in Figure 3), an overall view to progress towards each outcome is illustrated on a qualitative sliding scale³. Further supporting performance data is provided in Appendix B.

4.1. OUTCOME A: PRODUCTIVE AND FINANCIALLY SUSTAINABLE SERVICES

ENOWA Water will achieve full cost recovery through the implementation of cost-reflective water prices and will create additional revenue through resource recovery, by turning what was formerly considered 'waste' into reusable, commercially valuable outputs. ENOWA will also generate energy from wastewater treatment and integrate renewable energy into the designs and infrastructure in order to progress towards self-sufficiency in energy utilization. ENOWA Water will utilize products, minerals and chemicals that it produces, and will export recovered products and materials to the local market and seek access to global markets where demand for recovered products is greatest. ENOWA Water is already investing, and will continue to invest, in utility innovation, efficiency, and improvements, research and development, and the local economy. ENOWA Water is commissioning a body of work to determine the total economic value of water provided by the utility and the Water Sector, which will be undertaken in 2023.

ENOWA Water's material topics that inform this outcome are investments and markets, revenue and financial assistance, and asset management planning. Action in these areas supports SDG 6 Clean Water and Sanitation, SDG 8 Decent Work and Economic Growth, SDG 9 Industry, Innovation, and Infrastructure, and SDG 17 Partnership for the Goals.

While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated below in Figure 7. ENOWA Water has achieved some progress towards this outcome through investments and asset management planning efforts to date; however, ENOWA Water is currently generating revenue but is not yet exporting recovered resources.



Figure 7. Overall progress towards productive and financially sustainable services.

³ Dark blue on the sliding scale indicates no progress towards the outcome to date, whereas light blue represents full achievement of the outcome.

INVESTMENTS AND MARKETS

This material topic focuses on ENOWA's investments within and outside NEOM, and its exports of recovered resources. Reporting on investments and markets provides insight into financial health and productivity.

Smart technologies and advancements in water treatment technologies will be key to continued growth and success. This includes early and continued engagement with investors and technology providers. Also, ENOWA is actively planning to harvest by-products (e.g., biogas and fertilizers) that will be generated through its operations (see Outcome E). Some by-products will be beneficially reused by ENOWA, however there

is likely to be a surplus of by-products. ENOWA will investigate opportunities and markets for turning these by-products into an alternative revenue stream. This will support the environmental and financial sustainability of ENOWA.

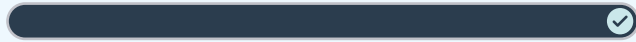
At ENOWA Water, the Board is responsible for monitoring ENOWA Water's expenditure while ensuring it is compliant with all directives. ENOWA Water aims to spend at least 50 per cent of its total expenditure locally within NEOM, to help stimulate the local economy. It also aims to export (from NEOM) at least 50% of recovered resources within KSA.

Target:

More than 50% of ENOWA Water expenditure within KSA by 2030

Progress:

66% of ENOWA Water expenditure within KSA



Target:

Limit export of recovered resources outside of NEOM

Progress:

ENOWA Water is not exporting any resources outside of NEOM



REVENUE AND FINANCIAL ASSISTANCE

This material topic focuses on ENOWA Water's cost recovery of its water supply, wastewater, stormwater and recycled water services through its revenue generation. It also includes financial assistance that ENOWA receives, including international support (official development assistance plus other official flows) to infrastructure. This includes green financing, which represents the inflow of funding in support of ENOWA Water's sustainability endeavors as it continues to seek investments in latest technologies and from ESG-aware investors. As noted in 'investments and markets', the sale of surplus by-products can assist in covering ENOWA Water's costs as an alternative revenue stream.

However, the primary approach to recovering capital expenditure and operational costs is through implementation of a cost-reflective tariff arrangement for services. ENOWA Water regulator has designed tariff arrangements that seek to fully recover costs, share risk appropriately with customers, be straightforward to understand and support predictability. ENOWA Water's pricing also does not involve cross-subsidization across services or customer groups, and customer impacts are being considered, consistent with best practice pricing principles.

Target:

Recover costs with enough to reinvest in continuous improvement

Progress:

ENOWA Water is generating revenue from customers of the High Point Reservoir and is able to reinvest this in continuous improvement



ASSET MANAGEMENT PLANNING

Infrastructure and its management are fundamental to the operation, service delivery and performance of ENOWA Water. Effective asset management ensures that the sequencing and scale of built assets is efficient and fit for purpose. This will in turn maximize the useful life of built assets and provide financial sustainability. Prudent asset management will also mean ENOWA Water has additional resources for other sustainability initiatives. ENOWA Water will utilize its digital network to optimize its system operations. The Board of ENOWA Water approves strategic plans and risk appetite statements, those related to asset management planning.

Each of ENOWA Water's infrastructure assets must have an asset life of at least 50 years and need to comply with the NEOM Sustainability Code, which outlines construction and infrastructure requirements. Progress against these targets can help to inform an understanding of asset age and condition, which provides a lead indication of reliability and service level risks. It can also provide contextual information to aid in the understanding of maintenance costs and/or capital expenditure.

Target:

100% of NEOM's infrastructure and developments are designed for climate resilience based on 2050 timeframe and 2100 for sea level rise

Progress:

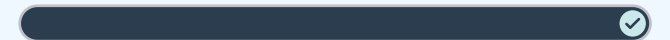
ENOWA Water's infrastructure is being designed according to sustainability principles, which require comprehensive multi-hazard risk and resilience evaluation

Target:

100% of assets to comply with NEOM Sustainability Code

Progress:

100% of assets planned to be built will comply with NEOM Sustainability Code⁴



⁴ Four projects have been constructed to-date and compliance with NEOM Sustainability Code is unknown.



4.2 OUTCOME B: CARBON NEGATIVE AND CLIMATE RESILIENT SERVICES

To support provision of carbon negative services, ENOWA Water's water-related systems will be powered by renewable energy, significantly reducing its operational carbon footprint. ENOWA Water will also account for embodied carbon and reduce the carbon intensity of infrastructure construction, and will implement ambitious and appropriate carbon sequestration, mitigation, and offset options. Furthermore, ENOWA Water's services will be climate resilient, which means its infrastructure and services will be able to withstand the disruptions and adverse conditions posed by climate change, natural disasters, or other emergencies.

ENOWA Water's material topics that inform this outcome are energy use and generation, disaster and emergency planning, and Greenhouse Gases (GHGs) and carbon management. Action in these areas supports SDG 1 No Poverty, SDG 6 Clean Water and Sanitation, SDG 7 Affordable and Clean

Energy, SDG 9 Industry, Innovation, and Infrastructure, SDG 11 Sustainable Cities and Communities, and SDG 13 Climate Action. While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated in Figure 8.

ENOWA Water has made early progress toward this outcome as a result of initial renewable energy use at the Duba Desalination Plant and disaster and emergency planning. In the future, ENOWA will utilize low-carbon materials in infrastructure construction.



Figure 8. Overall progress towards carbon negative and climate resilient services.

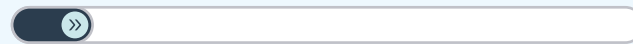
ENERGY USE AND GENERATION

Water utility operations require extensive energy use. To reduce the carbon footprint of its operations, ENOWA Water aims for all water systems and operations to be fully powered by renewable energy by 2030 from the grid and local photovoltaics. Currently, the Duba Desalination Plant is operating with approximately 13% renewable energy using solar and grid energy from biogas.

Additionally, the Water Recycling Business has plans to recover energy from wastewater to produce the energy needed to run processes at the Al Bada Water Recycling Plant, which reduces the need for additional carbon-intensive energy sources. ENOWA Water also intends to generate on-site energy from other water assets. Further, ENOWA Water is also exploring data management systems and processes to improve energy demand management.

Target:
100% use of renewable energy in all operations by 2030

Progress:
13% use of renewable energy in desalination operations (Duba); no data on renewable energy use in other operations to date



DISASTER AND EMERGENCY PLANNING

ENOWA Water's infrastructure and technology will be innovative and resilient, supporting the community to proactively mitigate and address challenges, vulnerabilities and risks (including flood and emergency risks). This includes the risks posed by climate change.

There is a NEOM Emergency Planning Framework, as well as a NEOM Incident Management Framework. These outline incident classification, reporting and management requirements, including associated with emergency and crisis management. ENOWA Water will develop Incident Management plans and roles that align with these frameworks to avoid business discontinuity. ENOWA Water is also building resilience into its asset design process to minimize the need for incident and crisis management, particularly related to flood and seismic risk.

A suite of emergency preparedness and response plans (ERPs) will be developed to support implementation of a Construction Environmental and Social Management Plan for the Al Bada Water Recycling Plant. Additionally, an ERP will be developed for the Duba Desalination Plant that will outline the capability and actions for responding to

environmental and social emergencies. It will define the probable worst-case environmental and social emergency scenarios and will align with the National Center for Environmental Compliance's Environmental Standard 'Prevention of Major Accidents'. All regional infrastructure will eventually have an ERP.

Additionally, ENOWA Water has developed a draft (work in progress) cyber security strategy and has a process in place to monitor security of critical infrastructure via collaboration with NEOM's Chief Information Security Officer (CISO). Also, NEOM's Office of Financial Services has issued directives on risk management with which ENOWA Water complies.

Further, ENOWA Water's managerial decision-making staff have been trained in business continuity management and are familiar with NEOM's disaster planning processes. Business continuity management is a framework for building organizational resilience with the capability to effectively respond to service disruptions. Training of future staff will remain a priority.

Target:
Disaster/emergency response plans in place that account for climate-related risks

Progress:
NEOM-wide emergency planning frameworks in place, but ENOWA Water to develop its own response plans in the future

Target:
100% of managerial decision-making staff trained in business continuity management

Progress:
100% of managerial decision-making staff trained in business continuity management



GHGS AND CARBON MANAGEMENT

Discharge and emissions indicators support the transparency and accountability of service providers and can provide insight into the impacts they have on the environment and the effectiveness of their management practices. ENOWA Water is already monitoring its operations for Scope 1 and 2 emissions – 1% of its emissions are Scope 1 and 99% are Scope 2. Thus, nearly all of ENOWA Water’s current GHG emissions are indirect emissions associated with the purchase of electricity, steam, heat, or cooling.

ENOWA Water is committed to a net negative carbon footprint and to achieving positive climate impact.

Target:

Net carbon/GHG negative by 2030 (more carbon/GHG captured, avoided, offset than emitted)

Progress:

Ratio of carbon/GHG captured, avoided, offset to emitted to be reported in future

ENOWA Water is exploring carbon sequestration technologies for NEOM’s future brine processing plants, which is the process of capturing and storing atmospheric carbon dioxide as a method for reducing the total amount of carbon dioxide in the atmosphere.

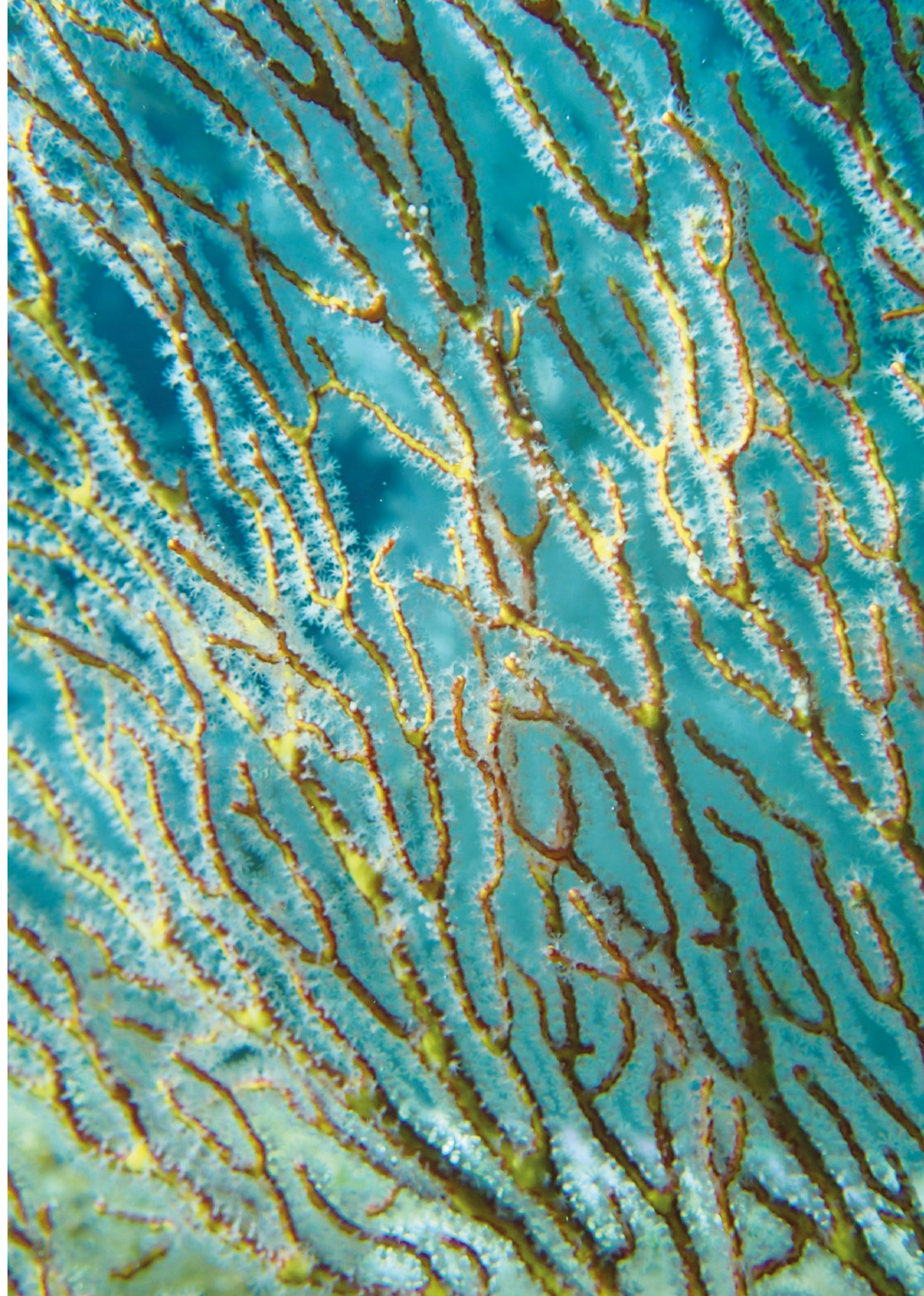
ENOWA Water is also exploring the possibility of entering into a global carbon credit market and considering ‘embedded carbon’, recycled materials like pressurized plastic and recycled concrete/construction materials, and may consider usage of green steel and cement in the future.

Target:

100% certification of GHGs avoided, offset and captured

Progress:

To report in future when data available





4.3 OUTCOME C: ENVIRONMENTALLY RESTORATIVE AND REGENERATIVE SERVICES

ENOWA Water's use of water, energy, and materials in the provision of its services impacts the natural environment of NEOM and contributes to national and global impacts on nature. ENOWA Water seeks to create systems that will enable full compliance with NEOM regulations requiring zero liquid discharge (ZLD) of brine and wastewater, to ensure that no pollutants enter NEOM's natural environment. Furthermore, ENOWA Water's services will be regenerative, meaning they will help to improve societal resilience, restore planetary health, and rejuvenate ecological systems. This includes implementing a groundwater policy that prohibits groundwater extraction wells in the NEOM area and utilizing desalinated water instead.

ENOWA Water's material topics that inform this outcome are discharges and wastewater treatment, and groundwater management. Action in these areas supports SDG 6 Clean Water and Sanitation, SDG 14 Life Below Water and SDG 15 Life on Land. While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated in Figure 9.

ENOWA Water has achieved progress towards this outcome as a result of policy developments on ZLD, stormwater, and groundwater management, and ENOWA Water's implementation of these policies.



Figure 9. Overall progress towards environmentally restorative and regenerative services.

DISCHARGES AND WASTEWATER TREATMENT

ENOWA Water is operating under regulations that require zero liquid discharge (ZLD) of brine and wastewater to the environment. This will ensure that ENOWA Water helps to protect the valuable coral reefs of the Red Sea and other sensitive environments. The effective use of ZLD technologies will allow for capture and reuse of liquid discharges, and their associated solid residuals, extracting all potential value from discharges (see Outcome E). ENOWA Water is also implementing early-warning detection systems in case of discharge leakage, as well as first-class water quality monitoring and management approaches.

Recycled water from Al Bada Recycling Plant is being treated and supplied to the Nature Reserve. This will contribute to greening of the area and will result in environmental benefits,

including reduced temperatures which contributes to positive climate change impacts.

In addition to complying with the water regulations, ENOWA Water has adopted the NEOM Environmental Standard for Stormwater Runoff as per its incorporation into all NEOM Water employer requirements. Adherence to the Standard means that ENOWA Water's urban stormwater runoff practices will protect marine environments, aquaculture, groundwater, and culturally valued places.

Target:
ZLD of stormwater in a 1-in-10 year, 6-hour event

Progress:
Not yet applicable

Target:
100% wastewater supplied to environment is safely treated

Progress:
100% wastewater supplied to environment is safely treated



GROUNDWATER MANAGEMENT

Exploring, protecting and sustainably using groundwater is central to adapting to climate change and supporting regeneration of natural environments. ENOWA Water is supporting the implementation of a NEOM Water Sector groundwater policy by prohibiting, except in emergency situations, all groundwater extraction wells in the NEOM area. The Duba Desalination Plant and Al Bada Water Recycling Plant are supplying water to customers, reducing the need to rely on groundwater. This will ensure that ENOWA Water's activities do not contribute to groundwater table decline.

In the future, ENOWA Water plans to implement aquifer storage and recovery (ASR) activities to create a positive impact rather than net zero impact. The intention of ASR is to increase the groundwater table over time. This will support natural vegetation, such as forest growth, and will allow oases to regenerate. In an emergency, this could allow groundwater to act as a backup water supply source.

Target:
Net positive groundwater impact (more recharge than extraction)

Progress:
Have implemented groundwater policy, have not yet initiated groundwater recharge activities



4.4 **OUTCOME D: HIGHLY EFFICIENT AND INTEGRATED SERVICES**

ENOWA Water uses data to continuously learn and improve its services, using “smart” systems to maximize efficiency in water re-use and recycling. These smart systems enhance ENOWA Water’s ability to identify leaks and other maintenance needs quickly, which can minimize necessary remedial work and the social, environmental, and economic impacts to water supply and services. ENOWA Water is collaborating with other NEOM sectors in investigating and planning the construction and use of water culverts and technologies to improve efficiency and streamline service provision and maintenance.

ENOWA Water’s material topics that inform this outcome are water resource planning, and non-revenue water (NRW) and

water supply losses. Action in these areas supports SDG 2 Zero Hunger (through ensuring water resources for agriculture) and SDG 6 Clean Water and Sanitation. While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated Figure 10.

ENOWA Water has achieved significant progress towards this outcome as a result of its extensive water resource planning and policy developments to date.

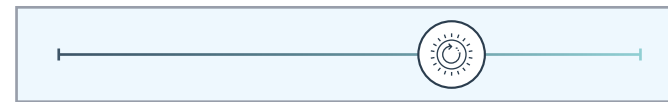


Figure 10. Overall progress towards highly efficient and integrated services.

WATER RESOURCE PLANNING

ENOWA Water’s management of the quality and quantity of water resources determines its ability to reuse water resources and is an important contribution to the water demand requirements of NEOM. It also determines how much environmental, social, and economic value that NEOM’s residents and visitors will receive. While ENOWA Water’s operations are located in a region of high-water scarcity, utilizing desalinated water reduces the risks associated with water scarcity and allows for the fulfillment of demands from customers regardless of climate conditions.

ENOWA Water is also investing in tools and technologies to inform real-time tracking of water use. This will assist

information management which will allow for optimal water resource management decision-making. Additionally, ENOWA Water has explored the use of multi-utility culverts, which are underground structures where multiple utility services can be located, reducing social impact and maintenance disruptions. ENOWA has also collaborated with several other NEOM sectors in the planning/construction of the Spine, the underlying structure within THE LINE.

These activities will help to ensure that ENOWA Water can meet its goal of no unplanned restrictions on water use for any user (i.e., supply always exceeding demand).

Target:

No unplanned restrictions on use

Progress:

No customers of Al Bada Recycling Plant or the High Point Reservoir have experienced restrictions on water use to-date



NON-REVENUE WATER AND WATER SUPPLY LOSS

ENOWA Water is implementing a digital network which will optimize system processes. The digital network will allow ENOWA Water to immediately identify and address leaks in its infrastructure, which will minimize the social, environmental, and economic impacts of interruptions to supply and associated remedial works. This will help minimize water losses to less than 3%, setting a new global benchmark for water efficiency.

This will also contribute to operational carbon efficiency, since the energy needed to treat water will be deployed

more efficiently. Further, the use of multi-utility culverts (design underway for the Spine water transmission pipeline) will allow ENOWA Water to reduce non-revenue losses, as was found through a business case considering their application toward the target of less than 3% non-revenue water.

In the future, ENOWA Water will measure and report on its non-revenue water (i.e., water supply losses), which will provide insight into its network condition and will inform progress against its efficiency target.

Target:

Less than 3% of supplied water is lost as non-revenue water

Progress:

To report in future when data available



4.5 OUTCOME E: SERVICES THAT MOVE BEYOND CIRCULARITY AND MAXIMIZE VALUE FROM OUTPUTS

ENOWA Water is designing its systems to eliminate waste and pollution, maintain the value of its products and materials for as long as possible, and seek optimal re-use. ENOWA Water's water recycling business is key to facilitating water recovery and re-use. ENOWA Water seeks to treat the entirety of its sewage and wastewater for energy and nutrient recovery, viewing its water management mandate as more than a supply and demand process. ENOWA Water views water management as a circular and income-generating process that produces secondary benefits for its service area, such as re-use of treated water for irrigation and application of biosolids from nutrient recovery processes as fertilizers.

ENOWA Water's material topics that inform this outcome are resource recovery and resource reuse. Action in these areas supports SDG 6 Clean Water and Sanitation and

SDG 12 Responsible Consumption and Production. While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated in Figure 11.

There is some progress towards this outcome to date, as a significant volume of wastewater is being recovered, some of which is being reused on construction and landscape properties, and the desalination plant is operating at the target level of recovery.



Figure 11. Overall progress towards services that move beyond circularity and maximize value from outputs.

RESOURCE RECOVERY

Resource recovery means capturing waste and outputs from operations, infrastructure, and supply chains. It is the first step before these resources can be reused. This is fundamental to achieving circularity within ENOWA Water and the NEOM Water Sector. It can help to reduce emissions and negative environmental impact. It includes recovering energy from wastewater to support ENOWA Water's water recycling plant in producing energy needed to run its processes, as well as recovering nutrients from the wastewater treatment process

which reduces the risk of eutrophication in water, protecting human health and the natural environment.

ENOWA Water aims to recover all waste streams, including biosolids, nutrients and brine products, and all wastewater and stormwater. Waste recovered is defined as waste not sent to the disposal. The Water Recycling Business Unit is currently working on a tactical solution for all biosolids produced from the Al Bada Water Recycling Plant between April 2023 and December 2024.

Target:
100% waste recovery (biosolids, nutrients, and brine products)

Progress:
At the Duba Desalination Plant, all solid waste has been diverted from landfill. Data on brine and hazardous waste from Duba to be reported in future. Data on solid waste and hazardous waste from Al Bada Water Recycling Plant to be reported in future

Target:
100% of wastewater recovered is treated for use

Progress:
98% of wastewater recovered by Al Bada Water Recycling Plant has been treated for future use (remaining 2% is sludge and evaporative loss)



Target:
84% desalination recovery rate (of each m³ of seawater taken into the plant, 84% becomes permeate and potable for use) by 2030

Progress:
Recovery rate currently aiming for 43% in first phase; 84% in second phase



RESOURCE REUSE

Resource reuse is about re-utilizing all recovered resources and transforming them into products with value. This can generate revenue and help contribute to financial sustainability. ENOWA Water has successfully acquired a water recycling plant at Al Bada and has updated its operations to ensure sustainability compliance. It is now in operation and providing recycled water to one landscape and four construction customers, delivering 111,329m³ of water between May and December 2022.

Of nutrients extracted from the wastewater treatment process, ENOWA Water is exploring the reuse of nitrogen and phosphorous for fertilizers and agricultural purposes. ENOWA Water is also investigating how to transform wastewater biosolids into struvite fertilizer and biogas energy, and how to turn brine by-products from the desalination plant into feedstock for the brine processing plant. Further, ENOWA Water is investigating how to transform green feedstock from desalination and brine processes into products for construction, such as green (low carbon) PVC, steel, and glass. This will reduce the need for carbon-intensive imports.

Target:
100% of waste streams are recycled

Progress:
No data on waste recycling to-date; to report in the future

Target:
100% of treated wastewater is beneficially reused

Progress:
21% of recycled water from Al Bada Water Recycling Plant was being reused as of 31 December 2022⁵



⁵In January 2023, 100% of recycled water from Al Bada Water Recycling Plant was reused.



4.6 OUTCOME F: FUNCTIONAL AND SOCIALLY SUPPORTIVE SERVICES

ENOWA Water supports a connected urban system that meets the physical, mental, spiritual, and cultural needs of the NEOM community. ENOWA Water is committed to working with customers and the community to ensure that water services meet their needs and provide livability benefits. ENOWA Water will engage the community it serves in educational activities that encourage and support sustainability in water use and provide them with tools to understand their water usage and accounts, and to make informed choices about water usage.

ENOWA Water's material topics that inform this outcome are customer hardship, customer satisfaction, education and engagement, and livability. Action in these areas supports SDG 6 Clean Water and Sanitation, SDG 11 Sustainable Cities and Communities, and SDG 16 Peace, Justice and Strong Institutions.

While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated below in Figure 12. There is limited progress towards this outcome to date given the very limited number of existing customers. It is expected that progress will increase significantly once ENOWA Water is fully operational, as necessary supporting policies are in place.



Figure 12. Overall progress towards functional and socially supportive services.

CUSTOMER HARDSHIP

ENOWA Water's customer agreement includes an opportunity to opt-in to a customer hardship program. ENOWA Water aims for all customers that enter the hardship program to successfully meet instalment plans or successfully exit the program. While ENOWA Water will have the right to restrict services to customers that do not pay their bills, this will only be used as a last resort after reasonable steps have been taken to manage hardship. Of those restrictions put in place, ENOWA Water will aim for none to be longer than two days.

Understanding how service providers respond to customers who face financial hardship or other challenging personal circumstances informs an understanding of how service providers are connecting with and supporting their community more broadly.

Target:
100% of customers in hardship program meeting instalment plans and/or successfully exited

Progress:
In the future, ENOWA Water will report per cent of customers in hardship program meeting instalment plans and/or successfully exited in the future; currently no customers in hardship program

Target:
Zero restrictions for non-payment of water bills in place for greater than two days

Progress:
For the few customers that are currently receiving ENOWA Water's services, none have experienced restrictions, as non-payment of bills has not yet occurred

CUSTOMER SATISFACTION

In the future, ENOWA Water will develop a customer satisfaction survey for customers to inform overall customer satisfaction. This will be facilitated through the Energy and Water Satisfaction Platform.

Until then, ENOWA Water will monitor customer complaints to inform an understanding of customer service and service levels, once fully operational. This will be reported on through the NEOM Water Sector's Utility Performance Monitoring and Reporting Framework.

Target:
100% customer satisfaction with household water services

Progress:
To be reported in future after customer satisfaction survey designed and implemented

EDUCATION AND ENGAGEMENT

Customer and community engagement is critical to the successful design and delivery of water infrastructure and services. Importantly, ENOWA Water will provide opportunities for the community to engage with their service providers and to participate in water education activities that encourage and support sustainability. This will be facilitated through the Energy and Water Satisfaction platform.

organize and respond to water sustainability issues with a high degree of water literacy.

The community engagement programs will also ensure the services are appropriately integrated across the community, and that customers have the opportunity to provide input to inform water service decisions.

By engaging, educating, and building community capacity, ENOWA Water will support the community's ability to self-

Target:
100% 'water literacy'

Progress:
To be measured in future as a part of customer satisfaction survey

Target:
100% customer base with opportunity to provide input on water service decisions'

Progress:
To be reported in future

LIVABILITY

To contribute to human wellbeing and livability in NEOM, ENOWA Water is developing a NEOM brand mineral water in glass bottles, which will support the cultural preference for bottled water in KSA while reducing plastic bottle waste. To reduce noise pollution, ENOWA Water is piloting proven noise-reducing equipment in the Innovation Hub and at the Al Bada Water Recycling Plant.

ENOWA Water is also exploring opportunities to invest in and expand green infrastructure to reduce temperatures, improve air quality, and support human physical and mental health. NEOM's Environment Department is developing a Livability Index, to inform livability outcomes across NEOM, and ENOWA Water will report on these metrics in the future.

Target:
90% on Livability Index

Progress:
To be reported in future when Livability Index is finalized



4.7 **OUTCOME G: SAFE, RELIABLE, AND AFFORDABLE SERVICES**

ENOWA Water is creating a public water system that provides safe and reliable supplies to meet human demands, one that is protected from emerging contaminants and supports public health—including by providing drinking water with beneficial minerals. These services will be affordable, and access will be equitable, all while ENOWA Water establishes the highest levels of sanitation and eliminates risks to health and safety. ENOWA Water is already supplying NEOM communities with desalinated water through the High Point Reservoir, which is being supplied by the Duba Desalination Plant.

ENOWA Water’s material topics that inform this outcome are service reliability, service affordability and access, and drinking and potable water supply. Action in these areas supports SDG 6 Clean Water and Sanitation and SDG 11 Sust.

While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated below (Figure 13). While the number of existing customers is limited, desired service reliability levels to these customers is being met; however, since access is not yet widespread and there are no drinking water customers, progress towards this outcome is limited.



Figure 13. Overall progress towards safe, reliable, and affordable services.

SERVICE RELIABILITY

ENOWA Water’s efforts in relation to minimizing NRW (Outcome D) are also beneficial from a service reliability perspective. The Smart Network, which will allow ENOWA Water to immediately identify and address leaks in its infrastructure, will also allow ENOWA Water to minimize the social, environmental, and economic impacts of interruptions to supply. The tools and technologies that ENOWA Water is investigating to inform tracking of water use, as well as communication platforms, will also allow ENOWA Water to identify potential service reliability risks, address these, and communicate with customers if necessary.

Further, ENOWA Water’s efforts in relation to disaster and emergency planning (Outcome B), which support climate resilience, also support service reliability more broadly. The frequency and duration of unplanned interruptions to service providers directly informs service reliability. Thus, ENOWA Water aims to ensure that no property experiences more than one unplanned interruption per year, and that if an interruption is experienced, it does not last more than two hours.

Target:
100% of properties experience no more than one unplanned interruption annually

Progress:
No customers of the Al Bada Recycling Plant or the High Point Reservoir have experienced an interruption to-date



Target:
No unplanned interruptions last more than two hours

Progress:
No unplanned interruptions to-date



SERVICE AFFORDABILITY AND ACCESS

ENOWA Water’s customer hardship planning and programs (Outcome F) also directly contribute to service affordability and access. As the first water industry licensee within NEOM, ENOWA Water will (at least initially) be the only provider of water services to residents and non-domestic water users (industrial customers, environmental stakeholders, etc.) within NEOM. Thus, it is initially responsible for providing water services to 100% of the population within NEOM (in the future, it is possible that other utility licensees may enter NEOM).

ENOWA Water has supplied water services to 13 customers to-date (through the Al Bada Recycling Plant and High Point Reservoir), but this is estimated to grow to 30 once it becomes fully operational in 2023. This will service a population of 80,000 people in 2023, which is expected to grow to 500,000 by 2030. Affordability of services is informed by the customer hardship policy and related to the customer agreement, so no additional affordability targets are captured here.

Target:
100% of NEOM population with access to clean water

Progress:
While not yet fully operational, the Al Bada Recycling Plant has provided services to eight customers to-date and the High Point Reservoir is providing water to five customers

DRINKING AND POTABLE WATER SUPPLY

Potable water supply means water used for human consumption, or intended to be used for this purpose, including drinking, washing, bathing, the preparation of food, or laundering.

Desalinated water that is not intended for drinking will still be potable and will be used for other purposes where the water has a potential non-drinking interaction with humans and therefore high public health standards need to be maintained (such as water in domestic fire sprinklers, public fire hydrants, public aesthetic fountains, and some types of irrigation).

ENOWA Water will mineralize all desalinated water for drinking purposes, meaning it will be supplemented with essential minerals, such as magnesium. Research has indicated that mineral deficiencies in desalinated water could contribute to heart problems but mineralizing the water will prevent this risk. ENOWA Water is also investigating technology to assist with early warning of contaminants in the water supply to ensure it always complies with relevant drinking water regulations.

Target:
100% of customers provided with chemically and microbiologically compliant drinking water

Progress:
100% customers of High Point Reservoir provided with chemically and microbiologically compliant drinking water



Target:
Zero acute health-based drinking water violations

Progress:
There have been no health-drinking water violations to-date from the High Point Reservoir, which is supplying potable water to customers





4.8 **OUTCOME H: INCLUSIVE AND ACCOUNTABLE SERVICES**

ENOWA Water will build and maintain strong, foundational relationships with business partners, regulatory authorities, labor, employees, suppliers, customers, and the environment based on transparency, equity, accountability, and a collaborative working culture. ENOWA Water will operate efficiently and effectively and provide services in an inclusive and accountable manner that promotes trusting relationships with the customers and the community. ENOWA Water will report on its performance in the delivery of services in order to foster transparency and will supply data and information to NEOM-wide reporting processes as needed.

ENOWA Water's material topics that inform this outcome are governance and conduct; reporting and compliance; staff diversity and inclusion, capacity, and occupational health and safety (OH&S); and local employment and supply chain. Action in these areas supports SDG 5 Gender Equality,

SDG 8 Decent Work and Economic Growth, SDG 12 Responsible Consumption and Production, and SDG 16 Peace, Justice, and Strong Institutions.

While progress towards specific targets is shown in each material topic box, an overall view to progress towards the outcome is illustrated below in Figure 14. Given extensive efforts to define world-leading governance arrangements, reporting requirements, and staff and supply chain policies, significant progress towards this outcome is evident. This is expected to support accelerated and efficient progress towards each of the other outcomes once ENOWA Water is fully operational.

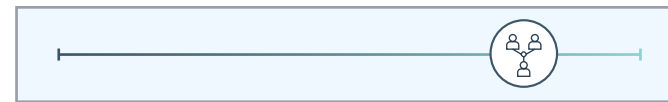


Figure 14. Overall progress towards inclusive and accountable services.

GOVERNANCE AND CONDUCT

All of NEOM must follow the NEOM Compliance Code of Conduct, which clearly communicates values and behaviors and promotes accountability. ENOWA Water is subject to this Code of Conduct, as well as policies on anti-bribery and discrimination. All ENOWA staff must be trained in this code of conduct and in anti-bribery.

At ENOWA Water, the Board promotes transparency, innovation, diversity, research and development and social responsibility. The Board also issues and maintains appropriate delegation of authority. Thus, it is the responsibility of the Board to oversee activity in this area.

Target:
All bribery or corruption incidents reported are found to be unsubstantiated or legal action is taken on all substantiated claims

Progress:
To be reported in future when is data available

Target:
100% staff trained in anti-bribery and compliance code of conduct

Progress:
100% staff trained in Compliance Code of Conduct, which includes anti-bribery



REPORTING AND COMPLIANCE

By initiating the annual process of developing this ESG Report, ENOWA Water is committed to holistic and transparent sustainability reporting that aligns with world leading frameworks such as the GRI and SASB. This reporting allows ENOWA Water to share its successes and to engage with the greater world of water sustainability across the globe.

ENOWA Water is required to report on numerous frameworks to the Regulator and across NEOM to hold it accountable for meeting performance targets. This includes reporting on a NEOM Water Sector Utility Performance Monitoring and Reporting framework to ensure it is meeting its regulatory

requirements. It also includes reporting annually on employment metrics to the Labor and Employment Department. This data will be audited on a routine basis by qualified inspectors.

ENOWA Water's digital network enable standardized data procedures and will ensure transparency of ENOWA Water's sustainability data. Further, the ENOWA Utility Board will provide the Director with an annual report summarizing the operations, including audited financial position and performance, for the prior years and its priorities for the coming year.

Target:
No acts of non-compliance with NEOM reporting requirements

Progress:
ENOWA Water is not yet subject to reporting requirements as not fully operational, so there are no acts of non-compliance to-date

Target:
All reporting is externally assured

Progress:
Reporting for this report was informed and reviewed by an external consultant

Target:
Report annually on relevant GRI and SASB standards

Progress:
This report represents ENOWA Water's first report on the GRI and SASB standards (Appendix B)



STAFF DIVERSITY AND INCLUSION, CAPACITY, AND OH&S

ENOWA Water is supporting gender equality, diversity, and inclusion in the workplace by setting relevant targets for workforce composition and culture. ENOWA Water is also supporting staff by providing career development opportunities, regularly reviewing staff performance, and ensuring staff are covered by relevant leave policies and wage protection systems.

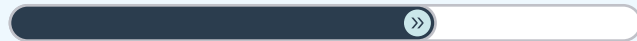
The ENOWA Utility Board Director is responsible for the appointment of Board members and leads the recruitment, selection, and appointment process by providing a recommendation to the Governor. The Director employs the principles of transparency, efficiency, and merit in making appointments to the Board. In doing so, the Director considers the need for the Board to be comprised of the necessary skills

and experience to effectively discharge its purpose, scope, and responsibilities. Those skills encompass disciplines including accounting, finance, engineering, health and safety, law, environment, and customer interests.

Staff capacity indicators provide insight into the levels of training and qualifications of operators and other key technical staff within utilities and identify skill and training gaps and operational risks. Further, ENOWA Water will be required to establish an occupational health and safety (OH&S) management system to comply with Labor and Employment Department regulations. This will address workplace injuries, illness, medical services, and will ensure there is a process in place to identify work-related hazards and assess risks on a routine and non-routine basis.

Target:
50% of FTEs female

Progress:
31% of FTEs female



Target:
50% of managerial positions held by women

Progress:
34% of managerial positions held by women



Target:
100% of staff are entitled to parental (maternal/paternal) leave, sick leave, bereavement leave, examination leave, marriage leave, religious observance leave, and annual and public holidays

Progress:
100% of staff are entitled to relevant leave

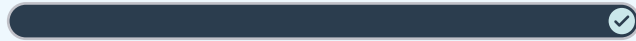
Target:
100% of staff trained in OH&S policies, including training on specific work-related hazards or hazardous activities

Progress:
100% of staff completed NEOM Safety Orientation, covering OH&S policies



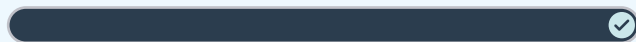
Target:
100% of staff have access to medical and healthcare services

Progress:
100% of staff have access to medical and healthcare services



Target:
Less than 25% of employee turnover annually

Progress:
2.5% of employee turnover in 2022



Target:
100% of staff receive regular performance and career development reviews

Progress:
100% of staff's performance is reviewed annually



LOCAL EMPLOYMENT AND SUPPLY CHAIN

ENOWA Water is working to ensure that none of its suppliers have significant negative social impacts in the supply chain,

and if these are identified, then appropriate improvements must be agreed upon.

Target:
100% of staff on contracts that are protected by wage protection systems

Progress:
100% of staff on direct contracts with NEOM are protected by wage protection systems; in the future, working to include contractors of NEOM contractors under these systems



Target:
100% of high and medium risk suppliers audited against NEOM's labor protection requirements

Progress:
100% of high and medium risk suppliers audited to-date



Target:
Ensure consistent alignment with the Saudization policy in terms of hiring Saudi Arabian citizens

Progress:
To be reported in future when data available; not yet collected

Target:
All suppliers screened using social and environmental criteria

Progress:
All suppliers were screened using social and environmental criteria



GLOSSARY

TERMS AND DEFINITIONS

Adaptation:

The ability to adapt to the future impacts of climate change.

Biodiversity:

Variety of flora and fauna.

Circular economy:

An economic system that uses a closed loop system of producing, using, reusing, remaking, and recycling. It aims to eliminate waste and promote the continual use of resources, redesigning resource flows through communities and landscapes.

Global Reporting Initiative (GRI) Reporting Standards:

The most comprehensive sustainability reporting standards covering the full range of environmental, social and corporate governance issues (ESG) across various topics.

Indicators (or 'key performance indicators' (KPIs)):

Quantitative or qualitative variables for demonstrating the type of change, experience or condition that's reflected in the outcome. These align with the material topics, which inform the outcomes. These are referred to as 'accounting or activity metrics' by the GRI.

Material opportunities:

The topics that are important from a sustainability reporting, transparency, and disclosure perspective. These were identified through consideration of the WSSS material opportunities, Utility PMR Framework 'indicator themes', and relevant reporting frameworks. These are also known as 'indicator themes' (in the Utility PMR) and 'disclosure topics' (in the GRI). Further information on this will be provided in Section 2.3 and Appendix C.

Relative materiality of each opportunity:

The relative materiality of each opportunity is based on the number of sustainability outcomes to which the opportunity can contribute. Further information on this will be provided in Section 2.3 and Appendix C.

Material topics:

The topics that are important from a sustainability reporting, transparency, and disclosure perspective. The GRI refers to these topics as 'disclosures' that help to provide structure and allow for an organization to report information on itself and its impacts. SASB uses the phrase 'disclosure topics' and notes that they are specified per industry so as to be most material to a particular organization.

Relative materiality of each topic:

The relative materiality of each topic for purposes of the ESG Report is based on the number of relevant reporting frameworks that include that topic. Further information on this will be provided in Section 2.3 and Appendix C.

Outcomes:

The desired change, experience, or condition for beneficiaries. Beneficiaries may include customers, customer segments, the environment, the business, or others. The ENOWA Water outcomes align with the sustainability outcomes articulated in the WSSS. Refer to Section 2.2 for more information.

Potable water:

Water used for human consumption, or intended to be used for this purpose, including drinking, washing, bathing, the preparation of food, or laundering.

Principles:

The four principles of ENOWA Water's ESG Report, which are used to maintain alignment with the WSSS and SIP, and to guide delivery of the ESG Report. Refer to Section 2.2 for more information.

Renewable energy:

Energy produced from renewable resources, which are naturally replenished on a human timescale, such as sunlight, wind, rain, and geothermal heat.

Resilience:

The capacity of individuals, communities, institutions, businesses to survive, adapt and thrive despite external stresses and shocks.

Sustainability Accounting Standards Board (SASB)

Reporting Standards:

A global set of reporting standards that are financially-material and industry-based.

Sustainable Development Goals (SDG):

A set of 17 global goals set by the UN for all countries to achieve by 2030 in pursuit of sustainable development.

Stormwater:

Rainwater which runs off hard surfaces (including man-made surfaces such as buildings as well as natural surfaces such as wadis) which may create a resource (increasing the availability of water) or a hazard (where the concentrated force of run off may put lives and property at risk). This term only applies to urban areas.

Sustainability:

Planning and providing for the needs of current and future generations, creating resilient and prosperous communities, and protecting the environment and ecosystem services. Operating within ecological planetary boundaries and achieving balance between the economic, environmental, and social needs of diverse stakeholders.

Task Force on Climate-related Disclosures (TCFD):

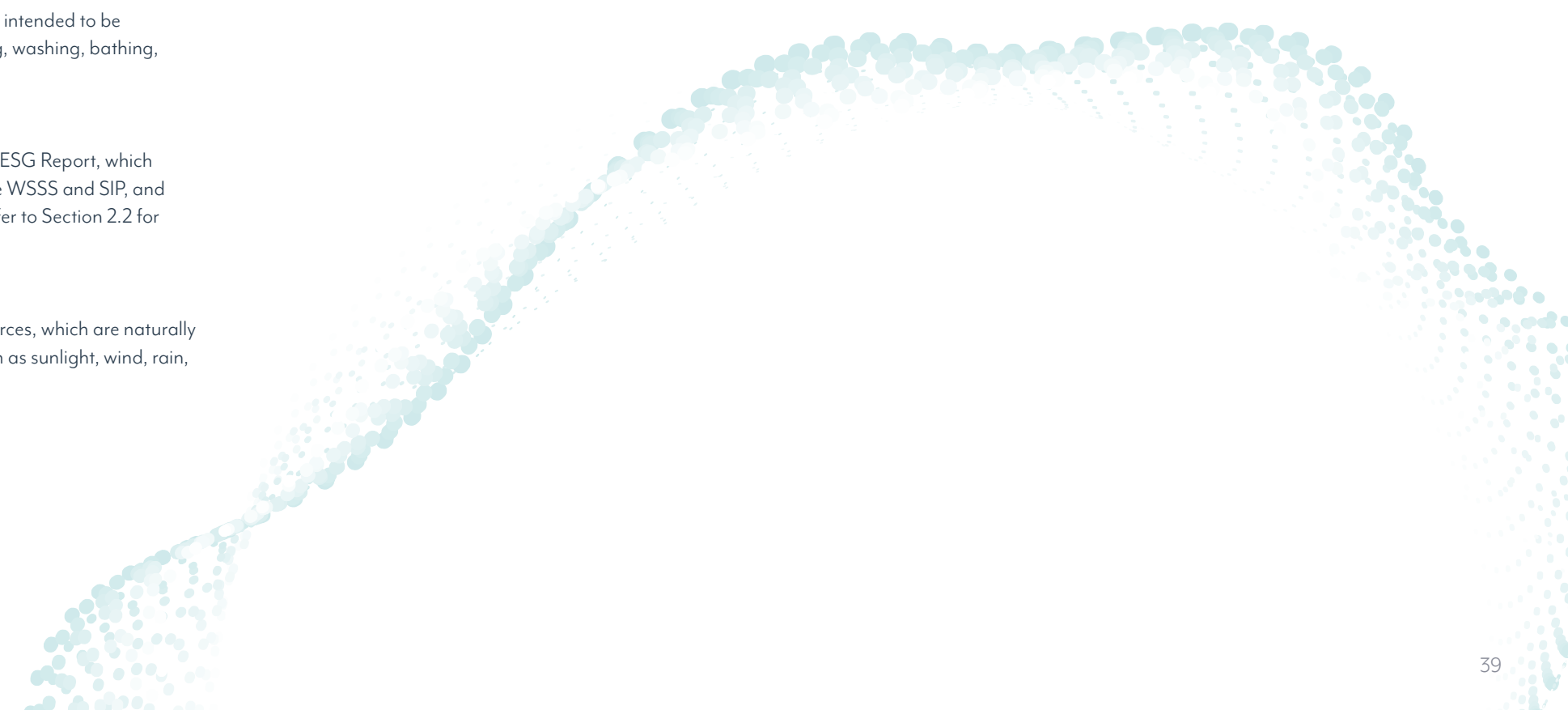
A global framework for reporting the impacts of climate change to financial markets.

Targets:

The desired direction of change or specific desired result for each measure over a defined period.

Vision:

The desired long-term aspirational change. The ENOWA Water vision aligns with and supports the WSSS vision. Refer to Section 2.2 for more information.



APPENDIX A: NEOM WATER SECTOR GOVERNANCE & POLICY DOCUMENTS

A.1. NEOM WATER SECTOR GOVERNANCE

In 2019, NEOM drafted the NEOM Founding Law for the Water Sector ('the Water Law'). The Water Law sets out the key priorities, aims and requirements of the Water Sector, and describes how water services and water resources must be managed. The Water Law provides for the creation of the NEOM Regulatory Code for Water (also known as the water regulations). The 2019 Water Strategy is also fundamental in guiding the aspirations and goals of the Sector.

The Water Law also provides for the creation of the NEOM Water Department, which includes three operational divisions: (1) the Policy Division, (2) the Water Resource Management Division, and (3) the Technical and Economic Regulatory Division. Each of these Divisions are accountable to the Water Department's Director. The Director's Office has executive powers and functions and provides centralized departmental functions such as corporate services.

A Water Advisory Board (WAB) is also required under the Water Law. The WAB provides advice and recommendations to the Director's Office of the Department. It provides advice

and recommendations with regard to important aspects of the Water Sector (such as customer-centricity) and aims to ensure that the Department remains aware of, and can continually contribute to, evolving global best practice.

Water industry services, such as those delivered by ENOWA Water, are delivered under licenses issued by the Water Department. Licensees are subject to technical regulation to ensure the safety, reliability, and quality of services, and where services are prescribed services, licensees are subject to economic regulation.

Governance in the Water Sector also involves collaboration and integration with other NEOM departments. For example, the NEOM Environment Department issues water quality directives for waters that enter the environment. ENOWA Water also participates in joint Integrated Water Management planning with the Environment Department (and the Water Department) and implements agreed initiatives.

A.2. GUIDING SUSTAINABILITY POLICY DOCUMENTS

NEOM Water Sector Sustainability Strategy

The NEOM Water Sector Sustainability Strategy (WSSS) sets the direction for water sustainability efforts in NEOM, identifying policy, strategy and planning needs to enable optimal sustainability outcomes.

The purpose of the WSSS is to (1) ensure that appropriate policies are in place to support commitments to sustainability, (2) inform the strategic development of institutional and governance arrangements to enable enactment of policies to help foster sustainability outcomes and meet or exceed associated targets, and (3) foster transparency and accountability through monitoring and reporting on implementation and outcomes, as well as continuous improvement.

The WSSS is built around eight Water Sector Sustainability Outcomes (WSSOs), each of which sit within an overarching NEOM-wide sustainability outcome. The WSSOs describe a desired change, experience, or condition for all stakeholders. The WSSS's eight WSSOs directly inform ENOWA Water's sustainability outcomes, described in Section 2.2, which place a greater focus on utility services (instead of the sector as a whole).

ENOWA Water Sustainability Implementation Plan

The ENOWA Water Sustainability Implementation Plan (EWSIP) has been developed to work in harmony with the WSSS, other NEOM strategies, and ESG reporting procedures.

The WSSS identified a range of preliminary actions to be undertaken by various entities within the NEOM Water Sector to advance towards the eight defined Water Sector Sustainability Outcomes (WSSOs). The EWSIP reviewed and assessed both the suitability and feasibility of these actions and identified additional actions for advancing ENOWA Water towards the desired sustainability outcomes. The objective is to provide each sub-division of ENOWA Water with a practical and accessible inventory of actions that may be implemented in support of one or more sustainability outcomes for ENOWA Water.

Other supporting documentation⁶

In addition to the NEOM WSSS and EWSIP, ENOWA Water's work toward sustainability is supported by and aligned with NEOM-wide policy frameworks, which are identified and defined below.

NEOM Sustainability Policy Framework

The Sustainability Policy Framework is a NEOM-wide policy framework for progressing towards sustainability, developed by the NEOM Environment Department.

NEOM Circular Economy Policy Framework

A NEOM-wide framework and implementation plan developed by NEOM Environment Department to progress the development of a circular economy at NEOM, articulating the desired outcomes, mechanisms, incentives, and dis-incentives that will support circularity.

NEOM Climate Positive Policy Framework

A framework that seeks to position NEOM in a leadership role to achieve a net-positive climate impact, incorporating science-based mitigation and adaptation strategies and create a new model for climate-resilient regional and urban development.

NEOM Net Positive Biodiversity Framework

A framework to be developed by the NEOM Environment Department for NEOM to meet its commitments toward environmental protection and conservation, integrating urban development, land and marine parks, and wildlife habitat, as NEOM strives for an outcome of net positive biodiversity.

NEOM Wastewater Treatment Innovation Strategy

A strategy outlining innovative procedures that will allow NEOM to deliver the greatest benefits to its customers and the environment through water recycling processes.

⁶ The next ENOWA Water ESG Report will be in line with the NEOM Environment Strategy.

APPENDIX B:
PERFORMANCE DATA

SDG INDEX



The Sustainable Development Goals (SDGs) are a set of 17 global goals set by the UN for all countries to achieve by 2030 in pursuit of sustainable development. This Index outlines the SDG targets and indicators that ENOWA Water is prioritizing in its inaugural

ESG Report. Future reports are likely to capture additional targets and indicators across other relevant SDGs. Please see Figure 15 for all relevant SDGs that each of ENOWA Water's material topics intends to support.

ENOWA Material Topics	SDGs
A – Productive and financially sustainable services	
Investments and markets	6, 8, 9, 17
Revenue and financial assistance	6, 9
Asset management planning	6
B – Carbon negative and climate resilient services	
Energy use and generation	7
Disaster and emergency planning	1, 6, 11, 13
GHGs and carbon management	9, 13
C – Environmentally restorative and regenerative services	
Discharges and wastewater treatment	6, 14
Groundwater management	6, 15
D – Highly efficient and integrated water services	
Water resource planning	2, 6
Non-revenue water and water supply loss	6

Figure 15. The SDGs that ENOWA Water's material topics support.

ENOWA Material Topics	SDGs
E – Services that move beyond circularity and maximize value from outputs	
Resource recovery	6, 12
Resource reuse	12
F – Functional and socially supportive services	
Customer hardship	6
Customer satisfaction	16
Education and engagement	11, 16
Livability	6, 11
G – Safe, reliable, and affordable services	
Service reliability	6, 11
Service affordability and access	6
Drinking and potable water supply	3, 6
H – Inclusive and accountable services	
Governance and conduct	16
Reporting and compliance	12
Staff diversity and inclusion, capacity, and OH&S	5, 6, 8
Local employment and supply chain	8, 12

Figure 15 continued. The SDGs that ENOWA Water's material topics support.

SDG	TARGET	DESCRIPTION	INDICATOR	REPORT LOCATION / RESPONSE
5	5.1	End all forms of discrimination against all women and girls everywhere	5.1.1 Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex	Outcome H (Staff diversity and inclusion) – target of 50% FTEs female
	5.5	Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.2 Proportion of women in managerial positions	Outcome H (Staff diversity and inclusion) – target of 50% FTEs female
6	6.1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all	6.1.1 Proportion of population using safely managed drinking water services	Outcome G (Service affordability and access) – target of 100% access
	6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	6.2.1 Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water	Outcome G (Service affordability and access) – target of 100% access
	6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	6.3.1 Proportion of wastewater safely treated	Outcome E (Resource recovery) – target of 100% wastewater recovered is treated for use
			6.3.2 Proportion of water bodies with good ambient water quality	Outcome C (Discharges and wastewater treatment) – target of 100% wastewater supplied to environment is safely treated
	6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	6.4.1 Change in water-use efficiency over time	Outcome D (Non-revenue water and water supply losses) – target of less than 3% NRW

SDG	TARGET	DESCRIPTION	INDICATOR	REPORT LOCATION / RESPONSE
6			6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources	Outcome D (Water resource planning), Outcome C (Groundwater management) – zero groundwater extraction policy, and Outcome B (disaster and emergency planning)
	6.5	By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate	6.5.1 Degree of integrated water resources management	Outcome D (Water resource planning) and Outcome A (Asset management planning) – ENOWA Water aims for 100%
			6.5.2 Proportion of transboundary basin area with an operational arrangement for water cooperation	ENOWA Water aims for 100%
	6.6	By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	6.6.1 Change in the extent of water-related ecosystems over time	Outcome C (Discharges and wastewater treatment) – target of 100% wastewater supplied to environment is safely treated; and Outcome B (Groundwater management) – zero groundwater extraction policy
	6A	By 2030, expand international cooperation and capacity building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies	6.A.1 Amount of water- and sanitation- related official development assistance that is part of a government-coordinated spending plan	Outcome A (Revenue and financial assistance) – ENOWA Water aims for 100%
	6B	Support and strengthen the participation of local communities in improving water and sanitation management	6.b.1 Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management	Outcome F (Education and engagement); ENOWA Water aims for 100%
7	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	7.2.1 Renewable energy share in the total final energy consumption	Outcome B (Energy use and generation)

GRI DISCLOSURE INDICES

The Global Reporting Initiative (GRI) Reporting Standards are the most comprehensive global sustainability reporting standards covering the full range of environmental, social, and corporate governance issues (ESG) across various topics.

ENOWA Water has reported the information cited in this GRI content index for the period May to December 2022 with reference to the GRI Standards.

GRI STANDARD	DISCLOSURE INDICATOR	RESPONSE (and/or location in this report)
GRI 1: Foundation 2021 – Organizational details	102-1 Name of organization	ENOWA Water
	102-2 Activities, brands, products and services	Desalination services, wastewater recycling, brine processing, biosolid and nutrient recycling
	102-3 Location of headquarters	NEOM, Saudi Arabia
	102-4 Location of operations	NEOM, Saudi Arabia
	102-5 Ownership and legal form	Private corporate entity (See Section 1.2 – Introduction, and Appendix A – NEOM Water Sector governance and policy documents)
	102-6 Markets served	See Section 1.2 – Introduction, and Outcome A
	102-7 Scale of the organization	120 staff within ENOWA by December 31, 2022
	102-8 Information on employees and other workers	See Section 4.8 – Outcome H
	102-9 Supply chain	See Section 4.8 – Outcome H
	102-11 Precautionary Principle or Approach	The precautionary principle is set out in Principle 15 of the UN Rio Declaration on Environment and Development [18]. It states: ‘Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation’ The precautionary principle means taking early action to prevent and mitigate potential negative impacts in situations where conclusive scientific understanding or evidence is lacking, but there is sufficient reason to expect serious or irreversible damage ENOWA supports the Precautionary Principle
	102-14 Statement from Senior decision-maker	See Section 1.1 – Letter from Executive Director
	102-15 Key risks, impacts, and opportunities	See Section 2.3 – ENOWA Water’s material topics and Section 4 – ENOWA Water’s progress towards outcomes
	102-16 Values, principles, standards, and norms of behaviour	See Section 2.2 – Sustainability vision, principles, and outcomes, and Section 4.8 – Outcome H
	102-17 Mechanisms for advice and concerns about ethics	See Section 4.8 – Outcome H

GRI STANDARD	DISCLOSURE INDICATOR	RESPONSE (and/or location in this report)
GRI 1: Foundation 2021 – Governance	102-18 Governance structure	See Section 1.2 – Introduction
	102-19 Delegating authority	See Section 1.2 – Introduction
	102-20 Executive-level responsibility for economic, environmental and social topics	See Section 1.2 – Introduction and Appendix A – NEOM Water Sector governance and policy documents ENOWA has several senior leadership positions whose roles include sustainability oversight in the organization, including but not limited to: - Chief sustainability officer - General manager, sustainability
	102-21 Consulting stakeholders on economic, environmental and social topics	See Section 2.3 – ENOWA Water’s material topics and Appendix C – Materiality assessment
	102-29 Identifying and managing economic, environmental, and social impacts	See Section 2.3 – ENOWA Water’s material topics and Appendix C – Materiality assessment
	102-30 Effectiveness of risk management process	See Section 4.2 – Outcome B – we have risk management processes in place that include assessing effectiveness of these processes in the future
GRI 1: Foundation 2021 – Stakeholder engagement	102-31 Review of economic, environmental and social topics	See Section 2.3 – ENOWA Water’s material topics
	102-40 List of stakeholder groups	See Appendix C – Materiality assessment
	102-42 Identifying and selecting stakeholders	See Appendix C – Materiality assessment
	102-43 Approach to stakeholder engagement	See Appendix C – Materiality assessment
	102-44 Key topics and concerns raised	See Appendix C – Materiality assessment
	102-46 Defining report content and topic Boundaries	See Section 2.1 – Purpose and scope of this report
	102-47 List of material topics	See Section 2.3 – ENOWA Water’s material topics
	102-50 Reporting period	This inaugural report only reflects limited data from May (commissioning) to December 2022, and includes data from the Doha Desalination Plant and High Point Reservoir from January to December 2022
	102-51 Date of most recent report	This report is our inaugural report
	102-52 Reporting cycle	Future reporting will be annual; from 1 January through 31 December, with reports published during February after the reporting period
	102-53 Contact point for questions regarding the report	See Table of Contents page
	102-54 Claims of reporting in accordance with the GRI Standards	See Section 1.1 – Letter from Executive Director
	102-55 GRI content index	See Appendix B – Performance data
	102-56 External assurance	Reporting in this Inaugural Report undertaken and reviewed by external consultants

GRI STANDARD	DISCLOSURE INDICATOR	RESPONSE (and/or location in this report)
GRI 2: General Disclosures 2021	2-1 Organizational details	See above GRI 102-1 through 102-7
	2-2 Entities included in the organization's sustainability reporting	All operational units within ENOWA Water (See Section 1.2 – Introduction)
	2-3 Reporting period, frequency and contact point	See GRI 102-50 through 102-53
	2-5 External assurance	See GRI 102-56
	2-6 Activities, value chain and other business relationships	See GRI 102-2
	2-7 Employees	See GRI 102-8 and Section 4.8 – Outcome H
	2-9 Governance structure and composition	See GRI 102-18 and See section 1.2 – Introduction and Appendix A – NEOM Water Sector governance and policy documents
	2-22 Statement on sustainable development strategy	See Section 1.2 – Introduction and Section 2.2 – Sustainability vision, principles, and outcomes
	2-23 Policy commitments	See GRI 102-16, Section 1.2 – Introduction, and Section 2.2 – Sustainability vision, principles, and outcomes
	2-24 Embedding policy commitments	See Section 2.2 – Sustainability vision, principles and outcomes and Appendix A – NEOM Water Sector governance and policy documents
	2-25 Processes to remediate negative impacts	See Section 4.5 – Outcome E – for remediating any negative impacts of waste, outflows, etc.
	2-26 Mechanisms for seeking advice and raising concerns	See GRI 102-17 and Section 4.8 – Outcome H
	2-27 Compliance with laws and regulations	See Section 4 – ENOWA Water's progress towards outcomes and Appendix B – Performance data
2-29 Approach to stakeholder engagement	See GRI 102-40, 102-42 through 102-44	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality assessment workshop was undertaken to inform the material topics in this report; a process for updating material topics will be designed going forward
	3-2 List of material topics	See GRI 102-47, Section 2.3 – ENOWA Water's materiality topics, and Appendix C – Materiality assessment
	3-3 Management of material topics	See Section 2.3 – ENOWA Water's materiality topics and Appendix C – Materiality assessment
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	See Section 4.1 – Outcome A. ENOWA Water is initiating work in this area to be able to determine economic value
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	See Section 4.1 – Outcome A
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	See Section 4.1 – Outcome A – report on proportion of spending within KSA
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	See Section 4.8 – Outcome H. 100% staff trained in NEOM Compliance Code of Conduct

GRI STANDARD	DISCLOSURE INDICATOR	RESPONSE (and/or location in this report)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	See Section 4.2 – Outcome B
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	See Section 4.4 – Outcome D
	303-2 Management of water discharge-related impacts	See Section 4.3 – Outcome C
	303-4 Water discharge	See Section 4.3 – Outcome C
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	See Section 4.2 – Outcome B. 1% of ENOWA Water's emissions are Scope 1
	305-2 Energy indirect (Scope 2) GHG emissions	See Section 4.2 – Outcome B. 99% of ENOWA Water's emissions are Scope 2
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	See Section 4.5 – Outcome E
	306-2 Management of significant waste-related impacts	See Section 4.5 – Outcome E
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	See Section 4.8 – Outcome H
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	See Section 4.8 – Outcome H for employee turnover
	401-3 Parental leave	See Section 4.8 – Outcome H
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	See Section 4.8 – Outcome H
	403-5 Worker training on occupational health and safety	See Section 4.8 – Outcome H – report on completion of NEOM Safety Orientation for staff
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	See Section 4.8 – Outcome H
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	See Section 4.8 – Outcome H – report on percentage female
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	See Section 4.8 – Outcome H
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	See Section 4.7 – Outcome G. Water quality. We assess all of our services and products for health and safety impacts and improvement, in relation to quality and reliability of water supplied
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	See Section 4.7 – Outcome G

SASB DISCLOSURE INDICES

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development. The ISSB encourages

preparers and investors to continue to provide full support for and to use the SASB Standards until IFRS Sustainability Disclosure Standards replace SASB Standards. ENOWA Water has reported the information cited in this SASB index for the period May to December 2022 with reference to the SASB Standards.

SASB (WATER)	DESCRIPTION	RESPONSE (and/or location in this report)
Energy management		
IF-WU-130a.1	Total energy consumed	Outcome B (energy use and generation); to be reported in future for all operations. Total energy consumed between May and December 2022 from Al Bada Recycling Plant was 1,474.29 MWh. Total energy consumed at the Duba Desalination Plant between January and December was 39,747.66 MWh and High Point Reservoir 4,769.98 MWh between January to December
IF-WU-130a.1	Percentage grid electricity	Outcome B (energy use and generation); to be reported in future. The Duba Desalination Plant is currently running on 87% grid energy, and 100% in High Point Reservoir and Al Bada
IF-WU-130a.1	Percentage renewable	Outcome B (energy use and generation); to be reported in future for all operations. The Duba Desalination Plant is currently running on 13% renewable (solar) energy
Distribution network efficiency		
IF-WU-140a.1	Water main replacement rate	Outcome G; to be reported in future
IF-WU-140a.2	Volume of non-revenue real water losses	Outcome D (non-revenue water and supply losses); to be reported in future
Effluent quality management		
IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Outcome C (discharges and wastewater treatment); no incidents of non-compliance to-date
IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern	Outcome C (discharges and wastewater treatment) and Outcome E (resource recovery, resource reuse); ENOWA Water to recover/capture all effluents (Zero liquid discharge)
Water affordability and access		
IF-WU-240a.1	Average retail water rate for (1) residential, (2) commercial, and (3) industrial customers	To be reported in future when fully operational
IF-WU-240a.2	Typical monthly water bill for residential customers for 10 Ccf of water delivered per month	To be reported in future when fully operational; consider capturing in Outcome G (service affordability and access)

SASB (WATER)	DESCRIPTION	RESPONSE (and/or location in this report)
IF-WU-240a.3	Number of residential customer water disconnections for non-payment, percentage reconnected within 30 days	Outcome G; to be reported in future when fully operational; no disconnections for non-payment to-date
Drinking water quality		
IF-WU-250a.1	Number of: 1. acute health-based violations 2. nonacute health-based violations 3. non-health-based drinking water violations	Outcome G (drinking and potable water supply). To-date, there have been zero acute health-based or non-based violations for water delivered to ENOWA's customers of the Al Bada Recycling Plant and from the High Point Reservoir
End-use efficiency		
IF-WU-420a.1	Percentage of water utility revenues from rate structures that are designed to promote conservation and revenue resilience	Outcome A (revenue and rate structures); to be reported in future
Water supply resilience		
IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress	Outcome D. While ENOWA Water's operations are located in a region of high-water scarcity, utilizing desalinated water reduces the risks associated with water scarcity and allows for the fulfillment of demands from customers regardless of climate conditions. From January to December 2022, the Duba Desalination Plant provided 8,747,712 m ³ of desalinated water
IF-WU-440a.2	Volume of recycled water delivered to customers	Outcome E. ENOWA Water has successfully acquired a water recycling plant at Al Bada and is updating its operations to ensure sustainability compliance. It is now in operation and providing recycled water to one landscape and four construction customers, delivering 111,329 m ³ of water
IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	Outcome D (water resource planning); Outcome G (drinking and potable water)
Network resiliency and impacts of climate change		
IF-WU-450a.2	Number and volume of sanitary sewer overflows (SSO) and percentage of volume recovered	Outcomes C and E; to be reported in future
IF-WU-450a.3	Service disruption	Outcome G; there have been zero disruptions to-date for customers of the Al Bada Recycling Plant
IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	Outcome A (asset management planning), Outcome B (disaster and emergency planning), Outcome G (service reliability)

TCFD DISCLOSURE INDEX

The Task Force for Climate-Related Financial Disclosures (TCFD) is a global framework for reporting the impacts of climate change to financial markets. ENOWA Water has reported the information cited in this TCFD content index for the period May to December 2022 with reference to the TCFD standards.

TCFD RECOMMENDATIONS		Location in this report
Governance		
Disclose the organization's governance around climate-related risks and opportunities	Describe the Board's oversight of climate-related risks and opportunities	See Section 1.2 – Introduction. Section 4.2 – Outcome B
	Describe management's role in assessing and managing climate-related risks and opportunities	
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term	See Section 4.1 – Outcome A, Section 4.2 – Outcome B, Section 4.5 – Outcome E, and Section 4.7 – Outcome G. Further work will be undertaken to address climate-related risks, opportunities, toward the organization's business, strategy, financial planning, and resilience in the future
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
Risk management		
Disclose how the organization identifies, assesses, and manages climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks	See Section 2.3 – ENOWA Water's material topics
	Describe the organization's processes for managing climate-related risks	See Section 4.2 – Outcome B
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
Metrics and targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management practices	See Appendix B – Performance data
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks	Scope 1 and 2 emissions disclosed; no information on Scope 3 emissions to-date
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	See Section 2.3 – ENOWA Water's material topics and Section 4 – ENOWA Water's progress toward outcomes

APPENDIX C: MATERIALITY ASSESSMENT

WATER SECTOR SUSTAINABILITY STRATEGY MATERIALITY ASSESSMENT

In the WSSS, material opportunities were prioritized through a materiality assessment that determined which opportunities (environmental, economic and social) offered the greatest potential influence over a particular Water Sector Sustainability Outcome (WSSO). In addition, the materiality assessment considered which opportunities were within the influence or control of the Water Sector. The opportunities that were identified as highly material for the achievement of all eight WSSOs, and most within direct control of the NEOM Water Sector, scored the highest for overall materiality.

The materiality assessment was first informed by a literature review, within which over 40 NEOM strategy and policy documents from across NEOM sectors were canvassed, and over 60 external literature and policy documents. The global scan focused on sustainability strategies, sustainability reporting (including ESG and SDG reporting) and select topics such as circular economy, net zero, and non-revenue water.

The assessment was then further informed by stakeholder engagement involving interviews with 43 key stakeholders from within NEOM, as well as external experts. This included the NEOM Water Sector, NEOM Environment Department, NEOM Energy, NEOM Food, KAUST, NEOM Government Affairs (Corporate Sustainability), NEOM Subsidiary Affairs (Corporate Resilience), NEOM circularity consultants, and others. As part of these engagements, key stakeholders and directors examined a long list of identified material issues for the Water Sector.

The materiality assessment also involved a workshop with NEOM specific staff (followed by further targeted one-on-one interviews) to determine which of the material issues from the long list were:

1. Highest priority opportunities (for action) that would deliver the greatest impact toward each sustainability outcome; and
2. Most within the influence or control of the NEOM Water sector.

In this workshop, the participants were asked 'which material opportunities will have the greatest impact on [x] outcome?' for all eight WSSOs. Next, participants were asked 'which material opportunities will have the greatest impact on Water Sector sustainability overall?' Lastly, stakeholders were asked to respond to 'which material opportunities does the sector have the greatest ability to influence or control?' This analysis led to the following list of material opportunities that were presented in the NEOM WSSS:

- Water quality and effluent management
- Resource recovery and reuse
- Tariffs and pricing
- Infrastructure and network resilience
- Water sector ethics and conduct
- GHG and carbon management
- Service access and affordability
- Energy and grid flexibility
- Partnerships and procurement
- Supply chain materials
- Groundwater management

ENOWA WATER ESG MATERIALITY ASSESSMENT

For the purposes of this report, the material opportunities from the WSSS were again examined in light of water industry (utility) services, considered alongside the 'disclosure topics' from world-leading sustainability reporting indices and standards, and re-framed as 'material topics'. The materiality of these topics is based

on their impact towards ENOWA Water's sustainability outcomes, as well as importance for transparency, reporting, and disclosure efforts (as opposed to being material for overall sustainability within NEOM's Water Sector).





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