



أدنوك
ADNOC

GROWTH AND TRANSFORMATION



ENVIRONMENTAL, SOCIAL
AND GOVERNANCE (ESG)
REPORT 2023

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ABOUT THIS REPORT

We are delighted to present ADNOC Distribution's 5th annual Environmental, Social and Governance (ESG) report, showcasing our progress on sustainability throughout 2023.

This comprehensive report reflects our commitment to transparently disclose all aspects of our non-financial performance, in line with the organization's six sustainability pillars, which are:



This report encapsulates our achievements and insights gained from continuous engagement with stakeholders. Our strategic sustainability framework reflects our objectives, initiatives, and their impacts. Covering the period from 1 January to 31 December 2023, this report encompasses the ESG data related to all services and operations of ADNOC Distribution within the UAE.

The report is prepared in accordance with the Global Reporting Initiative (GRI) standards 2021 and principles in ensuring transparency and accountability (refer to the GRI content Index at the end of this report for detailed information).

Additionally, our report is mapped with the essential elements of the International Integrated Reporting Council (IIRC), and the United Nations Sustainable Development Goals (UN SDGs).

ADNOC Distribution has adopted thirteen UN Sustainable Development Goals (SDGs) as focus areas, guiding our efforts and objectives. Furthermore, we explore the relevance of our initiatives and have worked toward ensuring that they align and contribute to the 2030 Agenda for Sustainable Development. To further engage with our sustainability journey, stakeholders are encouraged to reach out to us via our website. For feedback and inquiries regarding this report, please email ir@adnocdistribution.ae.



Accuracy
The information provided in the report aligns accurately with ADNOC Distribution's ESG performance. It identifies the measured or estimated data points and highlights any methodologies employed in calculations.



Balance
This report aims to present an unbiased and equitable portrayal of our ESG performance throughout the reporting period.



Clarity
The GRI Content Index comprehensively outlines the disclosures in the report, ensuring clarity and understanding.



Completeness
This report includes data that enables a thorough assessment of ADNOC Distribution's impacts during the reporting period.



Sustainability Context
The report highlights various strategies and their implications in relation to UN SDGs and pertinent national and international sustainable development frameworks.



Timeliness
This 5th annual ESG report highlights our commitment to delivering timely ESG data to our stakeholders.

ESG HIGHLIGHTS FOR 2023

ADNOC Distribution has established strong benchmarks for exceptional customer service standards across the UAE. Our most important priorities revolve around our employees, customers, communities, and the environment. Upholding and ethically engaging with these stakeholders are integral to our capacity to sustain resilience in the face of global uncertainties.



CLIMATE, EMISSIONS, AND ENERGY

Announced a Decarbonization Roadmap (GHG Emissions)

to achieve a 25% reduction in Scope 1 and 2 emissions intensity by 2030 through higher energy efficiency and cleaner fuel initiatives.

2,369 GJ Solar Energy

generated and consumed, contributing to a reduction in GHG emissions equal to **296.1 tons of carbon dioxide equivalent** (tCO₂e).

26 rooftop solar PV panels

installed across ADNOC Distribution's service stations in Dubai in 2023, as part of the Company's phased out approach to solarize its UAE network.

ADNOC Distribution operated the first high-speed hydrogen refueling stations in the Middle East.

100% of ADNOC Distribution's owned heavy fleet using biofuel, targeting a 15% reduction in CO₂ emissions from the fleet. During 2023, usage of biofuel resulted in 333 tCO₂e emission saved.

>50 fast and super-fast charging points for Electric Vehicles (EVs)

installed across ADNOC Distribution's UAE network, advancing contribution to sustainable mobility.



LOCAL ENVIRONMENT

AED 61.19 million capital expenditures (CAPEX) was invested and AED 22 million operating expenses (OPEX) in environment-related infrastructure, improvement initiatives, studies, risk mitigation, and management projects including EV Chargers.

Introduced Reverse Vending Machine recycling service at 25 locations across Abu Dhabi.

ADNOC Distribution at the forefront of biodiversity during the UAE's Year of Sustainability. The Company was the first fuel retailer in the region to offer customers the opportunity to adopt a plant and monitor it live through its Rewards app.

Fleet Management:

During 2023, ADNOC Distribution adopted advanced technologies, introducing in-vehicle management system (IVMS) for vehicle root optimization and monitoring driver behaviors. along with introducing CNG vehicle fleet to our operations resulted in emission savings.



ECONOMIC AND SOCIAL CONTRIBUTION

c.70% in-country value contribution.

Company delivers on its market commitments by achieving an EBITDA of **AED 3.68 billion** (\$1 billion), recording Company's highest ever EBITDA since IPO.

AED 34,629 million revenue, increase in economic value generated by 8%.

AED 2.5 million invested in CSR and related sponsorship initiatives.



WORKFORCE DIVERSITY AND DEVELOPMENT

62.5% Emiratisation rate.

642 unique training courses, covering various categories such as leadership, functional & technical skills, business training courses.

Online and in-person personal development planning sessions with Fresh Graduate Trainees (FGTs) & more than 60 assessment sessions & 27 panel verification sessions & rehiring of 27 FGTs.

Conducted over **109,400 person-hours of training** for employees.

Over 13,000 employees from more than **75 nationalities** in ADNOC Distribution's workforce.

ADNOC Distribution's **100X Your Wellbeing program** was recognized with a GCC GOV HR Award for its innovative approach and successful execution.



HEALTH, SAFETY, AND SECURITY

Zero fatalities and **zero high consequence work-related injuries.**

Conducted 203 Contractor HSE Performance Evaluation Audits, 36 HSE Management System Audits, 27 camp welfare audits and 43 HSE Assurance Program Audits.

54 different HSE training courses were delivered in 2023.

0.023 mmhrs total Recordable Injury / Illness Rate (TRIR).

Launched the **HSE Recognition Program for contractors.**



First fuel retailer in the UAE/ MENA region being awarded the WELL Health-Safety Rating for more than 500 service stations in the UAE, a testimony of the Company's commitment to health, safety and well-being of employees, customers and communities.



BUSINESS SUSTAINABILITY

Solid business model. Predictable cash flow generation supported by robust regulatory framework, industry-leading margins and limited exposure to oil price volatility.

100% of employees and governance body members received anti-corruption training and communication. ADNOC Distribution is showcasing its commitment towards business sustainability by appointing a dedicated Chief Strategy, Transformation and Sustainability Officer to drive the agenda.

ADNOC Distribution was the **first UAE fuel retailer to secure a sustainability-linked loan** by converting its existing \$1.5bn loan into a sustainability-linked one.

Unveiled a five-year sustainable growth strategy, to become a multi-energy, convenience and mobility leader during the Investor Day (Feb. 2024).

Operational Excellence: Completed the roll-out of Integrated Management System and received six ISO Certifications (Environment MS, Occupational Health & Safety MS, Business Continuity MS, Energy MS, Asset Management MS, and Maintenance Reliability MS).

A NOTE FROM THE CEO

ENG. BADER SAEED AL LAMKI
 Chief Executive Officer
 ADNOC Distribution

I am pleased to introduce ADNOC Distribution's 2023 ESG Report, covering the highlights for the year ending December 31, 2023.

As we reflect on the milestones achieved in the past twelve months, we see significant strides in shaping a more resilient and responsible future for our company and the communities where we operate.

ADNOC Distribution continues to evolve its ESG strategic vision in line with leading local and global ESG agendas, such as the UAE Energy Strategy 2050, the UAE initiative to achieve Net Zero by 2050, the National Climate Change Plan of the UAE 2017-2050, the Environment Vision 2030, and the Abu Dhabi Economic Vision 2030. Through our initiatives, ADNOC Distribution is constantly seeking new ways to reduce our carbon footprint and promote renewable energy solutions to reduce carbon intensity in its operations by 25% by 2030.

Progressing towards climate change resilience

In line with the "UAE Year of Sustainability", our Decarbonization Roadmap was announced in 2023, outlining our commitment to significantly reducing carbon emissions and energy usage in our operations. To facilitate the implementation of this roadmap, we are identifying energy-saving opportunities within our facilities, retrofitting existing buildings, and further promoting the integration of renewable energy generation within our business.

In support of the UAE's vision for sustainable mobility, we are investing in a series of initiatives to promote sustainable mobility, such as the development of EV charging infrastructure where we have over 50 charging points across our UAE network, introducing hydrogen refuelling stations with the first high-speed hydrogen refuelling station in the Middle East operated by ADNOC Distribution, as well as developing low-carbon fuels and lubricants.

These concerted efforts aim to accelerate the transition towards cleaner and renewable energy sources, contributing to a more sustainable future for all.

Empowering our team

Recognizing our workforce as our greatest asset, we remain fully committed to safeguarding the Health, Safety, and Environment (HSE) of our colleagues. To that end, we have conducted 48 HSE training courses over the past year, benefiting over 13,000 employees. This investment in training and education enhances employee competencies and reinforces our organizational resilience in the face of evolving challenges.

Furthermore, ADNOC Distribution has become the first fuel retailer in the UAE and the MENA region to be awarded the WELL Health Safety Rating for its entire network in the UAE. Receiving this prestigious recognition is a testament to ADNOC Distribution's commitment and steadfast efforts to prioritize people's health, safety, and well-being across all our operations. In 2023, our human capital management efforts delivered approximately 109,400 hours of training and development opportunities, empowering our team members to chart successful career trajectories within our organization. We have also achieved a 62.5% Emiratisation rate, reflecting our commitment to supporting local talent and contributing to the socioeconomic development of the communities we serve.

Looking forward

Our strategic vision reflects our dedication to long-term shareholder value and our role as industry pioneers. By prioritizing sustainability and innovation and leveraging the limitless benefits of artificial intelligence (AI), we are positioning ADNOC Distribution as a leader in the transition towards sustainable mobility.

Moreover, we are dedicated to assessing our impact across environmental, social, and governance aspects, while transforming into a multi-energy, AI-enabled convenience and mobility leader.

Finally, as we continue to future-proof our business for sustainable growth, our strategic objectives will remain aligned with the global and national efforts towards climate action and transitioning to a low-carbon economy, thus paving the way for a brighter and more sustainable future.



A NOTE FROM THE CSTSO

ATHMANE BENZERROUG

Chief Strategy, Transformation, and Sustainability Officer
ADNOC Distribution

ADNOC Distribution’s 5th Annual ESG Report showcases our unwavering commitment to sustainability and our leading role in reshaping the UAE’s fuel and convenience retail sector.

As Chief Strategy, Transformation & Sustainability Officer, I am proud to announce that we have progressed towards our sustainability targets, positioning the Company as a frontrunner in the field among its peers.

Executing on our sustainability roadmap

Under our sustainability strategy, ADNOC Distribution achieved several key milestones in 2023 by delivering more than ten successful sustainability projects aligned with the UAE’s Year of Sustainability and COP28 objectives. We advanced our sustainable mobility solutions by accelerating the rollout of electric vehicle (EV) charging points, with over 50 assets strategically placed across our service station network in the UAE. Additionally, we proudly introduced the region’s first high-speed green-certified hydrogen refuelling station, in collaboration with ADNOC and Masdar, a monumental step in advancing clean mobility solutions.

Our dedication to reducing emissions is evident through the adoption of B20 biofuel to power our UAE heavy vehicle fleet. We’ve also embraced renewable energy by installing solar panels at service stations in Dubai, contributing to our phased UAE-wide solar rollout. Innovative solutions are integral to our approach, further exemplified by the introduction of our pioneering coolant products for EVs and hybrid vehicles.

Under our climate, emissions, and energy focus, we have set ambitious targets to achieve a 25% reduction in Scope 1 and 2 emissions intensity by 2030, setting the path to our Net Zero by 2045 accelerated goal in alignment with ADNOC’s target, demonstrating our commitment to a decarbonization roadmap and sustainable growth. Mitigating climate risks is embedded in our strategic goals, where we actively assess risks associated with climate change, identify mitigation strategies, and invest in sustainable projects to support environmentally-friendly energy sources and decarbonization strategies.

We have achieved a milestone in sustainable financing by being the first UAE fuel retailer to convert our existing \$1.5 billion loan into a sustainability-linked one, reinforcing our commitment to environmental responsibility and financial prudence. In addition, we are pleased to share that ADNOC Distribution was included in the Top 10 ADX FTSE ESG Screened Index

on the Abu Dhabi Securities Exchange (ADX), reflecting our dedication to championing sustainability measures. The Index was launched by ADX in 2023 to provide investors with a “transparent and tradable” benchmark based on screening criteria and a methodology that ranks a company based on its ESG scores.

Our commitment to biodiversity protection takes a unique form as we became the first fuel retailer in the region to offer customers the chance to adopt a mangrove and monitor it live via the ADNOC Dist mobile app, allowing our customers to actively participate in green initiatives. Moreover, our reverse vending machines are an innovative recycling initiative that has already seen 1.1 million items recycled by customers in just six months.

On the social front, ADNOC Distribution was awarded the prestigious “Well Health and Safety” rating for more than 500 service stations in the UAE, underscoring our commitment to the safety and well-being of our employees, customers, and the communities where we operate. In our relentless pursuit of sustainability, we have conducted a materiality assessment, aligning ourselves with industry mega-trends. We report our sustainability performance aligning to GRI Standards, UN Sustainable Development Goals, and requirements for the Abu Dhabi Securities Exchange.

In conclusion, our ESG Report reflects our commitment to a sustainable future, and we look forward to continued collaboration in reshaping the UAE’s fuel and convenience retail sector.



ABOUT ADNOC DISTRIBUTION

OUR BUSINESS JOURNEY

Established in 1973, Abu Dhabi National Oil Company for Distribution PJSC (also known as ADNOC Distribution) specializes in the marketing and distribution of fuel to a wide range of customers, both retail and commercial. The Company is also providing low-carbon and sustainable mobility solutions such as Electric Vehicle (EV) charging services and hydrogen high-speed refueling.

The Company provides non-fuel services at its facilities, including

offering convenience stores, car washes, oil changes, vehicle inspections and leasing of rental properties.

ADNOC Distribution, headquartered in Abu Dhabi, has a network of more than 800 service stations, 529 in the UAE, 68 in KSA and 243 in Egypt through the acquisition of a 50% stake in TotalEnergies Marketing Egypt LLC (TEME). Additionally, ADNOC Distribution operates 359 ADNOC Oasis convenience stores in the UAE, 34 vehicle inspection centers, and

provides other leading services.

Beyond its domestic and regional operations, the Company exports lubricants to 37 countries spanning Asia, Africa and the Middle East. ADNOC Distribution strongly aligns with its fundamental principles, which shape everyday conduct. These principles reflect the Company's shared commitment to setting, pursuing and surpassing its goals as well as fulfilling its obligations towards its stakeholders.

ADNOC DISTRIBUTION AT A GLANCE



840

Stations in our fuel retail network



~500

Convenience stores in our network



~600k

UAE customers served per day



~40mL

Fuel supplied to customers per day



>50

EV fast charging points across our network

Our Corporate Direction

ADNOC Distribution operates with the long-term objective of ensuring the health and safety of its people and minimizing harm to the environment and the surrounding community. This strategic direction is shaped by the Organization's policies and its fundamental values.

Being committed to a strong ESG framework, ADNOC Distribution has adopted a holistic approach where sustainability is about more than just environmental stewardship. It offers our stakeholders a lens to understand how

the Company navigates opportunities and risks related to ESG factors.

Our journey to generate value for our stakeholders is synchronized with global objectives and models, focused on six main strategic pillars, supporting thirteen SDGs. This solid method of incorporating sustainability into our corporate strategies and growth ambitions enables us to create a more sustainable working environment while optimizing the Organization's primary competencies and strengths.



Our Vision

To become a leading customer-centric, international mobility retailer.



Our Purpose

We enable, enhance and energize every customer journey.

Our Values



PROGRESSIVE

We harness the UAE's spirit of innovation to ensure our business remains at the forefront of the global energy industry.



COLLABORATIVE

We collaborate closely with our partners and peers, leveraging our strengths to deliver mutually beneficial results.



RESPECTFUL

We encourage a culture of inclusivity and mutual respect and always operate to the highest professional and ethical standards.



RESPONSIBLE

We are committed to identifying ways to make a difference in our community while maintaining an unwavering commitment to health, safety, and the environment.



EFFICIENT

We are a performance-driven Company dedicated to maximizing the value of energy resources for the benefit of our people, community, partners, and nation.



OUR BUSINESS

BUSINESS OPERATIONS, CAPACITY, AND SUPPLY CHAIN



ADNOC Distribution is a renowned regional market leader in the downstream marketing and distribution of retail fuels, commercial fuels and finished lubricants, aviation fuels, automotive lubes, compressed natural gas (CNG), and liquefied petroleum gas (LPG). It also provides EV charging and hydrogen refueling services. In addition to offering high quality convenience retailing, it also provides associated retail services including car care services,

property management services, and vehicle inspections.

We are dedicated to increasing our market presence by scaling and extending in local and global markets. ADNOC Distribution's domestic operations span the seven emirates of the UAE, 529 stations nationwide. In addition, the Company has 68 service stations in Saudi Arabia as of 31 December 2023. Beyond the GCC region, the Company further

advanced its international expansion in 2023 by acquiring a 50% stake in TotalEnergies Marketing Egypt LLC. ADNOC Distribution is also expanding domestically and internationally through wholesale exports of lubricants to various markets across the Middle East, Africa and Asia. The Company's lubricants export network is continually growing, successfully reaching 37 markets by the end of 2023 compared to 25 in 2022.

MARKETS SERVED

		UAE	SAUDI ARABIA	EGYPT*
 Service stations	2023	529	68	243
	2022	502	66	
 Convenience stores	2023	359	12	138
	2022	362	7	

*through owning a 50% stake in TotalEnergies Marketing Egypt with no operational control.

SUSTAINABILITY IN THE SUPPLY CHAIN

ADNOC Distribution has a proactive approach towards recognizing and managing its impacts on the economy, environment, and society by involving the stakeholders. The Company is further emphasizing sustainability and reduction of carbon footprint through efforts such as transiting to biofuels for its vehicles and the installation of solar panels at its stations.

Additionally, the Company is investing in tangible initiatives in sustainable mobility to future-proof the business, explore cleaner and more sustainable fuel alternatives and achieve leadership in decarbonization efforts. This includes investment in EV charging infrastructure, hydrogen and biofuels.

Sustainability is a core part of ADNOC Distribution's corporate culture, embedded in all its business functions, policies and procedures. The Company views sustainability as a key driver of strategic growth and will consistently place stakeholder value as a priority in its long-term sustainability achievements.

PROCUREMENT PRACTICES (LOCAL PROCUREMENT)

ADNOC Distribution implements procurement procedures as a centralized function that assists all business sectors. This is achieved by purchasing goods and services from suppliers who strictly follow all regulations and laws regarding environmental and social management, in which a screening on Green ICV is undertaken during the supplier assessment.

The key fuels used by ADNOC Distribution's Supply Chain Division are sourced from suppliers via chartered marine vessels and the ADNOC Pipeline. Fuel products obtained by the Company are stored at any of its eight Supply Chain Terminals situated in Abu Dhabi, Sharjah, and Ras Al Khaimah. Among these fuel products, gasoline is supplied to service stations, business entities, and airport sites using owned, leased, and customer-owned highway tankers. If necessary, supplies are delivered to customers through marine vessels.

Every procurement action at ADNOC Distribution is directly governed by its policies and procedures. These guidelines serve to increase value across the procurement chain, improve working capital management, and ensure that procurement decisions are based on commercial considerations. ADNOC Distribution aims to reduce supply chain risk while guaranteeing the provision of goods and services to meet its business goals. Furthermore, the Company is keen on maximizing value for the national fuel distribution industry.



OUR PRODUCTS AND SERVICE OFFERINGS



Fuel services

The major fuels that ADNOC Distribution offers include gasoline (91, 95, and 98 octanes), gas oil, lubricants, CNG, and LPG.



Residential products

The business sells LPG in 25- and 50-pound cylinders to residential customers for home cooking and in bulk for corporate customers.



Convenience stores

ADNOC Distribution runs convenience stores in its stations, in addition to standalone stores that sell fresh food, groceries, drinks, snacks, confectionary items, hot and cold beverages, etc.



EV charging & alternative fuels

ADNOC Distribution provides EV fast and super-fast charging services in its stations across the UAE to address current EV customer demand. The Company continues to roll-out EV charging points and develop capabilities in alternative fuels such as biofuel and Hydrogen, where the Company today operates the first hydrogen refueling station in the region.



Corporate products

For commercial, industrial, and governmental clients, ADNOC Distribution provides and distributes bulk refined petroleum products such as gas oil, gasoline, LPG, and lubricants. Additionally, the business sells lubricant goods under its Voyager brand to commercial, residential, and governmental clients in the UAE. It exports them to 37 nations in the GCC, Africa, Asia, and the Middle East.



Aviation products

The business manages fueling and distribution services at all Abu Dhabi airports and several airports in the Northern Emirates. It also sells aviation fuel to strategic customers. Additionally, the Company owns a 50% stake in TotalEnergies Marketing Egypt, which conducts aviation operations in two main airports in Egypt.



Car Services

The Company offers car care services at many of its service station locations, including car wash and lube change. In addition, various services are provided by its partners and tenants, such as vehicle servicing, repairs, and tire changes.



Property Management

The Company manages and leases retail space within its service stations to restaurants and other service providers. Its tenants occupy more than 1,000 properties, operating quick-service restaurants and offering supplementary products and amenities, including banking services and automobile insurance. Major tenants include well-known global brands such as McDonald's, Starbucks, KFC, and Burger King.



Other Non-Fuel services

Many of the Company's service stations also provide non-fuel services, including car care activities such as car washes and lube changes. Additionally, partners and tenants offer services at the Company's service stations, such as vehicle maintenance, repairs, and tire changes. The Company also manages and leases retail space inside its service stations and operates 34 vehicle inspection and testing centers. It is the sole authorized provider of government-mandated annual vehicle inspections in the Emirate of Abu Dhabi, while it also provides vehicle inspection services in other Emirates.



Marketing & Distribution of Refined Petroleum Products

- ▶ Gasoline (ULG-91,95,98)
- ▶ Gasoil (Diesel)
- ▶ LPG
- ▶ CNG
- ▶ ADNOC Voyager Lubricants
- ▶ Jet Fuel
- ▶ Kerosene Oil
- ▶ Base Oil



Non-Fuel Retail

- ▶ ADNOC Oasis Convenience Stores
- ▶ ADNOC Lube Change Service
- ▶ ADNOC Car Wash Service
- ▶ Property Management Services to lease space at ADNOC stations
- ▶ ADNOC Vehicle Inspection Services

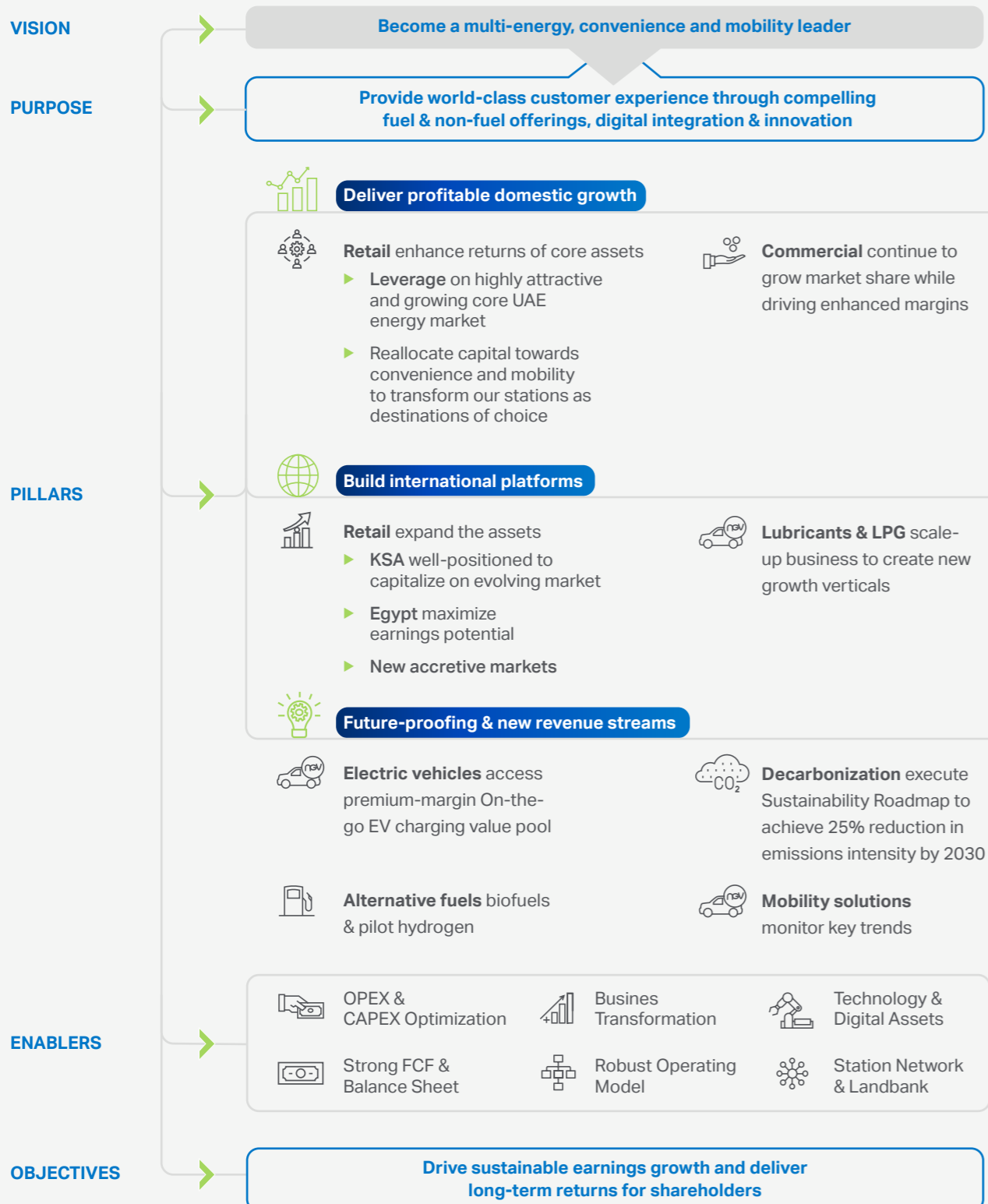


Sustainable mobility solutions

- ▶ Fast and super-fast EV charging points
- ▶ Hydrogen
- ▶ Biofuels



OUR STRATEGY



ADNOC DISTRIBUTION'S ESG AGENDA

ADNOC Distribution executes its long-term strategies, capitalizing on the opportunities created by the energy transition to evolve into a multi-energy, convenience and mobility leader with leadership in sustainability efforts and customer experience.



We strive to become the brand of choice for customers, integrating sustainability across the supply chain through best practices. The Company envisions a future characterized by sustainability, innovation, AI integration and customer focus.

As part of the efforts to enhance its sustainability performance and dedication, ADNOC Distribution has created an extensive decarbonization roadmap consistent with its sustainability strategy, aiming to cut its carbon intensity by 25% by 2030, setting the path to Net Zero by 2045.

ADNOC Distribution is driving sustainable energy transition for its operations and service stations, in addition to introducing cleaner products for its customers.

The focus is on a balanced transition, reinforcing the Company's commitment to sustainable growth driven by continuous innovation in new energy and mobility solutions, which aligns with the UAE's strategic Net Zero goal and ADNOC's Net Zero by 2045 ambition.

ADNOC Distribution is working toward future-proofing its business through

sustainable leadership in sustainable mobility as demonstrated by its launch of the first phase of over 50 high-speed EV charging stations across its network.

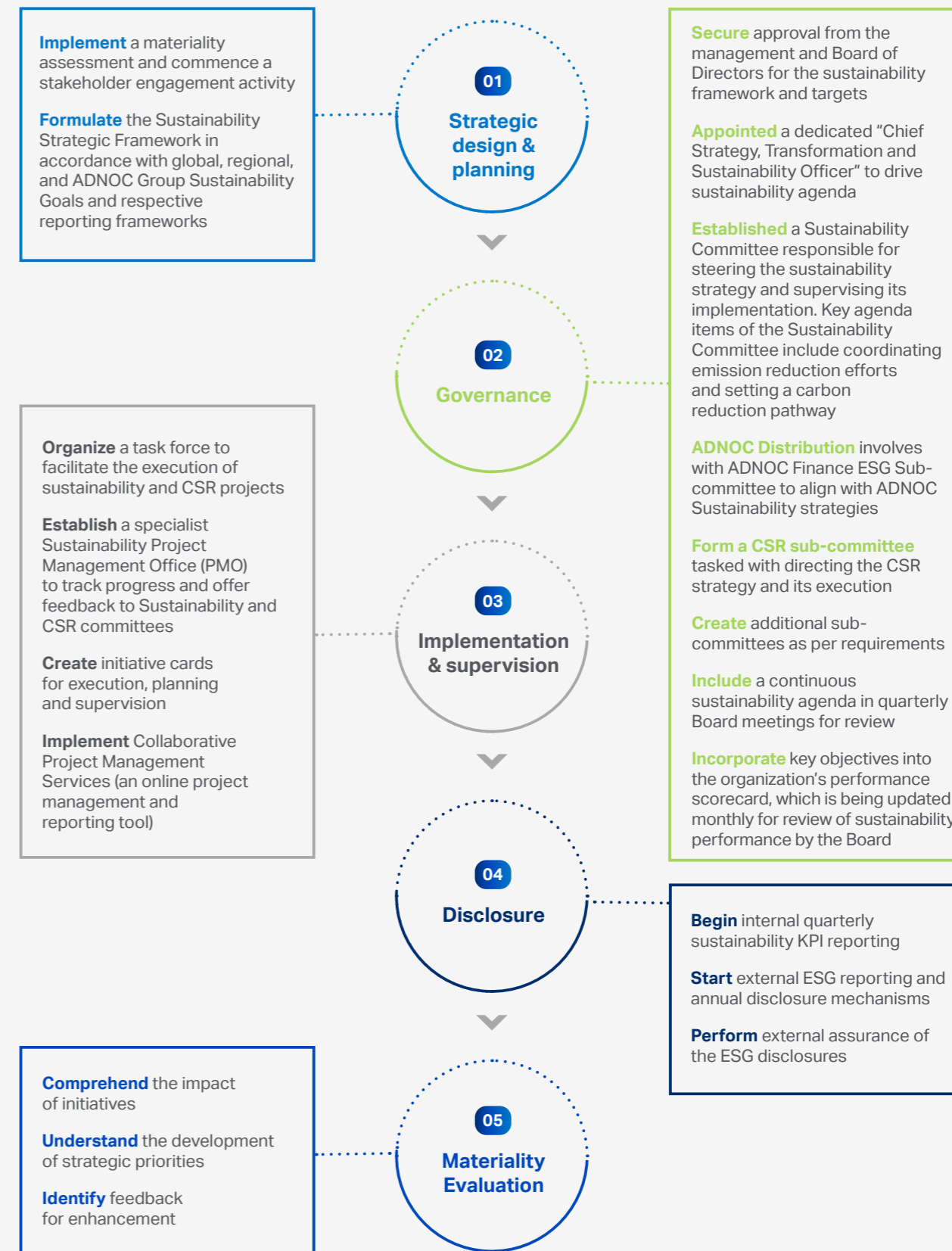
Furthermore, it has initiated the region's first high-speed green hydrogen pilot refueling station for hydrogen-powered vehicles launched in 2023.

ADNOC Distribution also converted, in 2023, its \$1.5 billion term-loan into a Sustainability Linked Loan (SLL), reflecting its commitment to aligning its financing goals with its corporate sustainability strategy.

OUR SUSTAINABILITY STRATEGIC FRAMEWORK

ADNOC Distribution's Sustainability Strategy Framework adopts the ADNOC Group's sustainability strategy, reinforcing a shared commitment to the provision of responsible, lower-carbon energy. This commitment is pivotal to ensuring continuous and sustainable value creation for the UAE, its citizens, and businesses. Sustainability forms the backbone of ADNOC Distribution's strategy, and it is integrated across the organization. The Company is committed to incorporating top-tier Health, Safety & Environment standards within its operational framework, contributing to local communities, fostering sustainable economic progress, and channeling investments toward cleaner, cutting-edge energy solutions. To realize its sustainability pledges, the Company has developed a set of goals and objectives to be accomplished over the short, medium, and long term.

The extensive sustainability goals of ADNOC Distribution contribute to the UAE's strategic vision and resonate with ADNOC Group's enduring commitment to integrate best-in-class Health, Safety and Environment (HSE) standards across our operations, giving back to communities, supporting sustainable economic development and investing in cleaner new energies.



IMPACT SDGs

The objectives of the Sustainability Strategic Framework are classified under six pillars spread across ESG domains and in alignment with 13 UN SDGs within the framework:

	SDG-2 Zero Hunger		SDG-10 Reduced Inequalities
	SDG-3 Good Health and well-being		SDG-11 Sustainable Cities and Communities
	SDG-5 Gender Equality		SDG-12 Responsible Consumption and Production
	SDG-6 Clean Water and Sanitation		SDG-13 Climate Action
	SDG-7 Affordable and Clean Energy		SDG-15 Life on land
	SDG-8 Decent Work and Economic Growth		SDG-17 Partnership for the Goals
	SDG-9 Industry, Innovation, and Infrastructure		



ENVIRONMENT

1. CLIMATE, EMISSIONS & ENERGY

- ▶ Adopt Green Liquid Fuels and plant-based renewable products or green lubricants
- ▶ Develop low-carbon alternative fuels/energy portfolio (EV, Hydrogen, Biofuel, etc.)
- ▶ Reduce GHG emissions and energy intensity

2. LOCAL ENVIRONMENT

- ▶ Recycle water used in our operations and reduce in water consumption
- ▶ Reduce waste generation and improve waste disposal methods
- ▶ Promote the conservation of nature and biodiversity



SOCIAL

3. ECONOMIC & SOCIAL CONTRIBUTION

- ▶ Community – support local communities by focusing on social campaigns
- ▶ Economy – create shared value with local businesses, and contribute to the country's economic development by participating in the in-country value (ICV) program

4. WORKFORCE DIVERSITY & DEVELOPMENT

- ▶ Fairness – be a fair and meritocratic employer
- ▶ Diversity and inclusion – be a diverse and inclusive organization
- ▶ Employee wellbeing – preserve and improve employee wellbeing
- ▶ Employee satisfaction – provide and promote a motivating, engaging, and fulfilling working life

5. HEALTH, SECURITY & SAFETY

- ▶ Planning – implement an HSE five years business plan
- ▶ Execution – comply with HSE lifesaving rules
- ▶ Safety Culture – implement a safety culture transformation strategy
- ▶ Asset Integrity – compliance with asset integrity-related HSE standards



GOVERNANCE

6. BUSINESS SUSTAINABILITY

- ▶ Corporate Governance – adopt global best practices of management and reporting systems
- ▶ Sustainability Governance - implement a comprehensive sustainability governance framework
- ▶ IT Transformation – modernize and digitize the IT landscape to act as a critical enabler of growth and efficiency
- ▶ Future-Proofing – strategy to proactively adapt to the energy transition, mobility transformation, digital disruption, and impact of climate change on the business
- ▶ Ethics and Compliance – align policies such as anti-bribery and corruption, ethics and compliance, and transparency with global standards



GOVERNANCE OF THE FRAMEWORK

The Board of Directors of ADNOC Distribution is the leading authority responsible for monitoring and reporting on sustainability initiatives across the Company.

The following governance structures monitor and evaluate the Company's progress towards its ESG goals:

- ▶ ADNOC Distribution's Board of Directors, which sanctions the Code of Conduct that outlines the Company's values, also approves the Company's vision, mission, strategies, policies, and goals. The Board ensures the alignment of sustainability goals and targets with significant local, national, regional, and international guidelines while maintaining a sense of mutual benefit. The Board is ultimately tasked with approving the Company's sustainability strategy and overseeing its execution.

- ▶ The Chief Executive Officer of ADNOC Distribution is in charge of formulating and executing a Company-wide Sustainability Strategy and reporting on the advancement of key initiatives in the economic, environmental, and social spheres. The CEO delegates part of these responsibilities to certain members of the Executive Management team to help drive the Company's sustainability strategy and assist in the implementation, tracking, and reporting of key initiatives.

To further reinforce the governance of sustainability management procedures, ADNOC Distribution has formed a corporate-level Sustainability Committee, consisting of members from the Executive Management. The committee supports the implementation of sustainability initiatives and meets either monthly or as needed. It ensures that the Sustainability Strategy

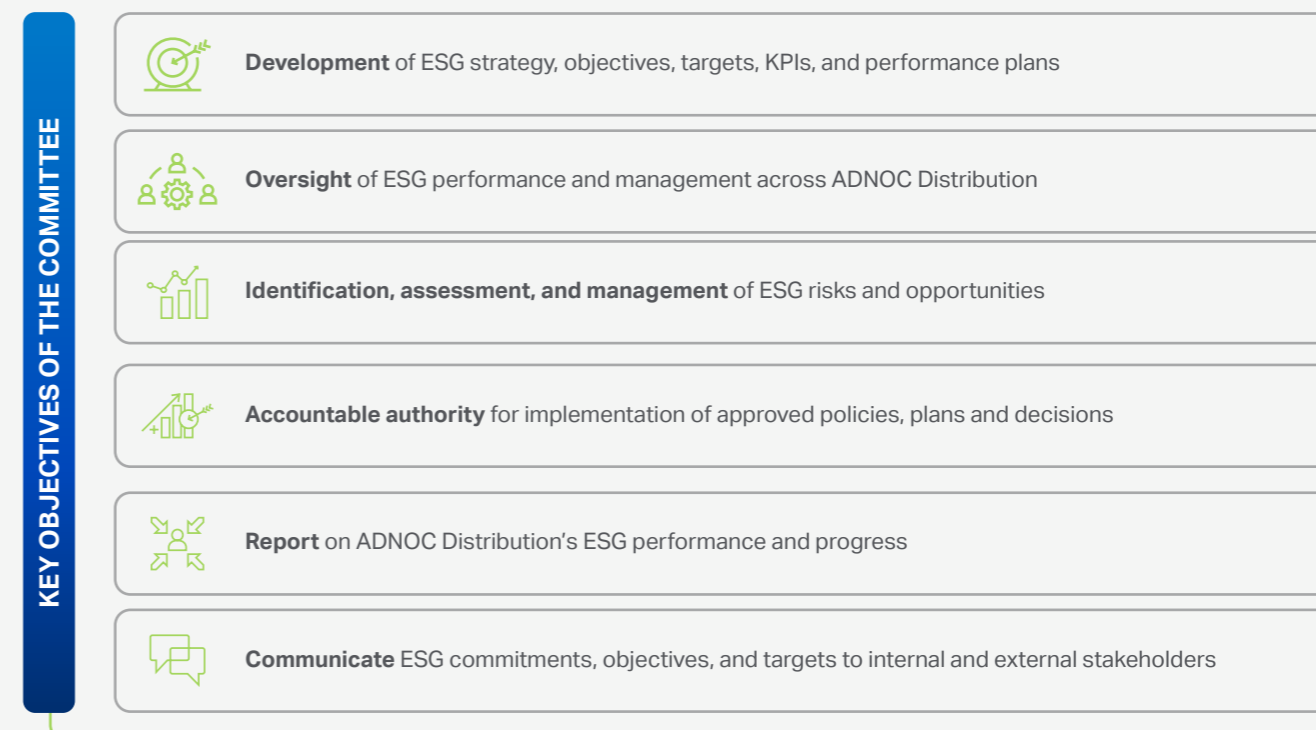
Framework is universally understood within the organization and supports various initiatives across each pillar of the framework.

The committee also aims to create proactive systems to integrate sustainability throughout the value chain and aids in identifying, assessing and monitoring all elements, ranging from strategies to material risks that could impact the Company's sustainable performance. The committee works to align the Company with ADNOC Group's 2030 Sustainability Strategy, Abu Dhabi Economic Vision 2030, and other ESG guidelines and requirements for the future. Additionally, a Chief Strategy, Transformation, and Sustainability Officer was appointed in 2023 to direct, coordinate, and keep track of the implementation of sustainability initiatives and to cultivate a sustainability-focused culture within the Company and amongst all of its stakeholders.

COMPOSITION OF THE SUSTAINABILITY COMMITTEE



KEY OBJECTIVES OF THE COMMITTEE



IMPLEMENTATION AND EVALUATION OF THE FRAMEWORK

To monitor and assess crucial indicators within the framework, ADNOC Distribution has established an Organizational Performance Scorecard. The firm has incorporated key sustainability objectives such as reducing greenhouse gas emissions, enhancing health and safety performance, fostering employee engagement, endorsing Emiratisation, and contributing to in-country value into its yearly performance scorecard.

A Sustainability Committee is also in place to assist in carrying out sustainability and CSR initiatives. The committee members convene either monthly or on an as-needed basis, collaborating with various business units to ensure widespread understanding of the Sustainability Strategy Framework within the organization and its support for assorted initiatives across each pillar of the Framework.

Moreover, sustainability issues are a standing agenda item at the quarterly Board of Directors meetings and monthly Executive Committee meetings, which are attended to evaluate the sustainability performance and advance initiatives.

REPORTING

This year, ADNOC Distribution released its fifth ESG Report and has additionally shared its key ESG-related data within its Annual Report and on its website. ADNOC Distribution is committed to extending its ESG reporting process by consistently enhancing its information disclosure and aligning with international ESG reporting standards.

OUR MATERIALITY



MATERIALITY ASSESSMENT METHODOLOGY

ADNOC Distribution consistently displays exceptional proficiency across its 24 core Environmental, Social, and Governance (ESG) domains. These key areas were pinpointed through a comprehensive materiality assessment process conducted in 2021 which followed a meticulously strategized four-step methodology and is periodically reassessed on an annual basis.



Identify and develop an initial list of topics based on:

- ▶ Prevailing industry trends
- ▶ ESG reports of peer companies
- ▶ Standards outlined by prominent rating agencies including MSCI ESG, ISS ESG, S&P CSA, FTSE
- ▶ ESG subjects cited by internationally and nationally recognized ESG guidelines, such as ESG Disclosure Guidance by Abu Dhabi Securities Exchange (ADX), and the Global Reporting Initiatives (GRI)

Engage transpires by liaising with a variety of internal and external stakeholders through specialized surveys

Analyze by assessing stakeholder's feedback to gain insight into the highlighted topics, their influence, and their impact, as viewed through the lens of stakeholder perceptions

Validate material topics with the Sustainability Committee at ADNOC Distribution

In 2021, 37 themes were recognized through the Materiality Assessment process, derived from the above-mentioned signals. Subsequent to this, the key ESG subjects were identified and described below. A comprehensive review of these findings was later conducted in 2023 to ensure their continued relevance and validity. Moreover, we have assessed the due diligence and human rights impacts in all our material topics to reflect the revised GRI Standards 2021 requirements.





ENVIRONMENTAL

PILLAR

Energy Management	Develop efficient energy solutions Reduce energy intensity levels Contribute towards the UAE Energy Strategy 2050	Climate, Emissions & Energy
Emissions	Reduce greenhouse gas emissions through products and projects which will provide clean energy options for our customers, including reduction of emissions from own operations through abatement projects	Climate, Emissions & Energy
Water Management	Conserve, manage, and recycle water and continuous adherence to the HSE standards and regulatory compliance	Local Environment
Waste Management	Waste management in compliance with the regulatory requirements Optimize opportunities to reduce and recycle waste across the Company's operations Work on developing an efficient waste management program	Local Environment
Renewables / Clean Tech	Implement clean energy programs such as rooftop solar panels	Climate, Emissions & Energy
Environmental Compliance	Ensure compliance with applicable legal and other requirements by practicing the standard work methodologies	Local Environment
Spills	Maintain strict enforcement of procedures to prevent and mitigate any potential effects of operational spills or minimize impacts that might occur	Local Environment
Climate Risk Mitigation	Adapt with and mitigate climate risks applicable to ADNOC Distribution's business and support energy transition initiatives	Climate, Emissions & Energy
Biodiversity	Protect biodiversity by adhering to the internal biodiversity standards, guaranteeing that no operations performed in any protected areas without affecting the biodiversity	Local Environment



SOCIAL

PILLAR

Occupational Health and Safety	Protect the safety of employees and contractors through diligent planning, identifying potential and existing hazards, and managing risks at every aspect of operational activity Ensure employee and contractor wellbeing by providing access to the health insurance coverage and periodic medical surveillance	Health, Safety, and Security
Customer Health and Safety	Ensure customers wellbeing through various programs and aid offered in service stations (i.e., sanitization kits) and the accessibility of safety data sheets across all products	Health, Safety, and Security
Procurement Practices	Ensure supply chain sustainability through robust procurement practices and policies	Economic and Social Contribution
Nationalization	Take part in UAE's vision in enriching national talents and promote the growing presence of UAE Nationals in the workforce to improve its Emiratization performance, ultimately	Workforce Diversity & Development
Diversity and Equal Opportunity	Provide a diverse and inclusive workplace through its policies that would ensure equal opportunities and fair treatment for all the employees	Workforce Diversity & Development
Local Community Impact	Design CSR projects to give more back to the community and that create a meaningful impact on these communities	Economic and Social Contribution
Training and Education	Ensure employees' professional growth through various learning and development programs, as well as maximizing the usage of virtual platforms in adjustment with the current conditions caused by the global pandemic	Workforce Diversity & Development
Employee Turnover	Maintain a healthy working environment that attracts and retains a workforce	Workforce Diversity & Development
Employee Engagement	Engage with employees through diverse forms of communications and regularly check their sentiments to see that their needs are met in professional development, health, and wellbeing	Workforce Diversity & Development



GOVERNANCE

		PILLAR
Business Ethics, Human Rights and Integrity	Conduct business transparently and ethically, with the corporate governance framework that sets forth the policies and, most importantly, the code of conduct that guides various aspects in decision making, maintaining good performance, managing risks, and seeing a remarkable ESG performance	Business Sustainability
Anti-Corruption	Conduct business lawfully, ethically and with integrity, the Anti-Bribery and Corruption policy sets guidelines to ensure that none of ADNOC Distribution's employees or representatives engage in any form of fraud, bribery, or other types of corruption	Business Sustainability
Board Overview	Ensure that the Board has the highest responsibility for decision-making on significant business matters, strategic governance, and oversight of executive bodies, as well as superintending the sustainability goals, programs, risks, impacts, and opportunities across the value chain	Business Sustainability
Risk and Crisis Management	Set policies and procedures to make sure that any form of risk or crisis are managed effectively so that there is business continuity	Business Sustainability
Economic Performance	Contribute to nation development by creating shared value, improved In-Country Value through robust governance in place, strategic management, and performance management	Business Sustainability
Anti-Competitive Behavior	Employees are required to comply with competition laws, so the company ensures that there are no anticompetitive behavior, antitrust, or monopoly practices in the company	Business Sustainability
Digitization	<p>Improve the IT landscape to join the emerging trends in digitization and technology</p> <p>Through IT modernization, such programs are implemented to provide timely, accurate data, and mitigate cyber security risk</p>	Business Sustainability

STAKEHOLDER ENGAGEMENT

ADNOC DISTRIBUTION CONTINUES TO PRIORITIZE ITS LONG-TERM SUSTAINABILITY SUCCESSES THROUGH THE LENS OF CREATING VALUE FOR ITS ESTEEMED STAKEHOLDERS.

ADNOC Distribution promotes honest, transparent, and mutually beneficial partnerships with its broad stakeholders. The Executive Leadership Team actively engages with stakeholders in overseeing the Company's processes to identify and manage the impacts on the economy, environment, and people. The Team meets monthly through the Executive Committee Meetings of the

Board of Directors and quarterly through Board Meetings. The relevant stakeholder Groups for the Company include Employees, Shareholders, Customers, Suppliers and Partners, Local Communities, Government (Federal and Local Governments), and Regulatory Authorities.

ADNOC Distribution employs different engagement methods for each stakeholder Group to identify critical concerns raised or their topics of interest and engage with them to address those concerns through differing mechanisms.





EMPLOYEES

ESG Survey | Employee Wellbeing Program | Employee Engagement Survey | Ask HC Portal | Trainings & Workshops | Physical and Virtual Town Halls

Key concerns raised/topics of interest

- ▶ Employee engagement activities that target different segments.
- ▶ Ensuring gender diversity and equality across the business.
- ▶ Updates regarding fundamental policy changes, employee engagement action plans, personal development opportunities and career progression, rewards, and recognition.
- ▶ Employees' suggestions in the Employee Engagement Survey comments that require policy changes.

How ADNOC Distribution addresses these concerns

- From our EE Wellbeing activities success stories of previous year and in line with the EE budget for 2023, we have created the employee wellbeing strategy supported by an Employee Wellbeing calendar for 2023 under '100X Your Wellbeing' with five strategic pillars that we attach our events. Since January 2023. It has been meticulously implemented with strong collaboration with internal communications, Sports, GB and other committees. Outcomes are reviewed monthly to keep the momentum and objective.
- ▶ Assign employee engagement champions for all Groups and cooperate with Human Capital Business Partners to support post-employee engagement survey activities by developing different initiatives.
 - ▶ Periodic communication to employees via internal newsletter, emails, virtual and physical town halls, and CEO updates to raise awareness about policy changes, development opportunities, internal vacancies, people and business updates, and growth potential.
 - ▶ Addressing employee comments from the Employee Engagement Pulse Survey and coordinating to resolve feedback with the Group task force, including reviewing and modifying policies.



CUSTOMERS

ESG Survey | Retail stations | Social Media | Corporate Website | Customer Call Centers | Customer Satisfaction Surveys

Key concerns raised/topics of interest

- ▶ Ensuring the health and safety of customers.
- ▶ Improving the quality of products and services.
- ▶ Enhancing the diversity of the workforce at stations and convenience stores.

How ADNOC Distribution addresses these concerns

- ▶ In line with leading practices, work towards continuously improving and implementing health and safety management systems.
- ▶ Identifying and addressing customer needs and expectations by implementing a robust quality management system.
- ▶ Enhance customer interactions and service levels through workforce talent and professional development programs.



SHAREHOLDERS

ESG Survey | General Assembly Meetings | Investor Roadshows | Physical and Virtual Meetings | Investor Feedback Survey | Participation in Equity Conferences | Annual Report, Corporate Governance Report, and ESG Report | The Quarterly Earnings Release, Management Discussion, and Analysis Reports, and Quarterly Investor Presentations | Quarterly Results Conference Calls | Press Releases | SMS Distribution | Email distribution | Social Media

Key concerns raised/topics of interest

- ▶ Visibility on the Company's growth plans and dividend policy.
- ▶ International expansion growth targets and efficient capital allocation.
- ▶ Impact of the energy transition on ADNOC Distribution.
- ▶ Development of robust and clearly defined strategies for electric vehicles and hydrogen.
- ▶ Regulatory framework for UAE fuel retail sector.
- ▶ Sustainability of the backstop guarantee with ADNOC Group and visibility of cash flows.
- ▶ Sustainability of the rent-free arrangements with ADNOC Group in Abu Dhabi and visibility of cash flows.

How ADNOC Distribution addresses these concerns

- ▶ Disseminate information about long-term strategic growth targets during regular investor roadshows and Investor Days.
- ▶ Provide annual guidance and outlook on the Company's key performance indicators.
- ▶ Future-proof the business by launching a decarbonization roadmap to decarbonize the Company's operations and investing in electric vehicle charging solutions to meet the evolving needs of EV customers nationwide and unlock new business revenue streams.
- ▶ Efficient capital allocation towards growth and investing in value-accretive M&As.
- ▶ Updating regular progress against the Company's annual guidance and long-term growth targets, including energy transition and adopting low-carbon products.
- ▶ Providing visibility of shareholder returns by implementing a progressive and attractive dividend policy.
- ▶ Renewal of the Fuel Supply Agreement with ADNOC for another five years, including the margin backstop guarantee.
- ▶ Propose a new five-year dividend policy, offering higher visibility on shareholder payback and upside potential from future earnings growth.





SUPPLIERS AND PARTNERS

ESG Survey | Bids and Tenders | Supplier Portals | Post-Award Communications | Periodical Engagement Meetings

Key concerns raised/topics of interest

- ▶ Ensuring availability and supplies of products in ADNOC Distribution's portfolio.
- ▶ Enhancement in the tendering process.
- ▶ Timely response to supplier queries.
- ▶ Communication on new procedures related to supplier performance evaluation and in-country value.
- ▶ Regularly meeting with suppliers to discuss SAP ARIBA system issues, Suppliers' Profile updates at ADNOC, Suppliers' Performance, ICV Improvement Plan, and Certification.

How ADNOC Distribution addresses these concerns

- ▶ Continual assessment and improvement of supply chain management and inventory management.
- ▶ Enhancement of tendering process through regular updates in SAP modules.
- ▶ Updating internal guidelines to respond to all supplier queries within approved timelines and making centralized announcements and communication to all suppliers.
- ▶ On-time replies to suppliers during meetings and through email communications.



GOVERNMENT (FEDERAL AND LOCAL GOVERNMENTS) AND REGULATORY AUTHORITIES

Annual and Quarterly Reports | Public Reporting | Virtual and Face-to-Face Meetings

Key concerns raised/topics of interest

- ▶ Contribution of the organization to building and supporting the local economy, increase in customer convenience, employment opportunities, environment, and community development.
- ▶ Commitment to strengthening the regulatory framework governing the sector.

How ADNOC Distribution addresses these concerns

- ▶ Investing in expanding the country's networks, EV charging infrastructure, and renovating the convenience store network to contribute to national infrastructure development, increased employment opportunities, and higher access to fueling and convenience services.
- ▶ Providing and developing low carbon and green energy products such as compressed natural gas, lubricants for hybrid engines, green lubricants, and premium products offering improved engine efficiencies such as Octane-98 gasoline.
- ▶ Addition of new station formats utilizing the latest innovative technologies with significantly lower carbon footprint and running on significantly less power, such as ADNOC On-the-go and ADNOC Oasis Autonomous Store.
- ▶ Investing in digital solutions to offer greater customer convenience, such as contactless payments, digital ordering, online ordering, self-service checkouts, etc.



LOCAL COMMUNITIES

ESG Survey | Employee Volunteering | Community Program Sponsorships | CSR Events

Key concerns raised/topics of interest

Initiatives that support, build, and create an overall impact on local employment, social development, health, and safety of people and environment.

How ADNOC Distribution addresses these concerns

Undertook various CSR initiatives such as

- ▶ Pink Caravan Campaign.
- ▶ Reach Campaign, Make Their Life Colorful.
- ▶ Khalifa Foundation Ramadan Meals Partnership.
- ▶ Breaking fast with local communities during Ramadan.
- ▶ Raising awareness of breast cancer care, Emirates' Red Crescent project.
- ▶ Al Ghadeer UAE Crafts, which offers women from different nationalities vocational training to create culturally inspired products.
- ▶ Investing in communities through charitable contributions. Through an ongoing partnership with the Emirates Red Crescent, ADNOC Distribution helped raise critical awareness and donations for the Reach Campaign, which helps treat river blindness disease – a devastating medical condition affecting millions of people around the world which can be easily treated.
- ▶ Engaging customers in environmental protection. We launched reverse vending machines at 25 ADNOC service stations across Abu Dhabi and integrated an option on the ADNOC Distribution app to "Adopt a Mangrove", extending sustainability efforts to our customers.
- ▶ Safety Campaigns were conducted effectively, during Safety Day Events arranged at different locations. The fourth consecutive edition of the joint national awareness campaign for safety at service stations was launched under the theme 'Five for your Safety'.



ALIGNMENT WITH GLOBAL AND NATIONAL PRIORITIES AND OUR CONTRIBUTION



ABU DHABI SECURITIES EXCHANGE (ADX) GUIDELINES

- | | | |
|--|---|--|
| <p>Goals</p> <ul style="list-style-type: none"> ▶ Improve ESG performance of companies listed publicly in the UAE ▶ Encourage and foster voluntary ESG information disclosure | <p>Focus</p> <ul style="list-style-type: none"> ▶ Instruct the disclosure of 31 vital ESG indicators ▶ Ensure disclosures comply with leading standards like GRI, UN SDGs, WFE, SSEI | <p>ADNOC Distribution's Impact and Contribution</p> <ul style="list-style-type: none"> ▶ Published annual ESG reports following GRI Standards and ADX Guidelines ▶ Seeking external validation on ESG disclosures |
|--|---|--|



ABU DHABI ECONOMIC VISION (2030)

- | | | |
|---|--|---|
| <p>Goals</p> <ul style="list-style-type: none"> ▶ Establish a roadmap for the sustained evolution of Abu Dhabi's economy ▶ Lessen dependence on the oil sector | <p>Focus</p> <ul style="list-style-type: none"> ▶ Improve the abilities and talents of domestic labor force ▶ Develop durable infrastructure capable of weathering economic anomalies, establish electric car-charging points and enhance future efficiency | <p>ADNOC Distribution's Impact and Contribution</p> <ul style="list-style-type: none"> ▶ Facilitate increased employment opportunities for the local workforce and cultivate a culture of skill development. ▶ Commit resources to modern transportation solutions like electric vehicle charging facilities |
|---|--|---|



ENVIRONMENT VISION 2030

- | | | |
|---|---|---|
| <p>Goals</p> <ul style="list-style-type: none"> ▶ Solidify and unify local responses to sustainability ▶ Enhance Abu Dhabi's natural riches through efficient use of resources | <p>Focus</p> <ul style="list-style-type: none"> ▶ Capability for sustainability across environmental, fiscal, and societal sectors ▶ Concentrated attention on the issues of climate change, air and noise pollution, water resource management and waste disposal | <p>ADNOC Distribution's Impact and Contribution</p> <ul style="list-style-type: none"> ▶ Enhanced the strategic framework for sustainability to elevate overall performance in this regard ▶ Evaluating potential risks and opportunities related to climate change ▶ Formulated a path to decarbonization to expedite progress and set a goal to decrease carbon emission intensity by 25% by 2030 |
|---|---|---|



DEMAND SIDE MANAGEMENT AND ENERGY RATIONALIZATION STRATEGY (DSM)

- | | | |
|--|--|--|
| <p>Goals</p> <ul style="list-style-type: none"> ▶ Plan to drop electricity use in Abu Dhabi by 22% by the year 2030 ▶ Aim to reduce water usage in Abu Dhabi by 32% by 2030 | <p>Focus</p> <ul style="list-style-type: none"> ▶ Ensure the future availability of energy and water resources in Abu Dhabi ▶ Increase the sustainable use of water and energy by reducing the related greenhouse gas emissions | <p>ADNOC Distribution's Impact and Contribution</p> <ul style="list-style-type: none"> ▶ Promote awareness and training on water and energy preservation through numerous campaigns and the implementation of water-saving and recycling programs in all operations and assets, including using recycled water at service stations |
|--|--|--|





UAE ENERGY STRATEGY 2050



Goals

- ▶ Boost clean energy in the UAE's overall energy blend from 25% to 50% by 2050
- ▶ Boost consumption efficiency by 40% for both individuals and corporations



Focus

- ▶ Reduce the carbon footprint of power production by amplifying the contribution of clean energy
- ▶ Allocate resources for sustainable energy projects



ADNOC Distribution's Impact and Contribution

- ▶ To mitigate dependency on traditional energy sources, ADNOC Distribution dedicated resources to solar power production through the installation of solar panels on station rooftops
- ▶ The Company is executing initiatives aimed at optimizing energy usage to moderate energy consumption



NATIONAL CLIMATE CHANGE PLAN OF THE UAE 2017-2050



Goals

- ▶ To manage greenhouse gas (GHG) emissions while sustaining economic growth, minimize risks and improve capacity of adaptation to climate change and enhance the UAE's economic diversification agenda through innovative solutions
- ▶ Formulate a successful climate mitigation strategy for the UAE's transition to a resilient and sustainable economy



Focus

- ▶ Proficiently handle the UAE's GHG emissions with minimal hindrance to the growth trajectory of the economy
- ▶ Establish a sturdy framework for precise identification and management of climate-related risks across the various economic sectors in the UAE



ADNOC Distribution's Impact and Contribution

- ▶ Devised a decarbonization game plan aimed at reducing carbon intensity by 30% by 2030, thereby paving the way to Net Zero emissions
- ▶ Allocated resources to sustainable mobility solutions, thereby aiding in reducing GHG emissions, such as electric vehicle charging points to future-proof the business operations while meeting the growing customer demands and diversifying revenue streams



UAE NET ZERO BY 2050



Goals

- ▶ Attain Net Zero emissions by the year 2050
- ▶ Align with international decarbonization plans, such as the Paris Agreement



Focus

- ▶ Decrease GHG emissions across all of the UAE's sectors and industries
- ▶ Expand the scope of the UAE's green economy (for example, clean energy)



ADNOC Distribution's Impact and Contribution

- ▶ Formulated a decarbonization strategy and pathway to steer a successful shift towards a decarbonized economy
- ▶ To contribute to the goal of achieving Net Zero emissions, ADNOC Distribution is developing and promoting a decarbonized product line, including electric vehicle charging stations, low-carbon and green products like CNG and green ADNOC Voyager lubricants



UAE CENTENNIAL 2071



Goals

- ▶ Offers a comprehensive, long-term strategy to boost UAE's worldwide reputation and competence
- ▶ Advocate for the skills and talents of the UAE's young people, with particular emphasis on emerging key focus areas such as AI



Focus

- ▶ Strengthen the resilience of the UAE workforce's skills
- ▶ Encourage a joyful and united society



ADNOC Distribution's Impact and Contribution

- ▶ Implement forward-thinking learning and development programs, enhance employment opportunities for UAE nationals, and support ongoing social endeavors in the UAE



UAE STRATEGY FOR THE FOURTH INDUSTRIAL REVOLUTION



Goals

- ▶ Aim to secure future water and food supplies through the application of bioengineering sciences and advanced renewable energy technologies
- ▶ Boost economic security through the adoption of digital economy and blockchain technologies in financial transactions and services
- ▶ Foster advanced defense industries by expanding national sectors in robotics and autonomous vehicle technologies



Focus

- ▶ Strengthen UAE's standing as a global center for the 4th Industrial Revolution and incorporation of state-of-the-art technologies
- ▶ Put innovative education methods into practice
- ▶ Utilize artificial intelligence
- ▶ Advance towards intelligent genomic medicine and robotic healthcare
- ▶ Optimize the use of satellite data in planning future cities



ADNOC Distribution's Impact and Contribution

- ▶ Adoption of AI and advanced technologies to drive innovation, improve customer experience, and streamline operations. This includes Fill & Go, an AI-enabled license plate recognition system that provides seamless refueling for registered customers. Additionally, it launched the first real-world test of an AI-operated autonomous refueling robotic arm. The Company also employs AI-predictive technology to improve its fuel distribution operations



UN SUSTAINABLE DEVELOPMENT GOALS



Goals

- ▶ Establish developmental framework encompassing 17 wide-ranging topics, including affordable and clean energy, as well as climate action
- ▶ Direct organizations in reporting their performance on each topic's indicators



Focus

- ▶ Enhance worldwide progress on a variety of ESG focus areas
- ▶ Encourage organizational participation in promoting the global ESG agenda



ADNOC Distribution's Impact and Contribution

- ▶ Aligned UN SDG goals and targets with ADNOC Distribution's key performance indicators, objectives, and sustainability strategy
- ▶ Leverage disclosures, like the annual ESG Report, to promote UN SDGs among stakeholders









VALUE CREATION MODEL

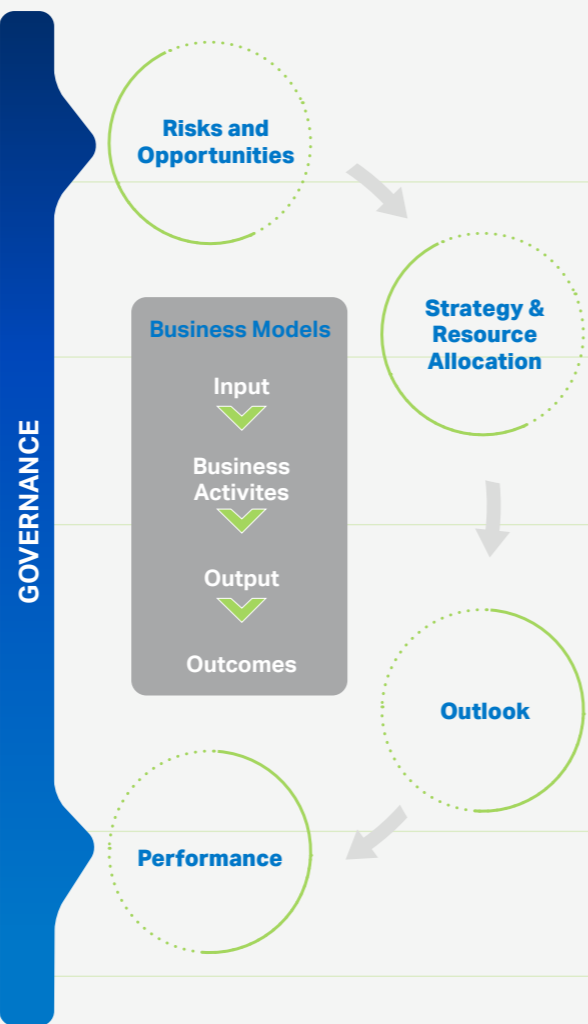
As per <IR> Framework by International Integrated Reporting Council

As a leading convenience and mobility retailer, ADNOC Distribution is well-positioned to capitalize on emerging opportunities and navigate geopolitical and economic headwinds. Our business model is designed to deliver sustained growth, building on progress and embracing the digital revolution to maximize value for our stakeholders.

DELIVERING RESPONSIBLE GROWTH

INPUT	
	NATURAL CAPITAL 1,373,477 GJ Total energy consumption 1,792,265 m³ Water consumed
	HUMAN CAPITAL 13,198 Total employees 109,400 Training hours 8 Training hours per full-time employees
	INTELLECTUAL CAPITAL +125 partners in ADNOC Rewards program AED 91 million invested in technology infrastructure
	MANUFACTURED CAPITAL Service stations 529 UAE 68 Saudi Arabia 243 Egypt Convenience stores 359 UAE 12 Saudi Arabia 138 Egypt
	FINANCIAL CAPITAL AED 61.19 million CAPEX and AED 22.01 million in OPEX on environment-related investments
	SOCIAL AND RELATIONSHIP CAPITAL AED 2.5 million CSR Community investment

ADNOC DISTRIBUTION'S MISSION AND VISION



OUTPUT	OUTCOMES	UN SDGs*
847.8 tonnes of total waste diverted from disposal (recycling) 296.1 tCO₂e Emissions saved in 2023 as a direct result of only Solar During 2023, usage of biofuel resulted in 333 tCO₂e Emission saved. 210,763 m³ Water recycled	<ul style="list-style-type: none"> Mitigating global warming Promoting the use of eco-friendly fuel Resource stewardship 	   
62.5% Emiratisation rate 393 Number of employed Emirati Women	<ul style="list-style-type: none"> Safer working environment Enhanced employee engagement Bringing inclusiveness to education Enhanced workforce demographics 	 
96% Customer satisfaction index 66 Net Promotor Score (NPS) Providing services and convenience to customers, while delivering high-quality and innovative products and services	<ul style="list-style-type: none"> Driving innovation culture Concerted collaborations Creating a digital ecosystem 	
37 Countries Automotive and commercial lubricants exported (GCC, Middle East, and North Africa) 41 New service stations opened across the network 15 Additional refurbished stores in 2023 50+ EV charging points across the network in UAE	<ul style="list-style-type: none"> World-class infrastructure facilities Energy security Strong supplier relationships Market leader in downstream marketing and distribution 	
AED 34,629 million Revenue representing a 7.8% increase compared to 2022. AED 3,679 million Record-high EBITDA	<ul style="list-style-type: none"> Sustainable cash flows Strong EPS 	
7 CSR community engagement initiatives	<ul style="list-style-type: none"> Building sustainable livelihoods Enhanced quality of life of people Effective stakeholder engagement 	

OUR CORPORATE GOVERNANCE

ADNOC Distribution emphasizes the importance of governance in fostering a culture aimed at generating long-term value. To satisfy the interests of stakeholders and the community, a robust governance structure is essential. The Company has established its governance structures and processes to endorse ethical and responsible practices, driving positive shifts in the industry for enhanced accountability.

The Company upholds the tenets of good corporate governance and has therefore developed and maintained a corporate governance system that complies with regulations applicable to public companies in the United Arab Emirates (UAE), aligning with internationally accepted best practices.

To promote transparency and reinforce stakeholder confidence, ADNOC Distribution issues an annual Corporate Governance Report that lays out the Company's governance processes. For more specific information on ADNOC Distribution's corporate governance, please refer to the 2023 Corporate Governance Report.



7/7

INDEPENDENT DIRECTORS



92%

BOARD MEETING ATTENDANCE



7

BOARD MEETINGS CONDUCTED



14%

FEMALE MEMBER REPRESENTATION OF THE BOARD



Our contribution to UN SDGs



ABOUT THE BOARD OF DIRECTORS

The ADNOC Distribution Board is responsible for directing and supervising its corporate governance framework as it represents the decision-making authority. It holds responsibility for the Company's business operations and services, including the incorporation of sustainable strategies across all stages of the value chain.

The Board complies with the corporate governance requirements applicable to public joint stock companies registered on the Abu Dhabi Securities Exchange, in accordance with the Governance Rules and Corporate Discipline Standards. These were issued on

February 2, 2020, following the UAE Securities and Commodities Authority (SCA) Resolution No. 3/Chairman of 2020 and the subsequent amendments (referred to as the **Corporate Governance Rules**).

In 2023, the Board of Directors comprised seven members, who were elected by the General Assembly at our annual gathering on March 16, 2021. As of 31 December 2023, all members were independent non-executive directors, within the meaning of the **Corporate Governance Rules**. Pursuant to the Company's Articles of Association, each director serves a

three-year tenure, after which a director may be re-elected for a successive term(s). The General Assembly elects the Board members by secret cumulative voting.

The General Assembly may dismiss all or any of the Board Directors and open the nomination for Board membership and elect new Board Directors in accordance with the Corporate Governance Rules. Dismissed or removed Board Directors may not be renominated or be proposed as a Board Director candidate within three (3) years from the date of dismissal or removal.

H.E. Dr. Sultan Ahmed Al Jaber Chairman		
H.E. Ahmed Jasim AlZaabi Deputy Chairman	H.E. Ahmed Tamim Al Kuttab Director	H.E. Mohamed Hassan Alsuwaidi* Director
Khaled Salmeen Director	Mariam Saeed Ghobash Director	Abdulaziz Abdulla Alhajri Director

* H.E. Alsuwaidi stepped down from his role as a Board member effective from January 1st, 2024.

A new board was elected on 27 March 2024 at the Annual General Assembly. The new Board includes the following seven members:

- ▶ H.E. Dr. Sultan Ahmed Al Jaber (Chairman)
- ▶ H.E. Ahmed Jasim AlZaabi (Deputy Chairman)
- ▶ Mr. Khaled Salmeen (Director)
- ▶ Mr. Khaled Al Zaabi (Director)
- ▶ Mr. Marwan Naim Nijmeh (Director)
- ▶ Ms. Paula Disberry (Director)
- ▶ Mr. Saif Al Falahi (Director)

BOARD REVIEW

Our Nomination and Remuneration Committee assists the Board of Directors in discharging its responsibilities relating to the composition and make-up of the Board of Directors and any committees of the Board of Directors. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure, and composition of the Board of

Directors and committees of the Board of Directors and, in particular, for monitoring the independent status of the independent non-executive directors. It is also responsible for periodically reviewing the Board of Directors' structure and identifying potential candidates to be appointed as directors or committee members as the need may arise.

In 2023, the Board of Directors conducted the evaluation of its performance, and the performance of its members and committees, for the year 2022, led by the Nomination & Remuneration Committee Chairwoman, Ms. Mariam Ghobash. For the year 2023, the annual evaluation process is being performed by an independent professional party, in accordance with SCA's Corporate Governance Rules.

BOARD DIVERSITY

As part of its continued efforts to empower women and amplify their role on the board, ADNOC Distribution has a target of have at least one female in the Board of Directors.

Ms. Ghobash held the position of Chairperson for the Nomination and Remuneration Committee and is also a member of the Executive Committee. During 2023, Ms. Ghobash was the only female member of the Company's Board of Directors, which complies with the requirements of SCA's Corporate Governance Rules.

currently the only female member of the Company's Board.

In case of any Board vacancies, ADNOC Distribution will proactively pursue qualified female candidates, while simultaneously considering all eligible applicants regardless of their gender. We acknowledge that the authority to appoint directors fundamentally lies with the shareholders of ADNOC Distribution.

Ms. Mariam Saeed Ghobash was appointed to the Board of Directors on March 16, 2021. Her membership in the Board continued until March 27, 2024 as a new Board was elected by shareholders at the General Assembly Meeting. Beyond her role in the Board,

On March 27, 2024, the shareholders appointed a new Board of Directors, including Ms. Paula Disberry, who is

DIRECTOR'S REMUNERATION

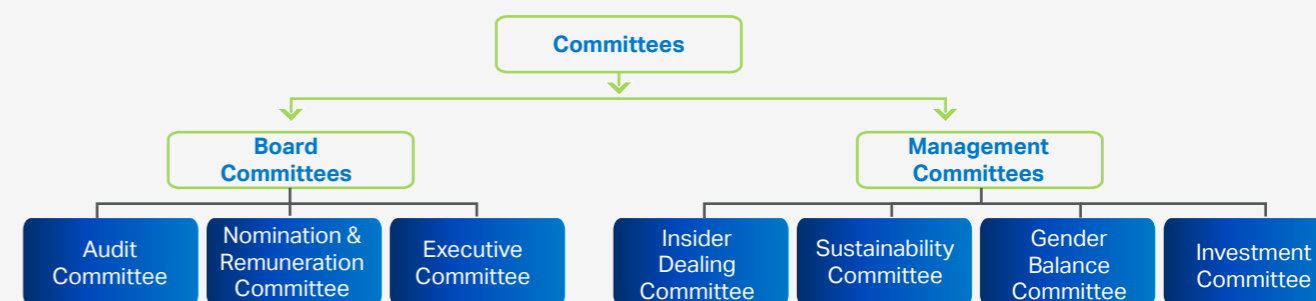
In 2023, our shareholders approved a total remuneration of AED 23.55 million which was paid to the members of our Board of Directors for 2022.

It is proposed that the remuneration for the Board of Directors for 2023, to be paid in 2024, is a total of AED 25.56 million plus any applicable VAT. This proposal was approved by our shareholders at our annual General Assembly meeting that was held in March 2024.



COMMITTEES

To facilitate the Board in its responsibilities, it has formed a set of committees which include: the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. In addition, the Company has corporate-level Committees such as the Insider Dealing Committee, the Sustainability Committee, Gender Balance Committee and the Investment Committee.



Audit Committee (Board Committee)

Assists the Board of Directors in discharging its responsibilities concerning financial reporting, external and internal audits, and internal controls.

Nomination and Remuneration Committee (Board Committee)

This committee is tasked with determining the balance of skills, knowledge, and experience, and managing the structure, composition, and performance of the Board of Directors and its committees.

Executive Committee (Board Committee)

The committee is in charge of the Enterprise Risk Management (ERM) and holds supervisory duties over the Sustainability Strategy and Plan for the Board.

Insider Dealing Committee (Management Committee)

The Insider Dealing Committee ensures adherence to the Insider Dealing Policy and Share Dealing Code across all business activities and operations.

Sustainability Committee (Management Committee)

The Sustainability Committee oversees and monitors the management of ESG topics, climate mitigation, and climate adaptation, including the management of climate-related risks and opportunities relevant to ADNOC Distribution. Additionally, the committee assists the CEO by developing recommendations on activities and policies regarding ESG practices and initiatives.

Investment Committee (Management Committee)

The Investment Committee reviews, evaluates and advises on investment proposal which helps to enhance and sustain value for ADNOC Distribution.

ADNOC DISTRIBUTION'S INTEGRATED MANAGEMENT SYSTEM (IMS)

ADNOC Distribution is dedicated to achieving the highest standards in operations. In 2023, the Company improved its operational efficiency by implementing an Integrated Management System (IMS) and obtained 6 International Organization of Standards (ISO) certifications. These certifications encompass areas such as environmental management, data collection for maintenance, business continuity management, occupational health and safety management, energy management, and asset management. The implementation of the Integrated Management System (IMS) is a Company-wide project at ADNOC

Distribution, focusing on all functional processes within the Company as well as complying with the following set of ISO Standards:

- ▶ Environmental Management (ISO 14001)
- ▶ Occupational Health and Safety (ISO 45001)
- ▶ Energy Management (ISO 50001)
- ▶ Business Continuity (ISO 22301)
- ▶ Asset Management (ISO 55000 and ISO 55001)
- ▶ Collection and Maintenance of Data (ISO 14224)

This project is designed to expedite the achievement of ADNOC Distribution's organizational goals, which are primarily oriented towards customer excellence, increased employee engagement, and enhanced operational efficiency. Other ISO Certificates obtained by ADNOC Distribution in 2023 include:

- ▶ Information Security Management Systems (ISMS (ISO 27001)
- ▶ Quality Management Systems (ISO 9001:2015)
- ▶ Building Information Modelling – BIM (ISO 19650)

GOVERNANCE ON ESG

Decisions regarding the management of ESG issues throughout the supply chain are delegated to ADNOC Distribution's Board of Directors, the highest authoritative body within the organization. The Board approves the Company's sustainability strategy and oversees its enactment to ensure its alignment with local, national, regional, and global regulative directives.

At the corporate level, ADNOC Distribution has formed a Sustainability Committee comprising of members

from the Executive Management, designed to facilitate the deployment of sustainability initiatives. This committee, which meets monthly or as necessary, collaborates with various business units to ensure that the organization-wide understanding and support for the Sustainability Strategy Framework and its different initiatives are in place. More information regarding the Sustainability Committee can be found in the 'Governance of the Framework' section of this report.

Moreover, in 2023, the role of a new Chief Strategy, Transformation, and Sustainability Officer was inaugurated, who is given the mandate to lead and supervise the execution of the sustainability initiatives and cultivate a sustainability-centered culture.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

Corporate Governance Policy

Corporate Governance Policy provides clear guidelines on the following:

- ▶ The Company's corporate governance framework and its interaction with various stakeholders.
- ▶ The powers and decision-making procedures within the business and among its stakeholders.
- ▶ The duties and obligations of the Company's corporate governance function.

Understanding Business Ethics and Code of Conduct

Our Code of Conduct embodies ADNOC Distribution's dedication to adhering to both ethical and legal standards in all its operations. Every employee and group across the organization are provided awareness and training on ADNOC Distribution's Code of conduct, under which Integrity Due Diligence is also a key subject matter. Our Code of Conduct intends to set out the following:

- ▶ Establishes the minimum standard of behavior expected from everyone associated with or representing ADNOC Distribution.
- ▶ Offers a range of guidelines and standards specifically formulated to guarantee that our business operations uphold our core values and maintain ethical practices.

The Internal Audit department carries out audits across all operational areas within the organization, adhering to ADNOC Distribution's code of conduct.

Regular training sessions on the Code are conducted by the organization for its stakeholders. It is mandatory for all employees and suppliers to abide by the Code of Conduct, and they are required to affirm their adherence to it on a yearly basis.

In 2023, 100% of ADNOC Distribution's staff have received the Code of Conduct training. This training covers topics on Anti-Bribery and Corruption, Gifts and Entertainments, Conflicts of Interest and other topics.

GOVERNANCE DRIVEN BY CORE VALUES

Five core values drive the Group's governance framework:



WE ARE RESPONSIBLE

- ▶ Corporate Governance Policy
- ▶ Code of Conduct
- ▶ Gifts and Entertainment Policy
- ▶ Anti-Bribery/ Anti-Corruption Policy
- ▶ Energy Policy



WE ARE RESPECTFUL

- ▶ Business Ethics Policy & Processes
- ▶ Non-Discrimination
- ▶ Human Rights Policy Statement
- ▶ Related Party Transactions Policy
- ▶ Data Privacy Policy and Systems



WE ARE PROGRESSIVE

- ▶ Incentives and Compensation
- ▶ Gender Diversity Policy
- ▶ Quality Policy Statement
- ▶ Assets Policy Statement



WE ARE COLLABORATIVE

- ▶ In-Country Value Program
- ▶ Dividend Policy
- ▶ Equity Overview
- ▶ Suppliers and Partner Code of Ethics



WE ARE EFFICIENT

- ▶ Compliance Investigations Policy
- ▶ Conflicts of Interest Policy
- ▶ Whistle-blowing Policy
- ▶ Insider Dealing Policy

GIFTS AND ENTERTAINMENT POLICY

As a component of ADNOC Distribution's ethical guidelines, the Gifts and Entertainment Policy represents a framework for overseeing the provision and receipt of gifts and entertainment within a business context. Anything of value provided or received within a business interaction can be classified under the gifts and entertainment policy. On the other hand, any gifts or entertainment given or received without legitimate business justification or alignment with ethical, cultural, or professional norms - such as cash or its equivalents that could distort judgment and compromise objectivity - is deemed inappropriate.

Legitimate gifts and entertainment can foster positive relations in business; however, accepting or offering improper gifts and entertainment can lead to a violation of the code of conduct and is unethical, thereby jeopardizing the organization's reputation. If non-compliance arises, all employees of ADNOC Distribution must immediately report the matter to their respective line managers, or to ethics and compliance representatives, or through the Takallam platform.

ANTI-BRIBERY AND CORRUPTION POLICY

We are devoted to conducting our business operations legally, ethically, and with utmost integrity, and we anticipate that all our employees and representatives will follow suit. In line with this commitment, we

adopt a strict zero-tolerance stance towards fraud, bribery, and any other forms of corruption. Our Anti-Bribery and Corruption Policy outlines our regulations to guarantee that none of our employees or representatives participate in such wrongful actions.

We provide training to internal and external stakeholders to ensure adherence to the Anti-Bribery and Corruption Policy.

In addition to the annual code of conduct training course, the Executive Leadership Team, Board members and senior management have all received communication on anti-bribery and corruption policies. Specific training on gifts and entertainment and conflicts of interest were also delivered to our senior management who then cascaded the message to their various divisions and teams.

ENERGY MANAGEMENT POLICY

ADNOC Distribution is concentrated on optimizing the value of our hydrocarbon resources for the welfare of our people, communities, and the nation. We aim to accomplish this through our dedication to utilizing energy in the most efficient, cost-effective, and environmentally considerate manner achievable.

The culture at ADNOC Distribution highly values energy efficiency. The four essential pillars of our growth - People, Performance, Profitability, and Efficiency, constitute the heart of our Energy Policy, which further elaborates on the Company's Energy Management plan.

The philosophy of "efficient energy management" is transferable across various industries. It aids us in fulfilling our objectives of maximizing profitability, strengthening our market standing, and providing the highest quality services to our customers. Our dedication to our employees, the environment, and the communities where we operate is enhanced by our initiatives to reduce energy consumption.

NON-DISCRIMINATION

ADNOC Distribution upholds a strict zero-tolerance policy for any exhibition of discrimination or harassment in the workspace, endorsing and maintaining a fundamental principle of discrimination throughout its business operations and services. This principle encompasses all stakeholders, including employees, clients, and suppliers.

The guidelines of the Company on non-discrimination, reflected in its policies, processes, and activities, are driven by its ingrained value of 'WE ARE RESPECTFUL', focusing on fostering equality and endorsing diversity.



ZERO INCIDENTS

of discrimination reported in 2023

HUMAN RIGHTS POLICY STATEMENT

At ADNOC Distribution, we are committed to respecting human rights in line with the United Nations Global Compact on human rights, labor, environment and anti-corruption. Acting with integrity is essential to how we conduct our business, and complements our core company values of being Collaborative, Respectful, Responsible, Efficient and Progressive. These Values inspire the way we do business, inform our behavior and conduct and guide our decision-making. We expect our suppliers, contractors, business partners and other stakeholders to share our commitment to human rights and to adhere to our ADNOC Distribution Supplier and Partner Code of Ethics. We have an anonymous reporting system to raise integrity related concerns called Takallam (which means "to speak" in Arabic). Takallam is managed by an independent third party to ensure complete confidentiality and effective reporting within ADNOC Distribution. We review and update our human rights policy statement periodically and provide training and awareness programs for our employees and relevant stakeholders.



ZERO CASES

of human rights issues reported in 2023



TRAININGS

all employees received trainings on human rights principles in 2023

RELATED PARTY TRANSACTIONS POLICY

Our Related Party Transaction Policy is designed to ensure that:

- ▶ Transactions with related parties are conducted on arm's length terms
- ▶ The Board of Directors and senior management are aware of the steps required to approve transactions with related parties
- ▶ A legitimate business case is present and which supports the relevant related party transactions, including their arm's length nature.

In accordance with this policy, we may not enter into a related party transaction unless it has been approved by:

- ▶ Our Board of Directors, where the transaction's value does not exceed 5% of the value of our share capital; or
- ▶ Our shareholders at a General Assembly, where the transaction's value exceeds 5% of our share capital.

The foregoing requirements do not apply to transactions with ADNOC and with other ADNOC group companies.

However, as long as ADNOC owns more than 50% of our shares, we may not enter into transactions with ADNOC or other ADNOC group companies unless such transactions have been approved by our Board of Directors, including a majority of the independent members of the Board of Directors, subject to certain thresholds under our Delegation of Authority Matrix.

SUSTAINABILITY-RELATED COMPENSATION AND INCENTIVE SCHEMES

The Annual Performance Scorecard at ADNOC Distribution features ESG KPIs, including aspects like nationalization, reduction of greenhouse gas emissions, health and safety, and contribution to In-Country-Value. The variable compensation of the executive management is determined by the Remuneration Committee of the Company's Board of Directors, based on the score of the Performance Scorecard.



DATA PRIVACY POLICY AND SYSTEMS

ADNOC Distribution adheres to numerous policies and initiatives to handle issues related to data privacy and cybersecurity. The Company assertively maintains that its customers deserve transparency about how their information is collected, examined, and utilized responsibly.

The Company's Privacy Policy establishes the foundations upon which personal data is gathered or provided and assures it is processed with utmost protection, fairness, transparency, and lawfulness. The Company employs an Information Security Management System (ISMS) accredited with ISO 27001:2013 Information Security credentials and is committed to fulfilling the objectives of the UAE's Personal Data Protection Law.



ZERO

number of data privacy breaches in 2023

GENDER DIVERSITY POLICY

We are dedicated to encouraging gender diversity and equality throughout our organization and persistently strive to hire more women across all sectors of our business. We are also instigating various initiatives to foster career advancement for women throughout the Company. As a result, our Gender Diversity Policy has been developed to encompass both Board-level nominations and a comprehensive

approach to gender diversity within the Company. Moreover, we will continually monitor that our female employees receive all prerequisite training and developmental resources to realize their full potential, consistent with the high-performance standards we demand from all our employees, irrespective of their gender.

ADNOC Distribution aims to include at least one female member on the Board of Directors, a requirement for listed firms by SCA. This is part of a larger effort to empower Emirati women and enhance their representation in leadership roles.

QUALITY POLICY STATEMENT

ADNOC Distribution is dedicated to providing creative, value-added products and services for our clients. The Company prioritizes its core values: Progressive, Collaborative, Respectful, Responsible, and Efficient. It incorporates a culture of Quality, Health, Safety, Security, and Environmental responsibility. This is achieved through robust partnerships, innovation, and emphasis on high-performance and efficiency in an effort to optimize the utilization of energy resources.

ASSET INTEGRITY POLICY STATEMENT

ADNOC Distribution is committed to attaining and upholding the highest level of Asset Integrity and Maintenance Performance, complying with both local and international norms, to prevent any adverse events and satisfy business necessities.

DIVIDEND POLICY

Our Dividend Policy provides clear and transparent guidelines regarding the distribution of our profits to best serve the interests of both ADNOC Distribution and its shareholders.

The decision to disburse dividends takes into account: (a) the Company's cash management needs concerning operating expenses, interest expenses, and projected capital expenditures, and (b) market conditions, the current operating environment in our markets, and business outlook. Moreover, any levels or payments of dividends will be contingent upon future profits, the Company's business plan, and other factors—all subject to the Board of Directors' discretion and shareholder approval. As per our Articles of Association, the Company may distribute quarterly, semi-annual, and/or annual dividends to shareholders from the Company's operating profits and/or accumulated profits. Currently, the Company plans to distribute dividends twice each fiscal year—an initial interim payment in October and a second payment in April of the following year.

SUPPLIER AND PARTNER CODE OF ETHICS

In alignment with its commitment to uphold integrity in all its operations, ADNOC Distribution has established the Supplier and Partner Code of Ethics. The Code lays out fundamental rules and standards for conducting business with ADNOC Distribution in an ethical and compliant manner and outlines the minimum level of ethical business conduct we anticipate from

any supplier or partner. To gain more insight into ADNOC Distribution's procurement practices, please refer to the Procurement Practices section.

COMPLIANCE INVESTIGATIONS POLICY

Our dedication to conducting business with integrity entails probing into any allegations of ethical misconduct when necessary. Our Compliance Investigations Policy, along with its supplementary procedures, outlines our strategy for investigating alleged breaches of: (a) ethical business practices; (b) integrity in our dealings and agreements with third parties; and (c) pertinent laws, regulations, policies, and procedures related to ethical business practices and integrity. This policy mandates all our staff members to collaborate with all investigations fully and honestly and to abstain from certain activities that could possibly disrupt an investigation. ADNOC Distribution did not face any legal actions towards infringement of the Compliance Investigations Policy in 2023. The compliance systems are periodically reviewed by internal and external auditors.



ZERO CASES

of significant compliance issues reported in 2023



ZERO

recorded fines or non-monetary sanctions due to non-compliance with laws and/or regulations in 2023

CONFLICTS OF INTEREST POLICY

We understand that our employees, officers and directors will engage in legitimate social, financial and business activities outside the scope of their work for us.

Our Conflicts of Interest Policy sets forth our requirements for the avoidance and management of conflicts of interest that may arise as a result of these other activities, including the avoidance of situations that merely have the appearance of a conflict of interest. Under this policy, conflicts of interest must be promptly disclosed so that the appropriate course of action can be taken in order to protect ADNOC Distribution's interests.

WHISTLEBLOWING POLICY

Cultivating an open, truthful, and transparent environment reinstates our commitment to integrity.

Our Whistleblowing Policy urges our employees to voice their concerns regarding unethical conduct related to our business operations, by offering confidentiality protection and safeguarding well-intentioned whistleblowers from any backlash, even if their allegations turn out to be incorrect.

Employees can report any whistleblowing concerns through an anonymous reporting system called Takallam. Further details provided under Reporting Mechanism section.



INSIDER DEALING POLICY

The necessity for fair and transparent transactions in our securities is critically important to us, and we adopt a strict zero-tolerance approach towards any activities that hinder their complete execution.

Consequently, we have introduced the Insider Dealing Policy to clearly outline the duties and responsibilities of our employees, officers, and directors concerning dealings in our securities. As part of this policy, we have established an Insider Dealing Committee to supervise the continuous implementation of this policy.

ENTERPRISE RISK MANAGEMENT

Our aim is to safeguard and escalate value for our stakeholders through promoting a thorough culture of risk management and assessment across all operational sectors of the business.

The Enterprise Risk Management (ERM) program is a core component of our business operations, which targets the reduction of uncertainties arising from global affairs, new environmental realities, and unanticipated situations. We ensure fast-paced risk management actions to effectively handle both risks and promising opportunities.

ADNOC Distribution's ERM Policy aligns with both national and international industry best practices, while referencing the ISO 31000:2018 standard. Our ERM policy outlines the objectives aimed for through our risk management. It delineates the authority structure and the diverse roles and responsibilities of the Board of Directors, the audit committee, the management team, the ERM function, and the audit and assurance function.

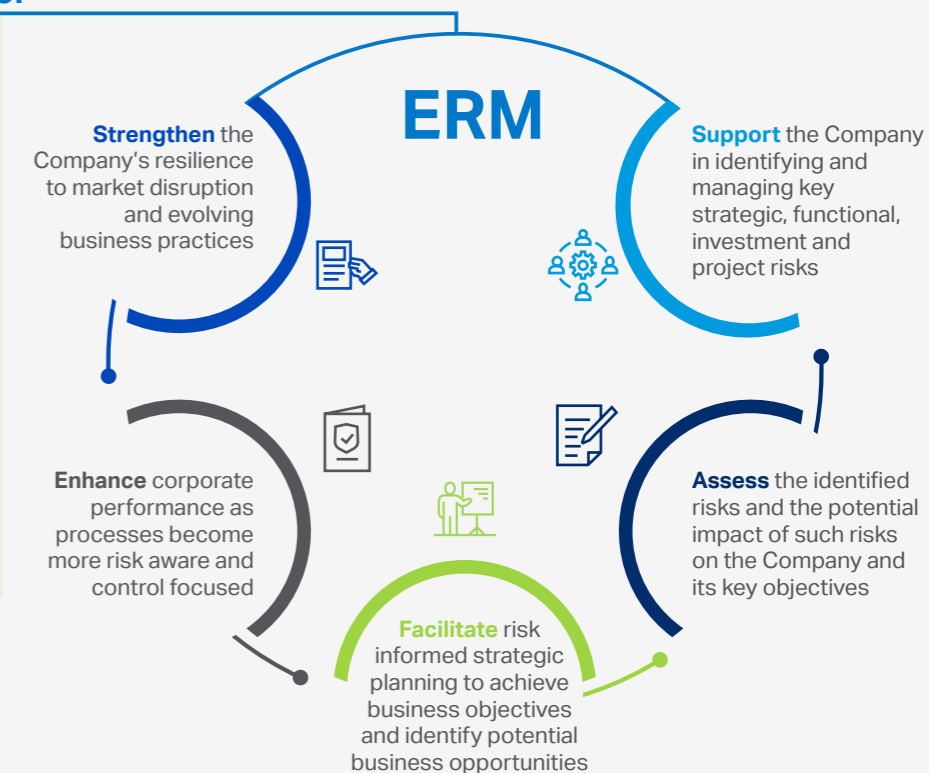
The Board of Directors plays a crucial role in the implementation of the Company's risk management objectives. They ensure transparency across all levels within the organization about the risk-management policies and processes. Part of their role is to supervise the risk-management system while identifying, administering, observing, and reporting on risk, while also holding the management team accountable for effective risk management. As part of our commitment to continuous learning and improvement, the Company organizes regular training and awareness sessions covering a variety of topics for the Board of Directors, with risk management among the key focus areas.

The Board also ensures that the risk management process is effective by monitoring potential threats using an objective-driven procedure for risk identification. Our corporate enterprise risk unit diligently compiles and presents comprehensive quarterly risk reports to both the Audit Committee and the Board of Directors. Risk management is incorporated into all decision-making processes. The Board makes sure that substantial business risks are recognized, gauged, and navigated to appropriate levels as per the risk tolerance and appetite.

The objective of ERM is to:

In 2023, the ERM carried out risk evaluations for various departments within the Company. The results of these assessments were documented in risk registers that detailed identified risks, controlling measures, risk rating, and action plans for risk mitigation.

These risk-reducing strategies are constantly evaluated and reviewed with individual departments each month, enabling us to monitor advances made and confirm successful implementation.



UNDERSTANDING RISKS AND THE ERM PROCESS

ADNOC Distribution's ERM process has been established in accordance with ISO 31000, which describes risk as the influence of uncertainty on defined objectives. It underlines that this effect could be a deviation from anticipation, leading to either positive or negative outcomes, or sometimes both. This can manage, originate, or lead to opportunities and threats. Additionally, risk is usually expressed in terms of risk sources, potential events, causes and consequences.



Hazard Risks

Hazard Risks pertain to future events that will exclusively result in negative outcomes and therefore must be eliminated. These types of risks are managed by the Health Safety Environment Division.



Uncertainty Risks

Uncertainty Risks arise from unpredictable future events that may hinder the attainment of short-term and long-term goals for businesses and their support units. The objective is to control or eliminate these risks, which are typically addressed by all relevant divisions within the organization.



Opportunity Risks

Opportunity Risks pertain to forthcoming events that have the potential to facilitate goal achievement and should be optimized accordingly. The management of opportunity risks is overseen by the Strategy, Investment, M&A, and Business Development units as part of their program.



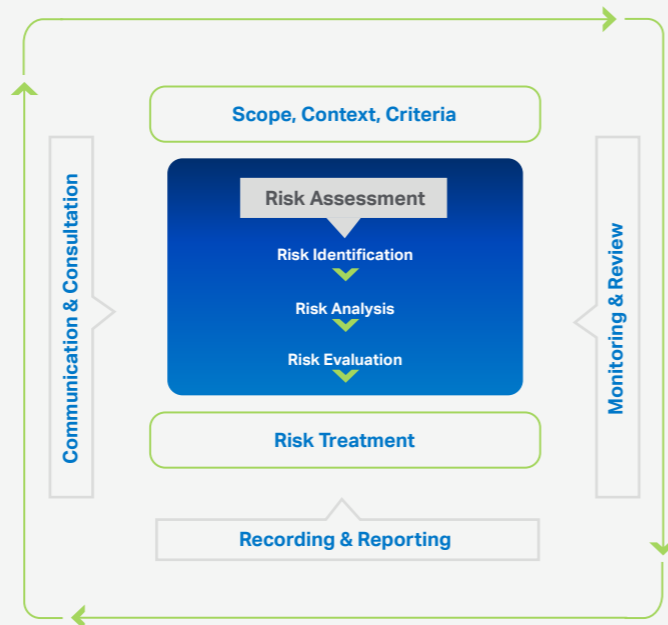
ERM PROCESS

The ERM Process has six key sections that govern the management of enterprise risks in an organized manner.

All divisions are expected to adhere to these steps to comply with the ADNOC Distribution ERM Policy Framework.

To better understand and manage key risks involved in achieving both short and long-term business plans, the ERM Risk Register is to be linked with the business planning cycle, and KPI's.

To facilitate the process, the ERM Policy Framework is backed by an ERM Toolkit. This kit comprises all the relevant templates to satisfy the necessary requirements.



At ADNOC Distribution, our Enterprise Risk Management (ERM) process is designed to effectively manage risks, setting the foundation for precise risk management across our operations. The process begins with establishing the scope, internal and external context, and risk criteria, which sets the stage for rigorous risk assessments. This foundational framework enables us to manage the potential influence of risks relevant to our organization, including ESG and climate risks.

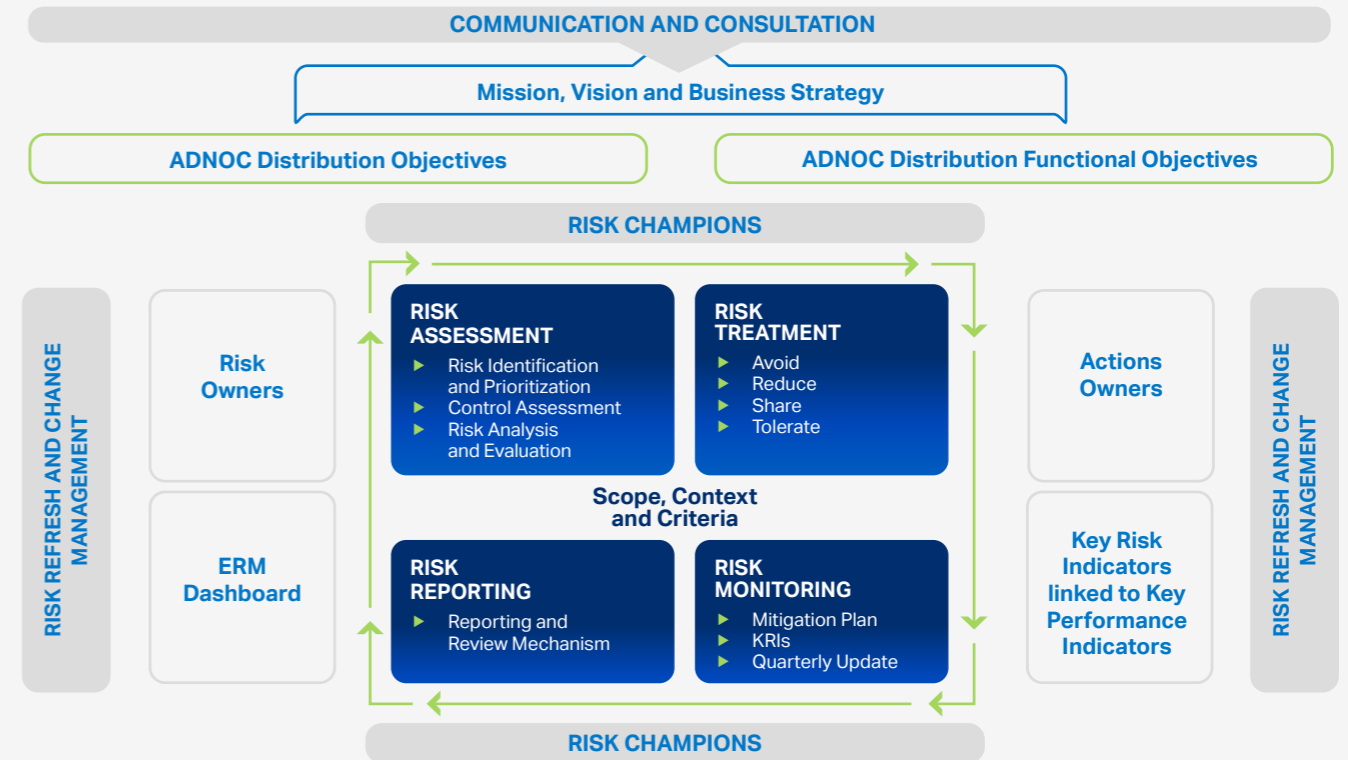
The ERM process commences with identifying and assessing risks, followed by evaluating their possible significant impacts on our business operations, considering short, medium, and long-term contexts. Each regulation or incident, including those related to ESG and climate risks, is meticulously examined, considering its potential impact, likelihood of occurrence, and uncertainties and risk sources.

For ESG and climate risks, we have established a comprehensive risk identification process that includes ESG and climate-related risks. This enables us to identify potential threats and opportunities arising from ESG factors and assess their impact on our operations, financial performance, and reputation. We have integrated ESG and climate risk assessment into our risk assessment process, which involves evaluating the likelihood and potential impact of ESG-related risks.

Upon completion of the required risk assessments, risks are analyzed, evaluated, and prioritized. ADNOC Distribution implements appropriate responses to mitigate risks, considering the associated costs. The risk responses are categorized into four categories: risk treatment, transfer, tolerance, and termination. After consultation and verification by risk owners, these responses are incorporated into the ERM system.

Communication and consultation are key priorities in ADNOC Distribution's risk management practice. We are committed to keeping stakeholders informed of our risk drivers, including potential impacts on our personnel, community, business partners, and the environment, thereby ensuring efficient and sustainable management of our operations. This is particularly important for ESG and climate risks, where stakeholder engagement and transparency are critical for long-term sustainable value.

Incorporating ESG and climate risk considerations into our ERM process enables us to identify, assess, and manage these risks more effectively, ensuring long-term sustainability and value creation for all our stakeholders. We remain committed to continuously improving our ERM process and will continue to prioritize ESG and climate risk management in our strategic planning and decision-making.



ERM IMPROVEMENT PLAN 2023-2024

In 2023, ADNOC Distribution conducted a Maturity Assessment for its ERM and developed the ERM Improvement Plan 2023.

Q1-Q3 2023	Q4 2023	Q1 2024	Q1-Q4 2024	2025-26
OPERATIONAL ENGAGEMENT	ERM INITIATIVES	INTERNATIONAL BUSINESS ENGAGEMENT	ERM INITIATIVES	CONTINUOUS IMPROVEMENT
ACTION				
<p>Bottom-up approach to extend the coverage to Business Units & Divisions. Risk Workshops were conducted for business units</p>	<p>Key Risk Indicators (KRI) were drafted and submitted to EMT</p> <p>KRI and opportunity assessment framework has been drafted</p> <p>ERM Maturity assessment was conducted</p> <p>Risk assessments were conducted for various business groups</p>	<p>Risk assessments were conducted for KSA, Egypt and other business groups</p> <p>Prepare the use case for KRI and opportunity assessment framework</p>	<p>Risk awareness workshop with EMT and key business functions to identify emerging risks</p> <p>Risk Workshops will be conducted for CIO, CEO and CBS Group</p> <p>Risk Maturity assessment and risk culture survey</p>	<p>Monitor and improve ERM effectiveness across ADNOC Distribution & Update ERM System</p> <p>Implementation of risk quantification tool</p>

ERM GOVERNANCE

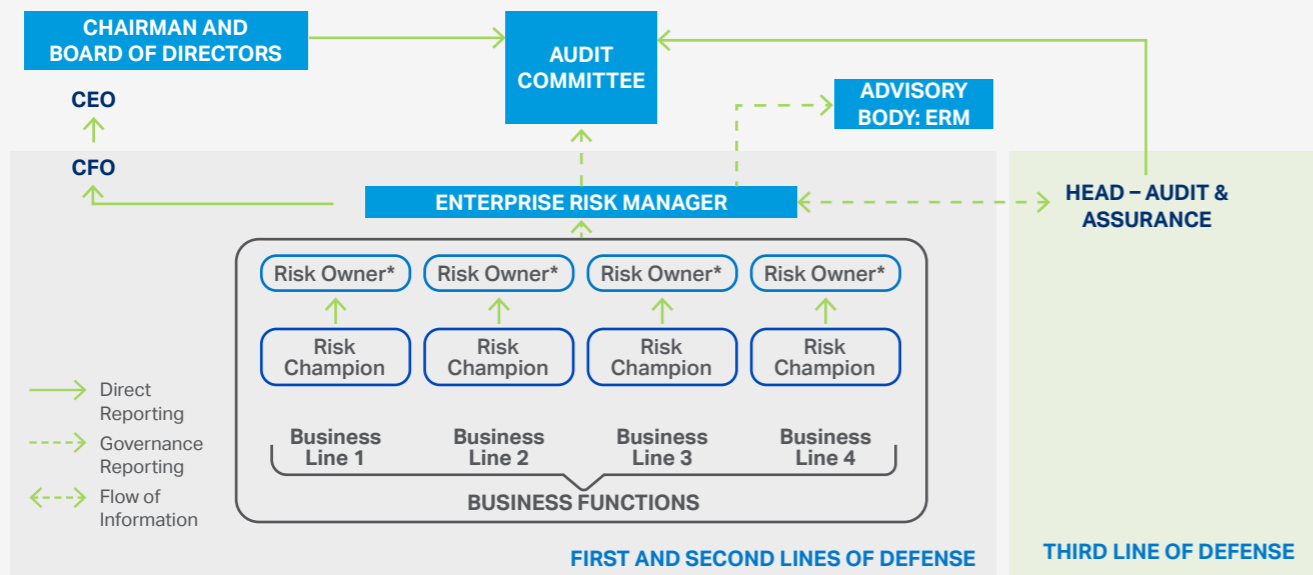
The primary aim of ADNOC Distribution's enterprise risk management and governance procedures is to foster sustainable growth and enhance business performance. Our focus is on improving decision-making, strategic planning, and mitigating highest priority risk areas, all aimed at increasing shareholder value. In this context, we have instituted an Enterprise Risk Management Governance Structure, clearly outlining roles and responsibilities. The scope, the internal and external context, along with the risk criteria, set up the primary groundwork within which the Company manages risk. An essential component of our effective risk management practices is communication and consultation. Sharing risk information with stakeholders upholds trust and develops a shared understanding of the Company's risks and uncertainties.

The ERM governance structure includes the following:



Roles and Responsibilities

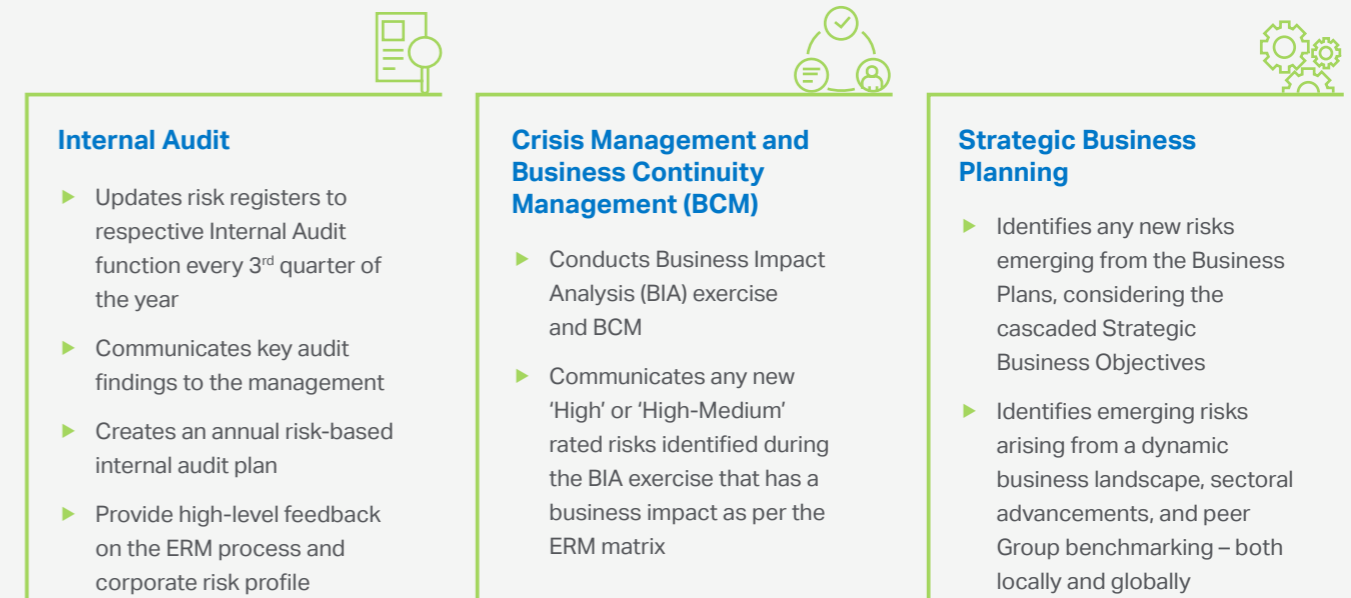
The Enterprise Risk Management (ERM) structure includes the Board of Directors, the Audit Committee, the Chief Executive Officer (CEO), the Executive Leadership Team (ELT), the Enterprise Risk Management Team, the Audit and Assurance Function, along with ERM Champions.



*Risk Owners can be identified as Department Heads

The responsibilities and roles of various business units are integrated across all operational hierarchies to ensure risk assessment is linked with the process of managerial decision-making. The ERM reporting structure contains elements like internal audit, crisis management, business continuity management, and strategic business planning.

ERM REPORTING STRUCTURE



CLIMATE, EMISSIONS, AND ENERGY

Understanding ADNOC Distribution's Environmental Impact and its Management.

Addressing the environmental implications of operations is integral to ADNOC Distribution's commitment to sustainability. The company has set objectives aligned with its Sustainability Strategic Framework to advance environmental performance. A roadmap has been developed to decarbonize operations, aiming to minimize energy usage and emissions. This effort seeks to alleviate the company's contribution to climate change and adapt to the evolving clean energy landscape. Embracing a commitment to sustainability, ADNOC Distribution is actively pursuing a transition to a sustainable energy mix for its vehicle fleet and integrating renewable energy into its service stations.

Efforts to embrace sustainability have become increasingly important worldwide. ADNOC Distribution, as a leading fuel and convenience retailer in the UAE, aims to reduce its environmental footprint through responsible practices. The company is committed to leveraging its unique position to support the UAE's endeavors in tackling climate change, with a focus on reducing carbon intensity by 25% by 2030 and charting a course towards Net Zero by 2045.

ADNOC Distribution's sustainability commitments are reinforced by strategic financial decisions, as evidenced by the recent announcement during Abu Dhabi Sustainability Week that the company converted a \$1.5 billion term loan into a Sustainability Linked Loan (SLL), showcasing its dedication to sustainable finance and environmental stewardship. This action aligns the Company's

financial objectives with its Corporate Sustainability Strategy, ensuring resilience and delivering shareholder value. ADNOC Distribution, a prominent fuel and convenience retailer in the UAE, aims to reduce its environmental footprint and support the country's efforts in addressing climate change. By aligning with ADNOC Group's 2030 Sustainability Strategy, the company enhances its overall Environmental, Social, and Governance (ESG) performance, positioning itself as an industry leader in sustainability and responsible corporate governance. ADNOC Distribution's active participation in sustainability events highlights its leadership and proactive approach in integrating sustainability into its operations and financial strategies through innovative instruments like Sustainability Linked Loans (SLLs).



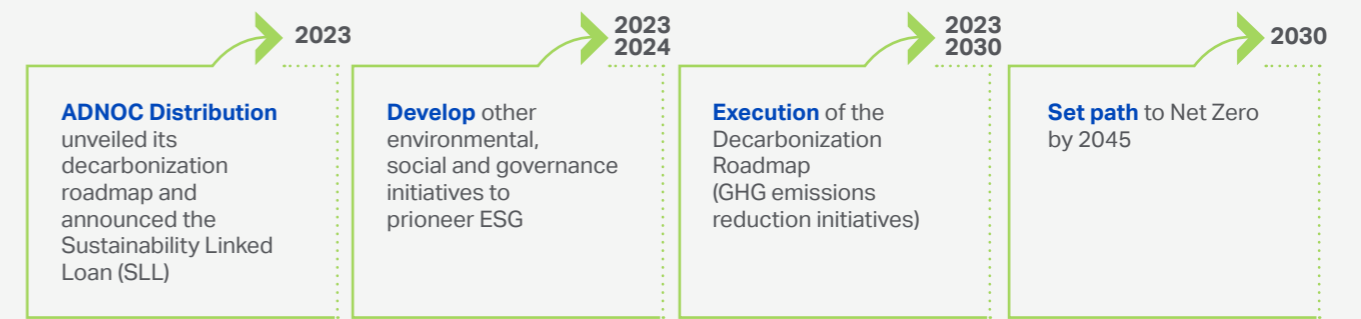
Our contribution to UN SDGs



ADNOC DISTRIBUTION'S SUSTAINABILITY JOURNEY TO NET ZERO

Key milestones and announcements

ADNOC DISTRIBUTION'S COMPREHENSIVE SUSTAINABILITY GOALS CONTRIBUTE TO THE UAE'S STRATEGIC VISION AND ADNOC GROUP'S LONG-STANDING COMMITMENT TO ENVIRONMENTAL AND SOCIAL STEWARDSHIP.



DECARBONIZATION ROADMAP

ADNOC DISTRIBUTION TO ACHIEVE A 25% REDUCTION IN SCOPE 1 AND 2 EMISSIONS INTENSITY (PER SITE) FROM THE BASELINE YEAR 2021 THROUGH ENERGY EFFICIENCY AND CLEANER FUELS INITIATIVES

Scope 1: Clean Mobility

- BIOFUEL**
Incorporate biofuels into the vehicles in ADNOC Distribution's fleet
- VEHICLE FLEET MANAGEMENT**
Employ a system that provides real-time data on fleet activities (vehicle monitoring, route optimization) to boost fuel efficiency and streamline station refilling from the depot

Scope 2: Green Building

- PV SOLAR**
Deploy more solar panels on the rooftops of service stations to minimize electricity usage from the grid
- ENERGY INTENSITY OPTIMIZATION**
Identify Energy Conservation Opportunities (ECOs) at the Company's facilities and retrofit existing building services to reduce the overall energy consumption of ADNOC Distribution facilities. And for future developments - to optimize energy use through energy efficient systems and optimized building designs

ADNOC DISTRIBUTION IS THE FIRST UAE FUEL RETAILER TO TAP INTO A SUSTAINABILITY-LINKED LOAN.

ADNOC Distribution received a favorable second party opinion about its commitments towards Sustainability Targets and successfully transitioned its five-year term loan of \$1.5 billion into a Sustainability-Linked Loan (SLL). Recognized for its ambitious targets, ADNOC Distribution aims to accomplish these through the following Key Performance Indicators (KPIs):

KPI 1

Reduction of GHG emission intensity per site
(computed as Scope 1 and 2 (tones CO₂e) divided by the number of sites)

KPI 2

Utilization of renewable energy sources for the Company's own consumption
(measured as MWh consumption per year)



ADNOC DISTRIBUTION'S SUSTAINABILITY STRATEGY IS ALIGNED WITH ACCELERATE 100X

In synchronization with the ADNOC Group, ADNOC Distribution is adopting a 100X mindset that encourages its employees to embrace disruptive thinking, bolster growth, and future-proof its business amid the ongoing energy transition.

"Accelerate 100X" represents the next stage of ADNOC's evolution into a dependable and sustainable energy leader in a changing global energy landscape. At ADNOC Distribution, efforts will be made to speed up the ideation and implementation of solutions for a low-carbon energy system, and to push for decarbonization across its portfolio. This will enable the Company to continue contributing to the economic growth and prosperity of the nation in the coming decades.

Transforming ADNOC Distribution towards a common sustainable future creates Higher Shareholder Value.



Accelerate business growth and ADNOC Distribution business, both domestic and international, to generate higher profits



Drive decarbonization of our assets
Reduce our carbon emissions intensity by 25% by 2030
Champion sustainability with a low-carbon footprint through the robust execution of our sustainability strategy



Become a leader in EV mobility in the UAE
Pioneer hydrogen and promote low carbon fuels such as CNG and bio-diesel
Expand sustainable finished lubricants such as ADNOC Distribution Green lubricant



Implement digitized operating models
Drive Artificial Intelligence enabled value creation and monetization
Provide superior customer experience and position ADNOC Distribution as a destination of choice in the fuel and convenience retail industry



EMISSIONS

In line with the national, regional, and global climate change strategies, including the UAE's Net Zero initiative and the UAE's National Climate Change Plan 2017–2050, ADNOC Distribution remains committed to minimizing greenhouse gas (GHG) emissions throughout its operations and services.

Our Ambitions

The Company has designed a decarbonization roadmap, indicating its commitment to Sustainable Growth. The roadmap targets a 25% decrease in the intensity of Scope 1 and Scope 2 emissions by 2030, with targets set to be attained through energy efficiency measures and the use of cleaner fuels.

ADNOC Distribution has successfully exceeded its 2023 target 153,500 tCO₂e for GHG emissions, by achieving 148,600.75 tCO₂e in (Scope 1 and Scope 2), leading to a reduction of 6% in total absolute GHG emissions compared to 2022, despite network expansion.

Clean mobility is the primary focus to handle Scope 1 emissions, with measures like infusing biofuels into the ADNOC Distribution vehicle fleet. In 2023, several highlights illustrate the progress made, such as, converting the entire ADNOC Distribution owned fleet of heavy trucks to biofuel, fleet management and optimization of light vehicles, as well as an ongoing installation of rooftop solar panels on service stations.

For 2024, ADNOC Distribution's objectives include setting up CNG service stations and conversion centers, estimating and verifying

baseline emissions, among others. Further, the Company aims to optimize station refilling from the depot and monitor and track the vehicle fleet to improve fuel efficiency. Additionally, ADNOC Distribution aims to reduce Scope 2 emissions by employing Green Building initiatives such as installing solar panels on gas station roofs to reduce grid electricity, identifying energy conservation opportunities at facilities, and retrofitting existing building services.



EMISSIONS BASELINE AND VERIFICATION

We aim to carry out verification of our GHG emissions in line with leading assurance standards

Objective Enhance confidence of GHG data and ensure targets and KPIs are SMART.

ADNOC Distribution engaged with an external consultant to establish and assure the baseline of Company's decarbonization roadmap (Year 2021) and the calculation methodology

LOW CARBON ELECTRICITY

We plan to increase contribution of decarbonized electricity (from the grid and or from its own renewable energy sources) where applicable and feasible.

Objective Achieve carbon footprint objectives and targets, contribute to decarbonization agenda.

ENVIRONMENTAL REPORTING AND MONITORING

We will refresh our reporting and monitoring systems to track environmental KPIs in alignment with best practices.

Objective To support delivery of objectives as defined under sustainability strategic framework.

Managing Emissions at ADNOC Distribution

To manage greenhouse gas (GHG) emissions effectively, ADNOC Distribution launched a range of strategic, tactical, and operational initiatives and projects throughout 2023, in compliance with all applicable legal and regulatory standards and best practices. This included conducting Health Safety and Environmental Impact Assessment (HSEIA) studies and the Environmental Impact Identification (ENVID) to forecast potential environmental impacts and taking precautionary measures if the predicted impact exceeds regulatory limits.

ADNOC Distribution has created a detailed decarbonization roadmap that forms the foundation of all its policies, objectives, procedures, and initiatives to cut carbon emissions. The Company is focusing on Scope 1 and 2 emissions, implementing a new energy mix to boost growth, reducing carbon intensity and meeting people's energy needs through innovative approaches.

Through developing decarbonization roadmap, ADNOC Distribution recognizes their importance and plans to measure these emissions in future years. The Company is also focused on joining efforts with its customers to reduce carbon intensity as a shared goal. At ADNOC Distribution, we believe that the future of mobility demands a variety of technologies, artificial intelligence and the Company is dedicated to driving a feasible market strategy.

To assure stakeholders about the accuracy, completeness, and reliability of its Scope 1 and Scope 2 data on operational energy consumption and emissions, ADNOC Distribution implemented a verified methodology for its 2021 energy and emissions data through an external independent consultant.

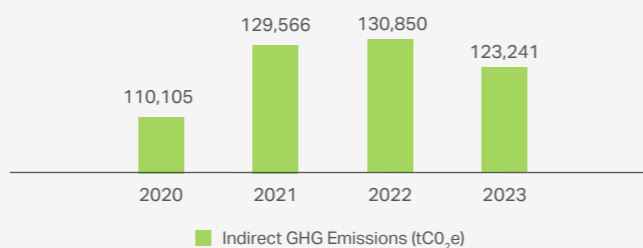
To ensure its GHG emissions follow global leading practices, ADNOC Distribution utilizes the US Environmental Protection Agency (EPA) GHG emissions calculator and the relevant grid emission factor for Scope 2 emissions from Environment Agency Abu Dhabi (EAD) and the Abu Dhabi Distribution Company. For fugitive emissions of volatile organic compounds (VOCs), it uses estimation factors from Australia's National Pollutant Inventory.

In 2023, ADNOC Distribution saw a 7% decrease in total direct emissions, or Scope 1 emissions, compared to the preceding year. This significant reduction was largely due to the strategic

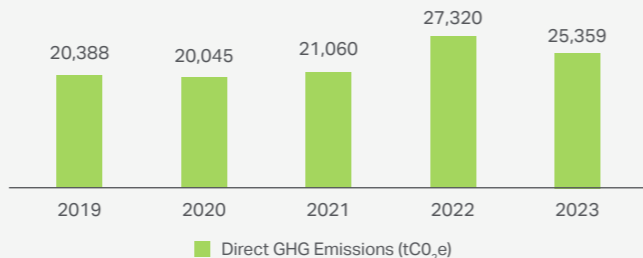
implementation of biofuels across all of ADNOC Distribution's heavy vehicle fleet and optimal usage of pool cars. ADNOC Distribution is committed to and continually develops and introduces initiatives aimed at reducing emissions from its direct fuel consumption and operations.

As for Scope 2 or indirect emissions, which account for approximately 83% of ADNOC Distribution's total emissions from Scope 1 and 2, there was a decrease of 6% compared to 2022. This decline in emissions was attributed to factors such as the implementation of energy intensity optimization at service stations and usage of renewable energy.

Indirect GHG Emissions



Direct GHG Emissions



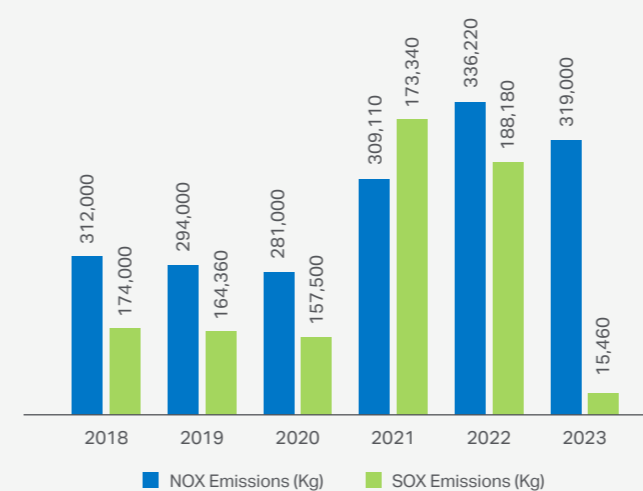
Since 2019, ADNOC Distribution has consistently reduced its emissions intensity ratio (per Million AED of revenue), achieving 4.29 tCO₂e/Million AED in 2023. This represents a 12% decrease compared to 2022. This reduction is largely attributable to the reduction of its scope 1 and 2 emissions as a result of the Company's several initiatives to decarbonize its operations, combined with the circumstance of increased revenue experienced during the year 2023.

Emissions Intensity Ratio for the organization - Based on revenue



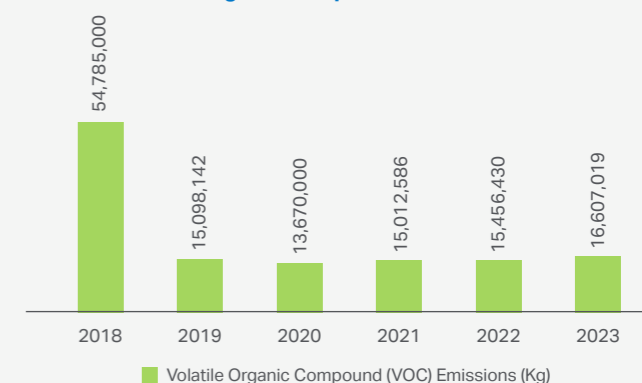
ADNOC Distribution's strong energy management system, alignment with international best practices, and adherence to relevant environmental regulations have continuously enabled it to manage its nitrogen oxide (NOx) and sulfur oxide (SOx) emissions effectively. In 2023, a significant decrease in NOx and SOx emissions was observed when compared to 2022. This notable decline in SOx values was primarily attributed to the substitution of traditional fuel with Bio-diesel in the Company's heavy vehicle fleet and accordingly, the change in calculation methodology for 2023 to reflect the specific sulphur content in fuel of 10 ppm to reflect our local fuel specifications.

NOX and SOX Emissions



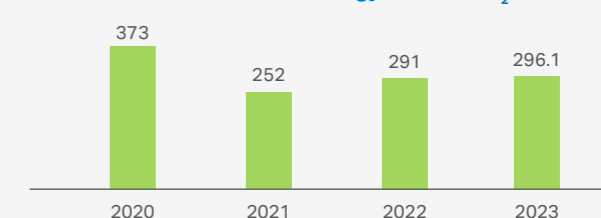
Despite a slight increase in the fugitive volatile organic compound (VOC) emissions in 2023 compared to 2022, it's essential to note that they were significantly lower than the 2018 levels. The slight increase in reported VOCs in 2023 compared to 2022 attributed to the expansion of the Company's network.

Volatile Organic Compound (VOC) Emissions



ADNOC Distribution adamantly avoids using chlorofluorocarbons (CFCs) or any other compounds that could potentially deplete the ozone layer (ODS).

GHG Emissions reduced as a result of solar/renewable energy (tonnes CO2e)



One of the Company's noteworthy projects includes the installation of rooftop solar panels. The Photovoltaic (PV) panels placed on the rooftops of five service stations led to a reduction of 296.1 tons of CO₂e in total GHG emissions in 2023. As part of its commitment to decarbonization, ADNOC Distribution plans to continue the installation of more solar panels at its stations throughout 2023 and beyond. This initiative aims to promote the use of clean energy and contribute to reducing emissions further.

Reducing Emissions

Case Study/ Initiatives

IVMS: INFORMATION VEHICLE MANAGEMENT SYSTEM: DRIVERS' BEHAVIOR MONITORING

ADNOC Distribution utilizes a system that continuously monitors driver behaviors, both live and offline, analyzing the data on a daily, weekly and monthly basis. Certain parameters, such as Harsh Braking (HB) and Harsh Acceleration (HA), significantly contribute to increased emissions. By implementing effective monitoring strategies and regular coaching, the Company was able to achieve a 71% overall reduction in HA and HB violations in 2023, compared to 2022 data, for its fleet of heavy-duty vehicles.



CLIMATE AND MITIGATING CLIMATE RISKS

ADNOC Distribution incorporates considerations of climate change-related threats into the formulation of its strategic objectives and mitigation measures.

These strategies are aimed at capitalizing on opportunities presented by the shift to a low-carbon energy future, enhancing business resilience, and investing in R&D projects to discover greener fuel sources and promote decarbonization strategies.

ADNOC Distribution is committed to actively supporting energy transition and mitigating climate risks. In 2023, ADNOC Distribution invested AED 61 million capital expenditures (CAPEX) and AED 22 million operating expenses (OPEX) in projects focusing on environmental management, risk mitigation, and infrastructure improvements.



Amount invested in AED

	2019	2020	2021	2022	2023
ENVIRONMENTAL ASSESSMENT AND AUDIT COST	2,123,572	910,303	385,800	128,060	1,571,476
ADNOC Distribution has applied its risk principles to understand the human and ecosystem health impacts of the Company's business operations through its HSEIA system					
WASTEWATER MANAGEMENT	704,533	704,533	3,000,000	3,000,000	2,270,796
Contractors have been instrumental in developing solutions and procedures for our wastewater management, meeting all legal obligations and industry best practices					
WASTE MANAGEMENT	2,394,000	4,357,574	4,622,199	4,622,199	4,690,482
Expenditure to support HSE obligations and compliance regulations governing the treatment of hazardous and non-hazardous waste					
VAPOUR RECOVERY	8,000,000	2,300,000	1,400,000	3,500,000	2,130,000
Investment in vapor recovery-related installations					

MANAGING ENERGY AT ADNOC DISTRIBUTION

ADNOC Distribution is strengthening its role as the UAE’s leading fuel and convenience retailer by developing increasingly efficient energy solutions and products. This facilitates the global transition to cleaner energy sources like solar PV technology, ultimately resulting in reduced energy intensity levels for the organization. The Company aligns its energy efficiency strategies, programs, initiatives and strategic energy management approach with all relevant national visions and strategies, like the UAE Energy Strategy 2050.

Energy Management

ADNOC Distribution encourages continual improvement in its energy performance by aligning its physical assets in line with international best practices and standards. An Energy Management System is maintained by ADNOC Distribution to ensure optimization of energy consumption in line with these requirements. The energy performance of the Company is overseen by the Sustainability committee chaired by the CEO and conducts auditing procedures, as well as an annual third-party validation process.

ADNOC Distribution employs its Energy Management System to control energy performance and its associated effects. The system identifies, manages and controls all potential risks and opportunities related to energy consumption.

The efficiency of the measures implemented in relation to energy management is monitored through the Company’s Energy Management System (EnMS), Key Performance Indicators (KPIs) related to energy consumption, and Energy Intensity KPI, which is reported and analyzed monthly.

Energy Policy and standards

ADNOC Distribution has implemented an energy policy which classifies its energy usage into two groups - Direct Energy and Indirect Energy. Direct Energy relates specifically to the Company’s transport, including fleet and pool vehicles, while Indirect Energy encompasses the electricity used from the main power supply grid. To ensure the Company keeps track of their energy usage, monitoring is conducted monthly. The Energy Management System is compliant with ISO 50001 standards.

OUR ENERGY ACHIEVEMENTS

Throughout 2023, ADNOC Distribution progressed its initiatives and strategies aimed at enhancing its energy performance. A key success in 2023 was the decrease in the Company’s indirect and total energy consumption between 2022 and 2023, by 2.5% and 2.8% respectively, despite network expansion.

This is attributable to the improved energy efficiency within the Company’s operations, services, and assets, through innovative energy optimization solutions and enhancing the energy efficiency of physical assets like smart metering and energy-demand side initiatives.

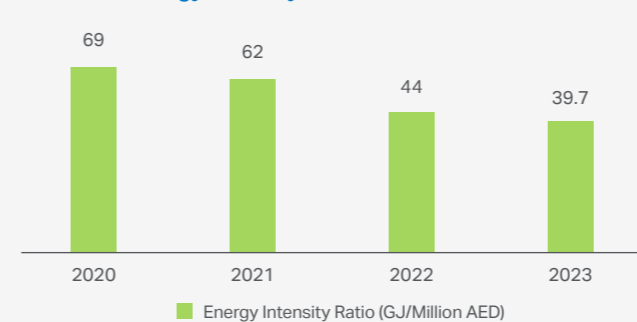
The Company further aimed to diversify its energy mix, increasing consumption of clean energy sources like solar power. ADNOC Distribution introduced tangible actions towards this objective. These measures included implementing Energy Intensity Optimization initiatives at primary electric power consumption points, as well as promoting renewable energy by installing solar panels across 26 locations in its network in Dubai during 2023 with a total installed capacity of 3.6 MW.

The concerted focus on energy diversification and higher efficiency levels was a key contributor to the reduction achieved in energy consumption in 2023. These efforts led to a reduction in carbon emissions saved through Energy Intensity Optimization.

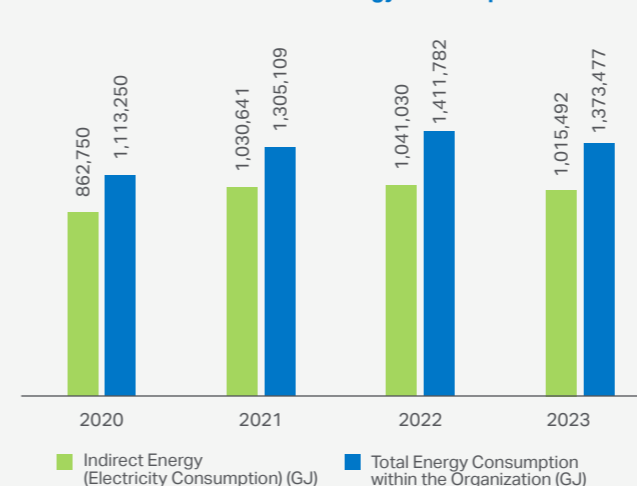
The Company has also made substantial strides in energy conservation, reducing consumption by 39,011 GJ, through the implementation of Energy Conservation Opportunities (ECOs) and retrofitting of existing buildings and facilities. Adherence to international standards is also evident by ADNOC Distribution’s successful transitioning to ISO 50001:2018 and the creation of an energy dashboard in the Company’s SAP OneERP system.

Looking forward, the Company remains committed to bringing in accuracy for Environmental Data collection and estimation methodologies to establish a solid baseline, particularly in terms of energy data.

Energy Intensity Ratio based on Revenue



Direct and Indirect Energy Consumption



Case Study/ Initiatives

Solar Energy Consumption

ADNOC Distribution increased its focus and financial

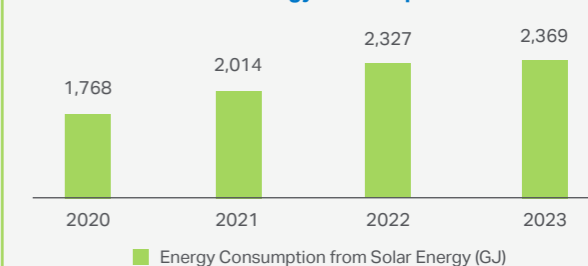


investment in green power in 2023. The Company saw a persistent rise in its energy supply from solar powered means, culminating in a total of 2,369 GJ. This was made possible by an increased number of solar PV panels across its service stations.

In 2023, ADNOC Distribution collaborated with Emerge to begin installing solar panels at its Dubai-based service stations. This step is part of a planned phase-out approach which aims to incorporate solar panels across all its UAE service locations.

By the end of 2023, 31 service stations were equipped with solar panels, 26 of them were installed that same year. Subsequently, the Company aims to deploy more solar panels to its stations in 2024 and subsequent years. This would further augment the Company’s green energy supply and contribute significantly towards emission reduction.

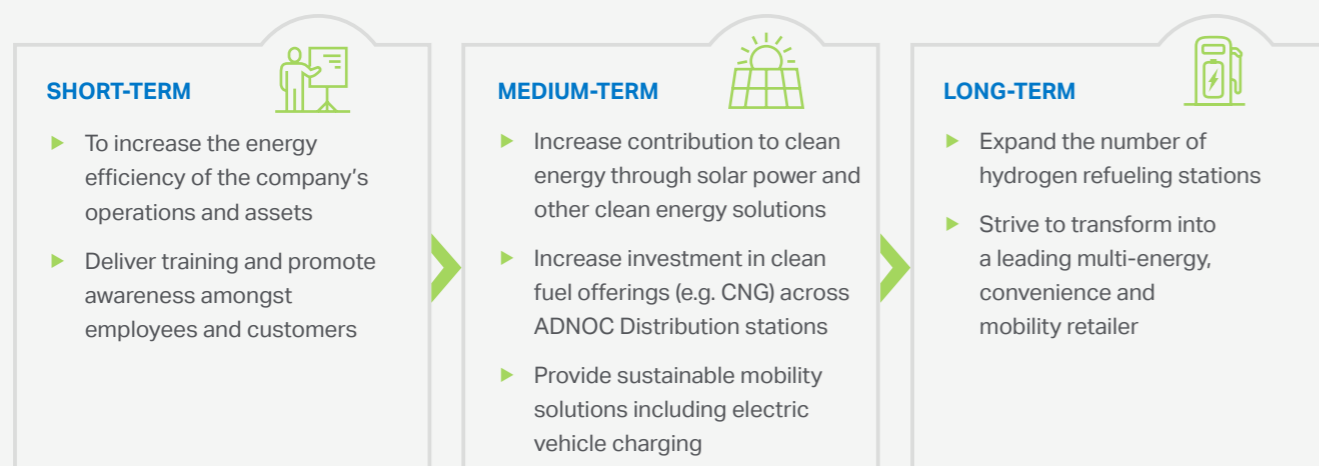
Solar Energy Consumption



COMMITMENT TO CLEAN ENERGY AND SUSTAINABLE MOBILITY

Thanks to ADNOC Distribution's increased emphasis on using affordable clean energy sources in its business operations, the use of solar energy for electricity has increased gradually over the past four years.

ADNOC Distribution has established short, medium, and long-term goals to effectively manage its commitments:



As part of its decarbonization roadmap, the Company has set several initiatives to optimize energy and increase its operations' share of renewable energy usage. They include solar power to reduce reliance on conventional energy sources and promote using clean energy. Such initiatives aim to achieve ADNOC Distribution's target of reducing its emissions intensity by 25% by 2030 and contribute to the broader local, national, and international goals, such as the UAE's Net Zero strategy. In this context, ADNOC Distribution has gradually increased its use of clean energy over the last four years through several initiatives - including installing solar PV panels at its service stations.

The Company is aiming to further integrate the utilization of renewable energy in its operations by installing more solar photovoltaic systems across its service stations. This would help to further decrease the Company's grid electricity usage and decrease carbon emissions. The Company's goal is to help raise the percentage of clean energy in the UAE's total energy mix from 25% to 50% by 2050.

Continuing its dedication towards promoting clean energy, the Company has introduced new station models that use innovative technologies and run on considerably lower power, leading to low carbon emissions. Examples include ADNOC On the Go and recent flagship stations that are enabled by

Artificial Intelligence technologies, where customers' and staff movements contribute to energy creation via power-generating walkways. The introduction of high-tech features in ADNOC Distribution new service stations, and convenience stores aim to offer a modern and seamless customer experience while supporting sustainable operations.

ADNOC Distribution has also held energy conservation training sessions to promote energy efficiency improvements, and launched awareness projects and campaigns directed at its key stakeholders, including all Company employees and customers.

ENERGY EFFICIENCY AND CLEANER FUELS INITIATIVES ARE THE CORE OF ADNOC DISTRIBUTION'S STRATEGY TO ACHIEVE A 25% REDUCTION IN SCOPE 1 AND 2 EMISSION INTENSITY.

ALTERNATIVE FUELS AND GREEN MOBILITY

Keeping pace with the global trend toward sustainable mobility, ADNOC Distribution is aiming to lead in EV charging services and alternative fuels, capitalizing on its extensive network. The Company strives to lead in "on-the-go" EV charging services, targeting EV consumers with ultra-fast charging and convenience.

The Company aims to influence customer preferences by providing charging solutions ahead of demand. This is to be achieved through the systematic deployment of fast and super-fast EV charging points across its UAE network, aiming to establish over 500 such stations by 2028. By the end of 2023, the Company had installed 53 charging stations in strategic locations, catering to the present EV market and improving ADNOC Distribution's customer value proposition.

In 2023, ADNOC Distribution started operating H2GO, the region's first high-speed hydrogen refueling station, and powering the entire ADNOC Distribution UAE heavy fleet with B20 biofuel, further showcases its commitment to pioneering technologies that will shape the future of sustainable mobility solutions.



Case Study/ Initiatives

CNG SERVICE AND CONVERSION CENTERS



ADNOC Distribution considers sustainable mobility solutions such as biofuel, electric vehicle charging stations and natural gas for vehicles (NGV) as key components for driving the UAE's transportation industry towards achieving Net Zero emissions by 2050. NGV, which uses compressed natural gas (CNG) as an alternative fuel, can be employed in both passenger cars and commercial vehicles, making it a safe, economical and feasible alternative fuel option.

To support the adoption of clean fuels in the UAE, ADNOC Distribution offers professional vehicle conversion to CNG, in accordance with leading European specifications and international standards. The Company has made significant investments to retain cutting-edge abilities in providing low-emissions natural gas alternatives for vehicles.

ADNOC Distribution currently operates 35 service stations equipped with CNG fueling capabilities and continues to expand its CNG services across its network. From 2018 to 2023, by offering CNG fuels to vehicles, the Company has contributed to the reduction of CO₂ emissions.

Case Study/ Initiatives

Biofuel to Power ADNOC Distribution's UAE Vehicle Fleet

ADNOC Distribution's owned heavy vehicle fleet, responsible for the main fuel supply, operates entirely on B20 biofuel, targeting a 15% reduction in CO₂ emissions from the fleet.

The biofuel, produced from waste cooking oil, is processed at a high-tech production facility located in Madinat Zayed, Abu Dhabi. Through this initiative, ADNOC Distribution emphasizes its resolve to take significant strides towards enabling sustainable mobility by reducing carbon emissions related to transport.

The Company's fleet plays a pivotal role in delivering fuels and liquefied petroleum gas (LPG) to corporate customers. This initiative symbolizes ADNOC Distribution's commitment to minimizing its carbon footprint and supports ADNOC Group's endeavor to expedite its decarbonization plan. In addition to that, this milestone aligns with the UAE's Net Zero by 2050 strategic initiative by contributing to the reduction of emissions from the transportation sector.



Case Study/ Initiatives

Middle East's first high-speed hydrogen refueling station

In a partnership with local and international collaborators, ADNOC has launched H2GO, the Middle East's inaugural high-speed hydrogen refueling station, located in Masdar City, Abu Dhabi.

This pioneering effort aligns with ADNOC's substantial \$15-billion investment in renewable energies and decarbonization technologies.

This high-speed hydrogen refueling station marks an essential step towards the adoption of clean energy in the UAE. By managing this station, ADNOC Distribution aids in realizing the UAE National Hydrogen Strategy, positioning the country as a significant hydrogen producer globally and becoming a pivotal player in the shift towards sustainable energy solutions.

The station operates using an electrolyzer fed by clean grid electricity to generate pure hydrogen from water. The pilot station will offer hydrogen which has been certified as sourced from solar energy by the internationally recognized organization, the International REC Standard. The process ensures that no carbon dioxide emissions are created when the produced hydrogen is used.

The project also encompasses a pilot program with Toyota, AI Futtaim Motors, and BMW, who have supplied a fleet of hydrogen-fueled vehicles to measure the efficacy and feasibility of high-speed hydrogen refueling.

Taxi companies like Tawasul are also participating in this endeavor. This data collection via the pilot will enable the determination of feasibility for hydrogen vehicles in the UAE over the long-term.



LOCAL ENVIRONMENT

WATER

ADNOC Distribution's water consumption primarily occurs at the Company's offices, service stations, terminals, car wash facilities and vehicle inspection centers. We are committed to optimal usage of water at our operations. Water discharge meeting the domestic sewage parameters directly discharges to municipal sewage network.

Water discharge that exceeds these parameters, including cylinder wash water from ADNOC's LPG plants, is treated as hazardous effluent, and is safely transported to a licensed third-party treatment facility for appropriate treatment.

The critical water related data for all constituents of discharged water are verified through BOLISATY, an integrated waste database in Abu Dhabi managed by Tadweer. Firmly committed to the protection of natural resources, ADNOC Distribution avoids discharging effluents into water bodies. The HSE guidelines ensure that sewage discharges are kept within the legal limits throughout the Company. HSE Impact Assessment (HSEIA) studies function as a reference to gauge the environmental impacts of water consumption and suggest suitable control measures to prevent any lasting effects.

In alignment with its Health, Safety, and Environment Management System (HSEMS), the Company strives to optimize water use throughout its operations, introducing on-site water recycling in several service stations for car wash operations. These on-site water recycling facilities are regularly monitored and verified during HSEMS audits.



ZERO INCIDENTS

of non-compliance with discharge limits in 2023



NO WATER

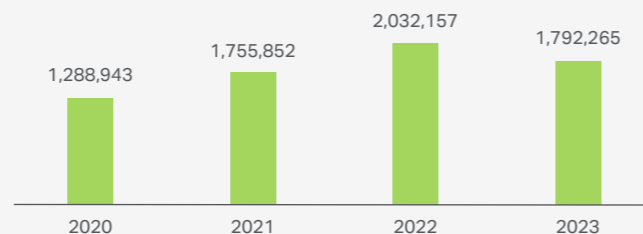
consumption from areas with water stress in 2023

In 2023, ADNOC Distribution experienced a 12% decrease in water consumption compared to 2022, due to the optimization of water usage in service stations. The Company also routinely monitors the effectiveness of its on-site water recycling facilities during HSEMS audits.

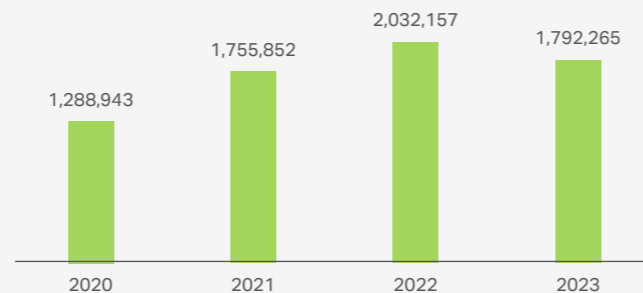
Moreover, the majority of ADNOC Distribution's water use is domestic, with a significant portion directed towards municipal sewage systems.

The volume of water recycled by ADNOC Distribution has been consistently increasing, mainly driven by their on-site vehicle wash recycling facilities. In efforts to meet its commitments along with local and national targets, the Company is continuously striving to enhance its water recycling operations. In 2023, ADNOC Distribution successfully recycled 80% of its water consumption. The organization plans to enhance its water and effluent performance even further in the coming years by exploring potential improvement opportunities.

Water Consumption Including Potable Water (m³)



Water Discharged into Municipality Sewage (m³)



Our contribution to UN SDGs



WASTE

ADNOC Distribution is committed to:

- Improve** its waste performance across all service stations, terminals, and other assets
- Adopting** initiatives such as introducing Reverse Vending Machine recycling service at 25 locations across Abu Dhabi
- Adhere** to 'Reduce, Reuse and Recycle' hierarchy and conserve natural resources to minimize waste generation
- Comply** with legal requirements and adopt global best practices to dispose any generated hazardous waste safely

ADNOC Distribution adheres to the waste management guidelines incorporated into the Health, Safety, and Environment (HSE) Management System of the ADNOC Group. Moreover, the Company complies with all required waste management legal regulations. Multiple regulatory bodies' requirements, such as the Abu Dhabi Waste Management Center (Tadweer) and Dubai Municipality, are also observed. All waste transportations are conducted by third-party Environmental Service Providers, approved by Tadweer, who are obliged to adhere to all relevant legal rules in Abu Dhabi.

ADNOC Distribution has engaged a third-party service provider to conduct environmental evaluations and assess the waste generated by its customers to understand the environmental impact stemming from the waste produced.

ADNOC Distribution is a registered participant of Tadweer's BOLISATY system, a platform that tracks all waste-related data from its place of origin to its disposal location. The Company also monitors its contractors' compliance levels by conducting audits and utilizing Tadweer's BOLISATY waste monitoring portal.

Activities, Services where waste is generated



Waste Generated

ADNOC Distribution follows the hierarchy of “Reduce, Reuse, and Recycle” when it comes to waste disposal. In comparison to 2022, there was an increase in waste generated in 2023 due to business expansion and heightened activities by tenants at the Company’s service stations and depots. The business conscientiously monitors its inventory levels and enlists external third-party contractors, who follow all relevant legal waste disposal regulations, to dispose of solid waste and expired chemicals, including firefighting foam.

Additionally, the Company routinely scrutinizes a select list of contractors to ensure their compliance. Hazardous solid waste is sent to the Central Environmental Protection Facility (BeAAT) for treatment, while non-hazardous domestic waste is earmarked for landfill disposal. Along with recycling used lube oils, the Company also recycles solid waste, including paper and cardboard.

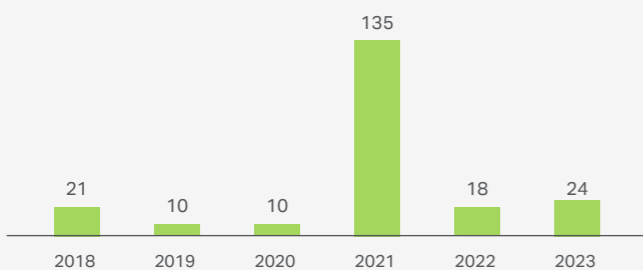
ADNOC Distribution prides itself on its commitment to actively improving the environment. Recognized as a Company dedicated to protecting and maintaining the

environment would significantly enhance its already esteemed reputation. Its efforts in adopting the principles of circularity are reinforced by the key recycling metrics captured for 2023, with an emphasis on the recyclability of all plastic packaging waste as a percentage of the total recorded weight of plastic packaging.

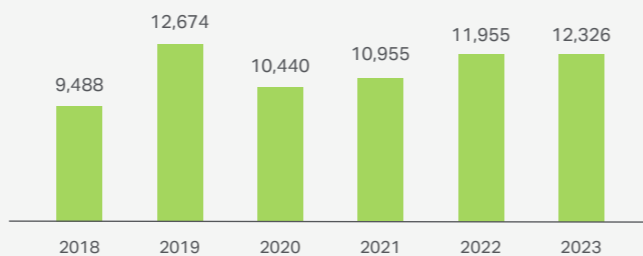
In 2023, the wood/paper fiber packaging weighed 380.00 metric tons, while metal (i.e., aluminum or steel) packaging weighed 1,652.00 metric tons. Meanwhile, the total weight of all plastic packaging was 983.00 tonnes, with 8.00% of it composed of recycled content. The coverage of these materials, as a percentage of the cost of goods sold, was 13.00%, and the total percentage of recyclable plastic packaging was 100.00%. Glass packaging material was also considered, weighing 202 metric tonnes.

In 2023, the organization used a total of 2,560 tonnes of non-renewable materials to produce and package its primary products and services. Additionally, it utilized 455 tonnes of renewable materials for the same purpose during this period.

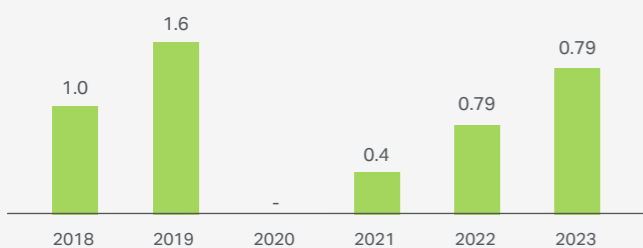
Expired Chemicals (Tons)



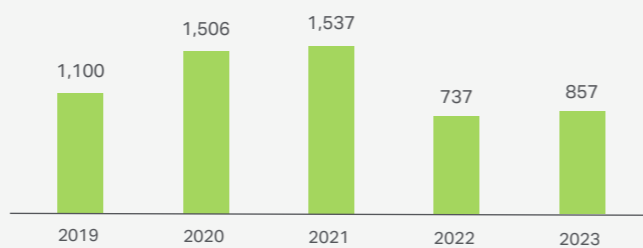
Non-Hazardous Domestic Type Waste (Tons)



Paper and Cardboard (Tons)



Waste Lube Oil (Tons)



Case Study/ Initiatives

ADNOC Distribution Conducts a Comprehensive Study of Emissions, Water and Waste

ADNOC Distribution carried out an extensive examination of its emissions, water usage, and waste management to establish a baseline for measuring progress and to pinpoint opportunities for reduction in alignment with ADNOC’s Sustainability Strategy objectives and pertinent sustainability goals.

The outcome of this eight-month endeavor was the creation of the abatement plan, abatement calculator and a decarbonization roadmap.



100%

of office waste were segregated and recycled in 2023



99% RECYCLED PAPER

is used to make cartons in 2023



ZERO NUMBER

of spills reported in 2023



OIL SPILL RESPONSE

ADNOC Distribution has a steadfast commitment towards ensuring the protection of the environment and the safety of its employees and local community. Recognizing the significant impact of oil spills on both, the Company proactively implements preventative measures and maintains response preparedness in the unlikely event of an oil spill.

The management of these critical responsibilities falls under the purview of the Health, Safety, Environmental Management System (HSEMS), reinstating the Company’s commitment to excellence and safety in all aspects of its operations.

At all terminals and service stations, ADNOC Distribution maintains readily available spill kits. Notably in 2023, there were no major oil spills recorded within ADNOC Distribution.

BIODIVERSITY

In accordance with its pledge to protect the biodiversity of the local environment, ADNOC Distribution does not operate in any protected zones. The Company carries out its operations with safety and integrity, ensuring no harm to any species

The companies Health, Safety, and Environmental (HSE) protocols are in place to address biodiversity. These serve as a guide for environmental assessments, incorporating international best practices, and the latest legislation pertaining to biodiversity and environmental survey methods.

The framework emphasizes risk-based methods, with detailed monitoring, sampling, testing and scientific analysis at different stages of the projects. ADNOC Distribution conducts Health, Safety, and Environmental Impact Assessment

(HSEIA) and Environmental Impact Identification (ENVID) studies for crucial projects to ensure that ongoing and proposed operations do not alter the local biodiversity profile or impact endangered species.

The Company consistently reviews these reports to confirm its commitment to biodiversity protection. To date,



ZERO
negative impacts or fines on biodiversity have been recorded in the HSEIA studies

ADNOC Distribution observes the rules set by the Abu Dhabi Environment Agency (EAD) in Abu Dhabi to protect biodiversity from any potential harm from its proposed activities.

An innovative initiative, 'The Adopt a Mangrove', the first step of the ADNOC Distribution's reforestation program has given the opportunity to customers to adopt a mangrove in the UAE using ADNOC Reward points. To date, ADNOC Distribution has planted more than 13,500 trees.



Case Study/ Initiatives

ADOPT A MANGROVE INITIATIVE



The UAE environment needs to be safeguarded by the most important players in the region. With sustainability at the heart of its operations, ADNOC Distribution started its forest conservation program through the "Adopt a Mangrove Initiative" with the scope of strengthening, conserving & renewing the UAE's eco-system by planting mangroves and Ghaf trees across the seven emirates.




By including its customers within its sustainability journey, ADNOC Distribution became the first fuel retailer globally to give its clients the opportunity to adopt/plant a mangrove using rewards points through the Company's official mobile app. Consequently, customers can now monitor and localize their own individual tree through a block-chain enabled monitoring system. This initiative aligns with ADNOC Group's goal to plant 10 million mangroves by 2030 and contributes to the UAE's target of 100 million mangroves by 2030.

This initiative has had a real impact since it started in Q4'23. Customers adopted more than 9,000 mangroves and the Company planted more than 13,500 mangroves to date. In conclusion, ADNOC Distribution is actively contributing to the local ecosystem by carefully safeguarding the UAE's environment through the "Adopt a Mangrove Initiative".

ENVIRONMENTAL POLICY, MANAGEMENT SYSTEMS, AND COMPLIANCE

ADNOC Distribution's business functions and services are shaped by a commitment to environmental conservation, with the goal of protecting and maintaining the local environment and effectively addressing any potential environmental repercussions from the Company's operations and activities.

ADNOC Distribution designs and preserves strong and innovative environmental policies, practices, monitoring and management systems under the corporate-level Sustainability Committee chaired by CEO to ensure the following:

-  **Oversee, assess, and evaluate the environmental impacts of its operations, encompassing waste, water, and biodiversity management**
-  **Adheres to the guidelines set by regulatory bodies like the Environment Agency of Abu Dhabi and the Ministry of Climate Change and Environment**
-  **Handle and reduce any adverse environmental impacts resulting from its activities and operations**



ENVIRONMENTAL COMPLIANCE

ADNOC Distribution follows all relevant legal and regulatory standards set forth by local authorities within its operational jurisdictions. All physical projects undergo Health, Safety, and Environmental Impact Assessment (HSEIA) and Environmental Impact Identification (ENVID) evaluations to identify potential environmental impacts and understand their possible effects on the environment.

The necessary steps are then taken to manage these potential impacts in line with internationally recognized standards and best practices, ensuring they do not breach regulatory limits.

The Company regularly reviews HSE Impact Assessment studies to measure the effectiveness of the proposed control plans. Separate responsibilities and roles for handling environmental issues are assigned within the Company. The management of environmental impacts is typically overseen by the HSE Department across all



ZERO

total monetary value of significant fines/sanctions/cases in 2023

business assets and functions under the corporate-level Sustainability committee chaired by the CEO.

The HSE Standards at ADNOC Group align with all applicable legal and regulatory mandates, and globally recognized HSE best practices are adopted by the Company.

ADNOC Distribution is committed to managing and enhancing its environmental performance, remaining in full compliance with all applicable laws and regulations. It develops various systems and processes in accordance with leading standards and frameworks to strive towards environmental leadership.

ISO 45001:2018

- ▶ ADNOC Distribution's Health and Safety systems adhere to ISO 45001 standards, with the main aim to improve the safety of employees, minimize risks in the workplace, and establish safer, better working conditions for all staff members

ISO 14001:2018

- ▶ The organization upholds an efficient environmental management system that abides by and aligns with the ISO 14001 standards

Energy Management Systems (ISO 50001:2018)

- ▶ ADNOC Distribution's upholds an Energy Management System to optimize energy consumption in compliance with preset requirements
- ▶ The company handles its energy performance through a stringent and recurrent audit procedure, complemented by annual verification from an external third party, ADNOC Distribution promotes continuous improvement of its energy performance. It does this by aligning its physical assets with globally recognized best practices and standards

American Petroleum Institute (API) Certification

- ▶ ADNOC Distribution has been a member of the American Petroleum Institute and has held an API lubricants certification since 1993
- ▶ ADNOC Distribution has embraced the API's environmental standards to harmonize its environmental safety performance with the best practice structures of the API



WORKFORCE DIVERSITY & DEVELOPMENT

Our contribution to UN SDGs

EMPLOYMENT

ADNOC Distribution acknowledges the vital responsibility it has in advocating for sustainable development and promoting a brighter future for everyone. We continue to persist in our goal of emerging as a preferred employer in the United Arab Emirates; thus, we have designed our employment strategies and procedures to mirror this vision, endorsing diversity, fairness, and inclusivity within our work environment.

We have put in place multiple measures aimed at promoting our employees' wellness, which comprise flexible working hours, health improvement programs, along with avenues for career growth. In addition to that, our benefits package has been devised to offer extensive support to our employees, including medical coverage, retirement schemes, and paid leave.

To ensure our employees are treated with respect and fairness, we have put into effect relevant policies and procedures aimed to deter any form of discrimination, workplace harassment, or retaliation. We ensure compliance with all relevant laws and regulations pertaining to employment practices while routinely evaluating our progress in these areas. Additionally, employees are made aware of these policies through townhalls, virtual meetings, and other internal communication tools.

Furthermore, we maintain dynamic communication with our employees, seeking their feedback through yearly employee engagement surveys. This allows us to gauge their view of the Company, level of engagement, and potential areas of improvement as an employer. Through the employee

engagement program, we can subsequently generate detailed action plans with targets, dedicated resources, and timelines that are closely monitored and managed during the engagement cycle. Stakeholders from across the organization participate in the program, where area champions frequently coordinate with the employee engagement team to assess the progress. Finally, the effectiveness of these actions is then assessed in the following year's employee engagement survey. At ADNOC Distribution, we firmly believe that our people are not just our greatest asset; they are the very essence of our identity and the driving force behind our vision, mission, and unparalleled success. We are dedicated to cultivating a workplace that is safe, supportive, and welcoming to everyone.

Committed to Employee Wellbeing

Our strategic approach to employee wellbeing culminated in our 100X Your Wellbeing program, which was first established in 2022. Through this holistic program we ensure a relentless focus on the social, mental and spiritual, financial and physical health and wellbeing of our employees. Our 100X Your Wellbeing program was recognized with a GCC GOV HR Award for its innovative approach and successful execution.

In 2023, the program delivered more than 40 different initiatives with around 21,000 footprints throughout the year across the emirates, including employees and their families. The crucial ingredient to this success is our employees, and we ensure that we enable people to give transparent

feedback to drive continuous improvement of our program and overall employee value proposition. As a result, we saw an impressive increase in our employee engagement and experience results in 2023, observed a significant decrease in the turnover rate of full-time employees at ADNOC Distribution compared to the previous year, reflecting our success in fostering a supportive and engaging work environment and signaling a positive shift in employee retention and contentment. The primary elements contributing to this enhancement were increased employee interaction and feedback, rewards and recognition programs, and enhanced access to training and development opportunities.

At ADNOC Distribution, our people are the foundation of our success and the architects of our future. Through strategic initiatives and a steadfast commitment to diversity, development, and wellbeing, we are not just achieving our business goals; we are shaping a sustainable and inclusive future. As we move forward, our focus remains on empowering our employees, driving innovation, and maintaining our leadership in the industry.

Any changes in the policy are clearly communicated to employees, ensuring they acknowledge and remain informed of the modifications. There is a provision for minimum notice period in the company. Our Human Capital team collaborates with the Communication and Line Management teams to ascertain that a thorough management communication plan is effectively executed across our business operations.

Percentage of total annual turnover in 2023, broken down by various employment types:

Year-over-year change for full-time employees %	0.6%
Year-over-year change for part-time employees %	0 part-time employees
Year-over-year change for contractors/ consultants %	-5.3%



Employee Benefits

We firmly believe that employee benefits play a crucial role in building a driven workforce, as it enables us to attract highly competent employees and retain those we deem valuable to our Company.

Employees can avail of the benefits as per company policy from our recognition award program and a varied range of benefits and allowances provided to full-time employees at ADNOC Distribution. This includes life insurance, health care, coverage for disability and invalidity, parental leave, provisions for retirement, and more.

The combination of benefits depend on the type of employment contract and location as per company policy. Our workforce is composed entirely of full-time and contract-based individuals, with no part-time employment.

Employee benefits and allowances include as per company policy:

Full-Time Employee Benefits

Loans/Financial Assistance

- ▶ Personal loan
- ▶ Educational assistance
- ▶ Car Purchase Loan

Medical Benefits as per company policy

- ▶ Medical Health/Life and Accident Insurance

Employee Allowances

- ▶ General Allowance
- ▶ Social Allowance
- ▶ Statutory Children's Allowance
- ▶ Furniture Allowance
- ▶ Remote Area Allowance
- ▶ Shift Allowance

- ▶ Site Transportation Allowance
- ▶ Telephone Allowance
- ▶ Duty Travel Allowance
- ▶ Duty Transportation Allowance
- ▶ Meal Allowance
- ▶ Supplemental Allowance

Other Benefits as per company policy

- ▶ Professional Membership
- ▶ Statutory Pension Scheme
- ▶ Farewell Gifts
- ▶ Non-UAE National End-of-Service Benefits
- ▶ Parental Leave

The Company creates policies and initiatives that promote a flexible work environment, mindful of maintaining an environment that is inclusive to all. In 2023, 320 employees availed parental leave, conforming to all relevant legal and regulatory requirements. Most importantly, the Company consistently evaluates its employee policies and flexible work practices to ensure its efficacy.

In 2023, our comprehensive remote working program was successful in providing a work-life balance for our employees and was expanded to reach a wider audience. We enhanced our wellness program by introducing over 40 health-related activities and opportunities for family engagement.

	2020		2021		2022		2023	
	F	M	F	M	F	M	F	M
Parental Leave								
Entitled to parental leave	930	10,533	1,239	12,563	1,295	13,027	545	5,514
Took parental leave	82	149	75	155	81	202	71	249
Returned to work after parental leave	82	149	75	155	79	202	71	249
Returned to work after parental leave and still employed after 12 months	82	149	66	146	72	198	67	153

EMBRACING DIVERSITY AND EQUAL OPPORTUNITY

Nationalization

ADNOC Distribution persists in offering opportunities to the UAE's talented nationals, aiming to further enhance their skills and capabilities via employment, competency training, and professional development. We consistently aim to leverage on the country's top talent, viewing them as key contributors to achieving our broader objectives in relation to the resilience of our business and improvement of our operations.

2023 HIGHLIGHT



62.5%
Emiratization Rate



13%
Emiratis in Governance Bodies

ADNOC Distribution recruited 2,026 new employee hires during the reporting period, with 11.3% young talent under 30 years old. We hired 1,779 UAE Nationals across our Company, resulting in a 62.5% Emiratization rate in jobs eligible for Emiratization. We are actively working towards addressing Emiratization by implementing our 10-year recruitment business plan aimed at increasing our Emirati employees.

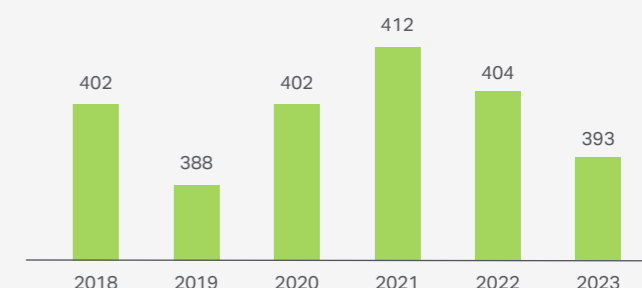
ADNOC Distribution initiated several schemes dedicated to attracting and retaining the talented UAE nationals. To deliver on its commitment, the 'Tomoooh' Leadership Training Program is designed to hone local talents into service leaders in the Company.

In 2023, we targeted 53 participants into the third cohort of this program, and 40 participants successfully completed it. Since the inception of the Tomoooh program, it has seen the participation of more than 300 promising UAE Nationals, thereby contributing towards the Company's aim of reaching 100% Emiratization amongst the leaders of ADNOC Distribution's service stations across the UAE.

It is imperative to note that as of this year, all the service station managers are UAE nationals, and the percentage of UAE nationals senior managers (of rank VP and above) at ADNOC distribution offices is 41%.

Moreover, the Company continued its Fresh Graduate Program, initially launched in 2021, for UAE national employees in 2023. This year, we successfully identified over 15 promising fresh graduates who were recently inducted into ADNOC Distribution.

Number of Employed Emirati Women



Employee Diversity and Equal Opportunity

We regard diversity as a crucial aspect of our organization and an essential factor for continuous progression and goal achievement. We strive to ensure equality of opportunity for existing and prospective employees, irrespective of their age, gender, nationality, background, ethnicity, race, disability, sex, color, religion etc. Therefore, we aim to ensure that all individuals are treated equitably during our sourcing, interview, and selection processes, with a priority to internal applicants and UAE nationals.

To amplify our focus on employee diversity and equal opportunity, we developed and put into effect a gender diversity policy in 2022. Along with updated recruitment guidelines, we introduced an interview matrix that determines panel/candidate diversity at various levels. Our goal for 2024 is to ensure improved gender balance

across the organization by targeting a representation of women and UAE nationals across all business groups; therefore, a top KPI includes female representation in leadership positions through the Gender Balance committee.

The Gender Diversity Policy primarily aims to promote gender equality at all organizational levels to reinstate the Company's transparent commitment towards being an equal opportunity. This ensures that employees receive equal treatment, irrespective of their gender, aligning with UAE's broader gender equality goals. We regularly monitor employee diversity to help us identify potential risks that may hinder the attainment of the KPI and accordingly develop required mitigation plans. Department Managers bear the responsibility of validating, overseeing, and endorsing the process, while

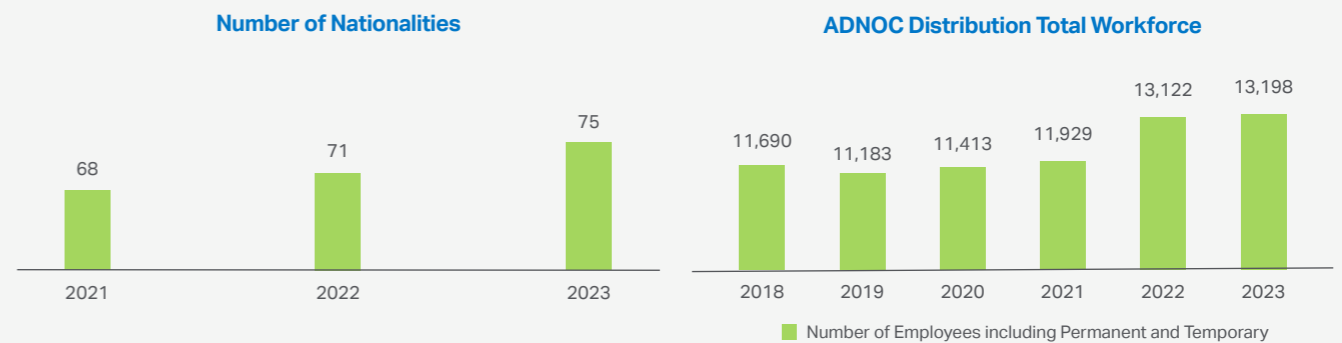
ensuring their employees are aware of this policy and the necessary measures to be taken if improper conduct is observed. Lastly, the Company is devoted to increasing female representation during interviews as well as among candidates across all business groups and empowering women in leadership roles through the Gender Balance Committee.

The Company has initiated measures to enhance workforce diversity and equal opportunities to unlock the Company's full potential in fostering diversity and inclusion through various channels such as the youth, sports taskforce, gender balance, and employee engagement committees. The Gender Balance Committee (Management Committee) is specifically designed to foster initiatives centered around women's empowerment across the organization.



Gender Diversity at ADNOC Distribution		2023
Total enterprise headcount held by men (%)		90.00%
Total enterprise headcount held by women (%)		10.00%
Entry- and mid-level positions held by men (%)		90.30%
Entry- and mid-level positions held by women (%)		9.70%
Senior- and executive level positions held by men (%)		93.88%
Senior- and executive level positions held by women (%)		6.12%

Key metrics	Unit	2023
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	%	15%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	%	6%
Share of women in STEM-related positions (as % of total STEM positions)	%	2%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	%	9%
Women/men Executive level (base salary only)	Ratio	1.07
Women/men executive level (base salary + other cash incentives)	Ratio	0.59
Women/men management level (base salary only)	Ratio	1.11
Women/men management level (base salary + other cash incentives)	Ratio	1.09
Women/men non-management level (base salary only)	Ratio	1.12
SLS32 - Percentage of global staff with a disability	%	Less than 1% (only 2 employees)



Pay Ratios

The Company has taken decisive steps towards compensating employees based on their skill set rather than their gender, thereby ensuring equal opportunities for all. We have also strived to reduce the pay gap between the top management and other staff members. In 2023, we observed changes in the gender pay ratio as well as the CEO's pay ratio.

CEO Total Compensation to median Full Time Equivalent (FTE) total compensation	Median male compensation to median female compensation
2022	
15.2:1	0.96:1
2023	
15.3:1	1.02:1

LABOR MANAGEMENT RELATIONS

Employee Engagement

The Company consistently adheres to labor-management relations to positively influence our staff members through our practices, ensuring their engagement while enhancing their perspective of the Company and the environment in which they live and operate. While implementing best practices across our human capital services, we also strive to comply with all relevant local, national, and international laws and regulations. The Human Capital Division works on conducting annual employee engagement surveys to gain insights into employees' perceptions of the Company, their level of engagement, and areas of improvement for the Company.

ADNOC Distribution intends to improve its labor-management performance in 2024 by amplifying the communication of Human Capital initiatives and policies, applying excellence in HC services, enhancing HC customer satisfaction, and improving employee engagement.

Employee Engagement Survey

ADNOC Distribution effectively handles labor-management relations and associated impacts as it continually draws upon the insights from the annual employee engagement survey to identify areas of improvement for continual success. Various stakeholders in the Company are actively involved and area champions regularly liaise with the employee engagement team to report on the progress. Subsequently, the efficacy of these actions is assessed via the following year's employee engagement survey.

In 2023, the survey focused on the following aspects:

- 01 **ENGAGEMENT DRIVERS**
The work experience
- 02 **ENGAGEMENT OUTCOMES**
(Say, Stay, and Strive)
- 03 **BUSINESS OUTCOMES**
(Talent, Operational, Customer, and Financial) per the engagement model

The Company follows three fundamental steps during the engagement cycle, encompassing Pre-Survey Preparation, Launching, and Post-Survey review and action plan, for 2023. This process assists in developing an understanding of the employees' perception of the Company and how it can enhance its standing and reputation as an employer.

Employee Engagement Program

At ADNOC Distribution, the Employee Engagement Program is designed to enhance employee involvement, loyalty, and a sense of belonging to the organization. This includes a range of efforts such as individual meetings with managers, opportunities for skill development and career advancement, a supportive work environment, recognition and rewards, along with open channels for continuous feedback.

Our employee engagement programs strive to cultivate a work environment where employees feel acknowledged, motivated, and satisfied, thereby fostering increased productivity. These



programs encompass annual surveys, action plans, and implementation strategies. Additionally, we have developed various committees and engagement champions under the employee engagement committee to devise and execute employee wellbeing programs.

There are continuous opportunities designed to foster teamwork and collaboration amongst employees, complemented by routine check-ins and performance evaluations. This nurtures a sense of community and equips employees with a clear understanding of their role within the organization, thus creating a positive and productive work environment. Moreover, the Employee Engagement Program positions us as an appealing workplace and fosters loyalty to the Company.

In addition, recognizing and rewarding our employees' contributions is central to our philosophy. Our performance-driven culture is complemented by a strategic total rewards and recognitions framework that motivates excellence and innovation, and contributes significantly to our overall employee value proposition. This framework includes a systematic approach and design of fixed pay, variable pay-for-performance schemes like short- and long-term incentives plans and sales incentives schemes for core business frontliners, a variety of supplementary benefits, as well as Tamayaz, our comprehensive corporate recognition platform. With that in mind, in 2023, over 80% of frontline employees received sales incentives in recognition of their performance throughout the year and more than 2,000 recognitions through Tamayaz program were awarded. Additionally, ADNOC Distribution was honored with the 2023 GCC GOV HR Award for Innovation with our sales incentives schemes for core business frontliners.

ADNOC Distribution's 'Ask HC' portal was initiated to manage employee concerns, deliver services to Company employees, and resolve any queries. The Human Capital regularly interacts with Company employees through the Virtual Majlis to keep them updated on the latest Company policies.

Case Study/ Initiatives

TALENT ACCELERATOR: HIPO - HIGH-POTENTIAL EMPLOYEE PROGRAM

HIPO, which stands for High-Potential Employee program, is a vital initiative within our company. Launched by ADNOC HQ, this program aims to engage our talented employees with the company community, fostering growth, and nurturing future leaders within the organization. By identifying and developing high-potential individuals, HIPO plays a crucial role in shaping the future success of our company.

Bakhita Al Ketbi embarked on her journey with ADNOC Distribution in 2015 as a diligent, efficient, and highly accurate person. Through her enthusiasm, commitment, dedication to work, energetic, dynamic style, and exceptional leadership skills, she was selected as a Talent accelerator Employee in HIPO Program 2023.

Bakhita fueled by dedication and a thirst for growth. With unwavering resolve, she navigated challenges and embraced learning opportunities, for her each day a steppingstone towards her aspirations.

Through her tireless dedication and a commitment to excellence, Bakhita's efforts caught the eye of her managers, and her relentless work ethic and passion for service propelled her to new heights, culminating in her position as a Senior Sales Manager.

Bakhita participated in several development programs to positively accelerate her experiences and skills. She was also honored in the 2022 TAMAYAZ AWARD and selected as a female leader in the ADNOC STAR AWARDS in 2023.

Bakhita story serves as a testament to the transformative power of hard work and perseverance. Her rise from a service station employee to a senior sales manager inspires not just her colleagues but also future female leaders, showing them that nothing is impossible.

Worker Village

ADNOC Distribution is fully committed to ensuring a safe and healthy workplace, which includes offering optional living quarters to their staff. These accommodations are in complete alignment with the Health, Safety, and Environment (HSE) practices and guidelines.

For instance, the Company's living quarters are fully air-conditioned and come furnished with all essential items to guarantee employee comfort and wellbeing. Moreover, the Company effectively reduces possible hazards associated with employee health and safety by carefully following the relevant HSE rules and regulations.

ADNOC Distribution acknowledges the significance of providing secure and safe housing for its employees, especially those who work in isolated areas or need long-term housing. The Company's accommodation facilities are constructed to fulfill the highest Health, Safety, and Environment (HSE) standards, with regular inspections and maintenance performed to confirm their ongoing compliance.

Labor Rights

In the context of labor rights, ADNOC Distribution primarily operates in the United Arab Emirates (UAE), where its policies are in line with the UAE Labor Laws. The UAE Constitution ensures the protection of human rights, strictly outlawing practices like torture, unwarranted arrest, and detention, while upholding civil liberties such as freedom of speech and press, peaceful assembly and association, and religious beliefs.

The UAE Federal Labor Law strictly prohibits any form of forced, compulsory or child labor in the country. At ADNOC Distribution, we abide by all laws of the government and ensure that no such violations occur across any of our workplaces. The UAE has approved nine International Labor Organization (ILO) conventions pertaining to workers' rights, therefore protecting labor rights, enforcing labor laws for the private sector and workers, and establishing procedures for settling labor disputes.

At ADNOC Distribution, we conduct ESG surveys to gain further insight from employees on any labor related issues through their comments and suggestions. Additionally, employees can directly report any labor related issues through the Takallam platform.



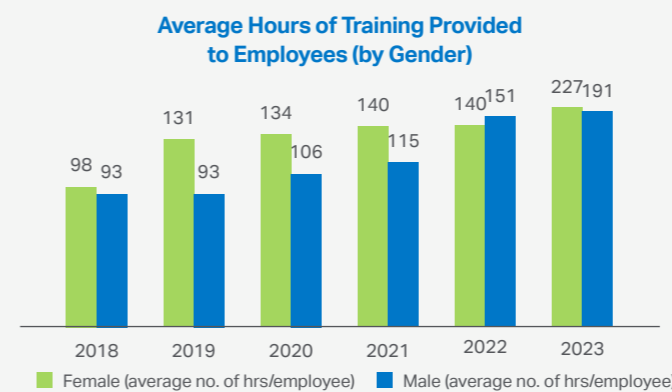
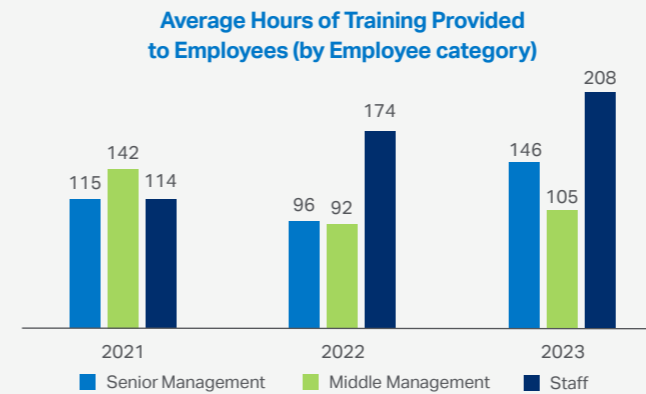
TRAINING AND EDUCATION

ADNOC Distribution prioritizes the career growth of its employees through comprehensive learning and development initiatives. These programs are seen as crucial for the company's growth and expansion. By enhancing employee skills and performance, these opportunities contribute to higher job satisfaction and equip staff with the necessary capabilities for personal and professional advancement.

The learning and development process involves identifying educational needs, developing and refining training programs, and then implementing and assessing their effectiveness. Evaluation includes meeting ad-hoc requirements and training targets using blended learning methods like learning management systems (LMS), coaching, and exposure. Despite challenges, 69% of the target plan was achieved, meeting key performance indicators (KPIs) crucial for business goals and service level agreements (SLAs). Programs like Sign Language Awareness, Becoming an Internal Audit Trusted Advisor, and customer-centric training for employee relations teams were instrumental.

ADNOC Distribution has prioritized employee professional growth by offering courses that enhance interpersonal skills and prepare individuals for leadership positions. This commitment extends to employees from over 75 nationalities, aged between 23 and 59. By 2023, 90% of the workforce had undergone this training, underscoring the company's dedication to employee development. Notably, there were significant increases in training hours provided in 2023 compared to 2022, with a 62% rise for female employees and a 26% increase for males.

Training hours also rose across different employee categories, with senior management experiencing a 52% increase, middle management 14%, and staff 20%. This boost reflects a strategic emphasis on career advancement and opportunities. Additionally, the company allocated AED 559,443 specifically for training and development activities.



100%

of employees receiving regular performance and career development reviews in 2023



Training commitments and policies

At ADNOC Distribution, we deeply value our employees, nurturing their skills and potential to the fullest extent. The company implements the SAP success factors PDP system to guide employees in setting and achieving personal development goals.

In addition to conventional methods, ADNOC Distribution offers in-house training courses and workshops. The company leverages strategic partnerships to provide further growth opportunities for employees, aligning with their ambitious 100x goal.

The entire procurement process cycle was completed by ADNOC Distribution's Talent and Development Department to implement the organization's Behavioral & HSE educational needs. This involved utilizing SAP success factors for efficient learning opportunities to prevent delays.

Our Talent and Development Department (TDD) oversees critical functions such as identifying learning needs, developing training programs, and assessing their impact. TDD employs a unified strategy to involve all stakeholders in decision-making processes.

Throughout the year, TDD has engaged various stakeholders including the HSE Division, Retail Group, Operations Group, and Commercial Group.

Monthly training progress reports are provided to business heads to ensure transparency and promote continual improvement. A unique method used by TDD is the issuance of "BCO" (Behavior Change Observation) forms to Service Station employees 30, 60, and 90 days after course completion. This approach helps bridge knowledge gaps and ensures successful knowledge transfer and retention.

Regarding leadership and managerial development training, programs are extended to all workers, including part-time, contractors, and temporary workers, with agency contract employees being part of the Leadership/Supervisor Skills program. All new hired employees are required to complete an online HSE Induction Training Program. Additionally, the training is also provided to third-party security personnel, 476 of third-party employees have been trained in 2023.

ADNOC Distribution promotes employee growth through various development programs, such as:

- ▶ **PDP (Personal Development Plan):** This is a compulsory plan that each employee needs to submit. It is aimed at refining their Knowledge, Skills, and Abilities, under the guidance of their respective line managers. PDP has an effective system for managing training and education in suitable languages, including Arabic and English. This portion of their ongoing development aids in establishing crucial skills, nurturing a growth mindset, and fostering resilience to change. Goals are set using the S.M.A.R.T principle within the framework of SAP success factors.
- ▶ **Youth Development Program:** This program is specifically designed for recent graduates. It utilizes a blended learning approach to equip newcomers with the necessary skills and acclimatize them to the corporate mindset.
- ▶ **Demand Planning:** This is an annual process we undertake to prepare and allocate resources for the upcoming year's classroom training needs (formerly known as Training/Learning Needs Analysis).



OUR COMMITMENTS FOR 2023

We have made several commitments regarding training and education, and we are pleased to report that we have accomplished all of them. We conducted three leadership programs:

- ▶ The First level Leadership program, with 32 courses.
- ▶ Leading the ADNOC Way course that was conducted four times.
- ▶ A course on Finance for Executives was also convened once.

2023 HIGHLIGHTS

- ▶ The conduct of enhancement sessions for Learning Agility Awareness and the cultivation of a Growth Mindset.
- ▶ Deployment of an Auxiliary Fire Fighting training program specifically designed for DEPOT employees.
- ▶ The implementation of a Unified HSE Matrix aimed at streamlining Health, Safety, and Environmental processes.
- ▶ The execution of a series of leadership programs tailored for ADNOC Distribution's seasoned leaders.
- ▶ Utilization of the Behavior Observation Form (BCO) as a tool to gauge the effectiveness of our training programs.
- ▶ The initiation of a Sign Language Awareness Program aimed at Service Station employees to promote inclusivity and effective communication.
- ▶ The topic of Behavior Change has been incorporated into all our Customer Service Training sessions. This includes explicit instructions to all employees regarding the prevention of discrimination and harassment in the workplace.

2024 COMMITMENTS

- ▶ The execution of the Executive Leadership Development Programs 2024.
- ▶ The implementation of Succession Planning actions such as the establishment of a Talent Review Committee (TRC), the identification of successors for Department Managers (DMs) & Team Leaders (TLs), and the development of these successors.
- ▶ The promotion of skills enhancement and retraining within the One Retail framework.
- ▶ Implementing Inter and Intra Attachments to promote Talent Mobility within the organization.
- ▶ Customizing a development program specifically for our Fresh Graduate hires.
- ▶ Undertaking the 9 Box Grid Exercise to assess and develop employee potential.
- ▶ A targeted initiative to develop ADNOC Distribution High Potentials (HiPo).
- ▶ The continuous development of our service station employees to improve skills and performance.

Case Study/ Initiatives

In 2023, ADNOC Distribution executed a Sign Language Awareness Program specifically for service station employees. As an inclusion initiative, the program hosted 180 participants over seven sessions, enhancing their communication skills in sign language to better assist our differently abled customers.

This initiative not only contributed to upholding our high standards of customer experience but also further bolstered the brand image of ADNOC Distribution.

Moreover, it helped ensure adherence to our commitments as outlined in the Service Level Agreements (SLAs) with government authorities and served our shareholders' interests.

FOR 2024, the following are additional measures that our Company plans to undertake in 2024 to further encourage employee learning and professional growth:

Retail Training Academy

- ▶ Assess personal challenges faced by each individual and implement a variety of coaching programs in coordination with the Learning and Development Department.
- ▶ Develop and execute a coaching schedule that aligns with the unique business needs of various regions.
- ▶ Enhance the capabilities and resources of our internal training department.
- ▶ Establish a clear strategy for implementing measures on the ground and achieving operational excellence.
- ▶ Aim to boost the overall performance of the Retail Group.

Succession planning

The Talent and Succession Department is devoted to developing a robust pipeline of successors to secure uninterrupted business operations. The successors' development plan includes:

- ▶ Motivation is provided for successors to establish their Personal Development Plan (PDP).
- ▶ The HIPO program (depicted via a 9 box grid) is employed to foster an exceptional talent corridor.
- ▶ Capability Assessments are conducted regularly.
- ▶ Leadership Programs are implemented as a part of the development plan.
- ▶ Acting Opportunities are offered, enabling successors to garner expanded knowledge and practical experiences.

Persist in carrying out the leadership programs for our Company's leaders.

- ▶ Core leadership development programs.

HEALTH, SAFETY, AND SECURITY

CUSTOMER HEALTH AND SAFETY

In 2023, ADNOC Distribution's activities had no significant negative consequences to the customers. Measures to control hazards have been effectively implemented to mitigate any potential impacts.

- ▶ The Health, Safety, and Environmental (HSE) Policy of ADNOC Distribution.
- ▶ Various customer health and safety initiatives and campaigns implemented in the year 2023.

2023 Achievements, highlight

- ▶ Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) regulations are adhered to for the sale of food and beverages in ADNOC Distribution stores.
- ▶ ADNOC Distribution participated in a nationwide safety awareness campaign at its service stations, launched under the theme 'Five for your Safety'.

Ensuring a safe and healthy environment for all stakeholders, especially customers, is of utmost priority to ADNOC Distribution. ADNOC distribution is fully committed to ensure that strict health and safety protocols are adhered to within operational facilities to prevent accidents or health complications. Staff at the Service Stations oversee the compliance with safety hazard guidelines and cautionary signs on-site. Furthermore, an annual audit program is in place to review the application of the Health, Safety, and Environmental Management System (HSEMS) at these stations. The results of all audits conducted are logged and followed through using an action tracking system.

2024 Commitments

- ▶ ADNOC Distribution conducts Health, Safety, and Environmental Management System (HSEMS) audits at its service stations to evaluate the level of specific HSEMS implementation, including compliance aspects related to customer and public health and safety.

OCCUPATIONAL HEALTH AND SAFETY

Safety is the primary concern for ADNOC Distribution and forms an integral part of our core values. We utilize ADNOC Group's HSE Management System (HSEMS), aiming to safeguard our employees, contractors, and third parties.

This system has been devised strategically to guide our programs, procedures, and work culture, ensuring safety at all organizational levels. We strive to enhance life quality and productivity by promoting and protecting the physical, mental health and overall welfare of our employees.

The HSEMS is structured with a variety of performance indicators and system procedures complying with national and international laws and best practices. Health and Safety matters across the organization's assets, operations, and

service stations are overseen and managed by the ADNOC Distribution's HSE Division. These matters are reviewed regularly and updated as necessary.

The HSEMS of ADNOC Group consists of 78 HSE Standards addressing HSE governance, occupational health, environmental concerns, operational safety, risk management, crisis management, and emergency response. It is the responsibility of the ADNOC Group HSE Team in Audits, along with ADNOC Distribution's Internal Audit function, to ensure compliance is maintained.

Additionally, ADNOC Distribution is ISO 9001 certified, and our service station network is constructed according to approved global health, safety, and environment standards such as ISO 45001 and ISO 14001.

The ADNOC HSEMS parallels a commonly utilized high-level framework and incorporates the 'Plan-Do-Check-Act' (PDCA) cycle. This cycle adheres to the ISO Standard 45001:2018 on Occupational Health and Safety (OHS) and ISO 14001:2015 on Environmental Management System (EMS). The HSEMS forms an essential part of the ADNOC Integrated Management System (IMS). The IMS has its own manual that encapsulates the "context of the organization," while the overall framework of the IMS is designed to understand and meet the needs and expectations of interested parties.

The HSEMS covers a range of areas including depots, service stations, vehicle inspection centers, aviation fueling facilities, and project sites. Suppliers and services provided to various strategic partners fall outside the scope of the Company's HSEMS.

Our contribution to UN SDGs



Health and Safety at Work

The WELL Health-Safety Rating has been awarded to more than 500 of our service stations throughout the UAE. This recognition exemplifies our dedication towards ensuring the health, safety, and overall wellbeing of our employees, customers, and the local community.

The successful application and continuous enhancement of our HSEMS are made possible through the ADNOC Distribution's HSE Policy. This policy is shared with all stakeholders, including our employees and contractors, and is implemented across all levels of our organization.

In 2023, ADNOC Distribution introduced Leaders at Site Program for all Chiefs and VPs, went as 12 teams to conduct HSE visits of selected Service Stations, Terminals, plants and Vehicle Inspection Centers. The program enhanced the leaderships direct involvement in HSE and welfare issues at site level.

HSE Assurance Program is designed as HSE culture transformation initiative, having 19 focused areas with sub KPIs. This program involves internal stakeholders to achieve the desired HSE performance outcomes.

Data regarding health and safety performance is regularly gathered, evaluated, and reported, helping us to meet set objectives and targets in this area. The goals and targets regarding health and safety performance are documented within the ADNOC Distribution's HSE Governance Framework. This framework clearly outlines roles and responsibilities for health and safety management across the organization, aligning

with the Company's overarching sustainability strategy.

With these strategies in place, ADNOC Distribution's Executive Leadership Team can assess and make informed decisions regarding the effectiveness of the procedures established by ADNOC Distribution for managing health and safety performance.

ADNOC Distribution ensures effective administration of health and safety performance, carried out through an extensive and firm process including:

- ▶ Formulating a five-year HSE Business Plan and pinpointing CAPEX for all HSE Projects.
- ▶ Disseminating information about the Company's and contractors' HSE performance across all sites.
- ▶ Continually monitor and report on progress measures and compliance status to ADNOC Distribution's executive leadership.
- ▶ Providing a comprehensive Annual HSE Performance Report in a timely manner.
- ▶ Complying with ADNOC HSE Standards for risk mitigation and hazard monitoring.

All our staff members have the benefit of extensive and premium medical and healthcare services, provided through Daman, with a finely detailed list of the provided benefits readily available.

Throughout 2023, we initiated 43 different wellbeing ventures to endorse happiness and ensure a balanced work-life environment, thereby reducing stress levels within our 100X Your Wellbeing program. This program is built on five key aspects: Social Wellbeing, Spiritual

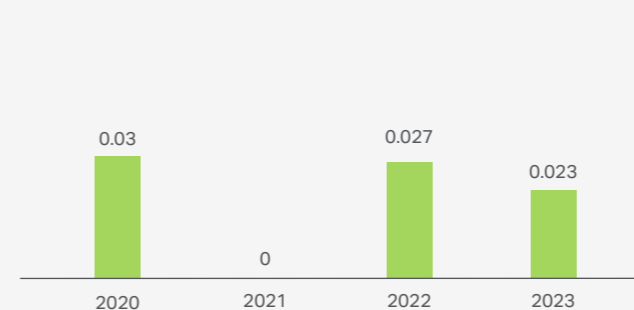
Wellbeing, Mental Wellbeing, Financial Wellbeing, and Physical Wellbeing. The Company has conducted a survey to assess the overall satisfaction of our employees, and the results were commendably high. The collective employee satisfaction score for 2023 stands at 83%, indicating an encouraging 15% increase from the preceding year. We reinforced our commitment to sustain a safe and healthy workplace by continuing to maintain our record of zero heat-related illnesses since 2016, through the successful "Beat the Heat" Campaign. Successful launch of the Safety Day campaign focused on the theme "Falcon State of Mind," served as a powerful reminder of the values and safety-conscious mindset required to uphold a strong HSE culture. By promoting qualities such as "Alert, Vigilant, Focused, Prepared and Proactive", we encouraged a sense of personal responsibility in every individual to prioritize safety in their daily activities.

Hazard Identification and Risk Assessment

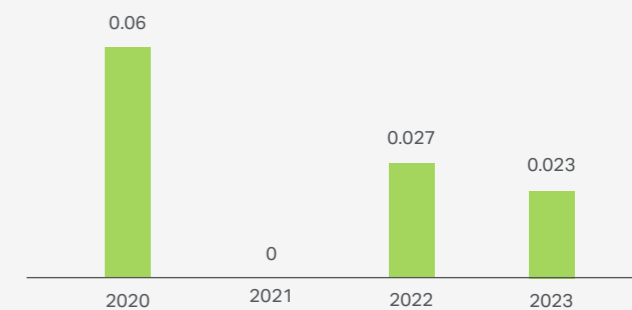
The organization identifies and evaluates its HSE risks utilizing a Risk Assessment Matrix. We carry out regular inspections and reviews across the organization's assets and operations, inclusive of service stations, employing both qualitative and quantitative risk assessment tools such as QRA, HAZOP, HAZID, JSAs, and other globally recognized risk frameworks.

The organization's operations are overseen on a monthly basis by skilled and adept HSE inspectors to ensure adherence to all HSE standards and additional requirements. Occupational Health Risk Assessments and Occupational Health Identification

Lost Time Injury Frequency (LTIF): Number of LTIs/Million Man Hours



Rate of Recordable Work-Related Injuries



assessments are executed across all facilities, and their actions are validated every quarter. Concurrently, crucial HSE Key Performance Indicators (KPIs), which include considerations for occupational health, safety, and process safety, are reported and monitored monthly.

In case of any incident, a thorough investigation is initiated as per the timeline decided based on the severity of the incident. A root cause analysis is also performed to fully understand the primary causes and contributing factors. It is vital to respond swiftly to any incident with recommendations issued to prevent any similar future occurrences.

The organization's HC system provides man-hours data for our full-time employees, which aids in calculating various KPIs. Concurrently, data for contractors is gathered through the submission of monthly reports.

ADNOC Distribution employees have the ability to efficiently report any work-related health and safety hazards or hazardous scenarios through the organization's One Enterprise resource planning (ERP) system, enabling swift identification and execution of health and safety risk measures and corrective action.

ADNOC Distribution recorded zero fatality and no severe work-related injuries in 2023, testament to its robust and efficient HSEMS.

This system bolsters the organization's initiatives and programs across all locations and assets, backed by continuous awareness campaigns. In addition, the Company registered no employee fatalities and no instances of employee ill-health were documented.



100% of significant product and service categories were **assessed for improvement** of health and safety impacts in 2023



ZERO INCIDENTS of non-compliance with regulations resulting in a **fine or penalty** for health and safety impact of products and services in 2023



ZERO INCIDENTS of non-compliance with regulations resulting in a **warning** for health and safety impact of products and services in 2023



ZERO INCIDENTS of non-compliance with **voluntary codes** for health and safety impact of products and services in 2023

Employee Assistance Program

The physical wellbeing of our employees is of great importance to us. That is why we ensure all our employees receive health insurance, granting them access to comprehensive medical and healthcare services through our partnership with a leading health insurance specialist in the UAE. Amid the outbreak of COVID-19, we kick-started an employee assistance program under the supervision of ICAS, designed to help our employees navigate the negative impacts of the pandemic. Additionally, we offered support in areas including legal advice relating to family and work pressure, manager skill-building programs, and financial inquiries. These services were extended not just to our employees but also their families, as part of our effort to alleviate stress, anxiety, and boost mental well-being.

Emergency Preparedness and Response

ADNOC Distribution is committed to ensuring the safety, reliability, and efficiency of the operations by upholding robust emergency response and preparedness measures. The HSEMS plays a crucial role in laying the groundwork for emergency management during unforeseen circumstances within the organization.

The areas covered under crisis management and emergency response encompass Oil Spill Response, Fire and Rescue Operations, Emergency Response, Crisis Management Process, and the Emergency Response Plan. In 2023, 12 emergency drills have been conducted throughout a number of service stations, terminals and depots.

Training and Awareness on Health, Safety, And Environment

ADNOC Distribution consistently carries out surveys to collect employee feedback about their everyday health and safety conditions at work, ensuring the efficient implementation of the HSE Management system. Meetings, feedback forms, opportunity sharing, and leadership site visits are regularly coordinated to assure employees that we are constantly improving our health and safety management system. HSE Awareness Materials and Standards are made available on the intranet portal for all staff members, and printed materials are continually distributed. Accessibility to relevant data is maintained as it is a key factor in the Company's overall safety performance. To further strengthen these measures, teams are provided with HSE alerts detailing lessons learned from any incidents that may have occurred across the organization.

Guided by the Training Matrix Guidelines, the Learning and Development Department ensures targeted and specific training courses are provided in relevant learning areas. Aside from this, crucial HSE topics are discussed at the Executive Management Forum, an event participated in by the top management of ADNOC Distribution. In addition, the Company has developed and delivered customized training programs for the Burger King franchises' employees including mandatory HSE certification (Firefighting and Food safety as per AUH Authority requirements). Throughout 2023, a total of 54 divergent HSE training courses were provided to 5941 employees across the organization.



ECONOMIC & SOCIAL CONTRIBUTION

Our contribution to UN SDGs



ECONOMIC PERFORMANCE

ADNOC Distribution is dedicated to enhancing its economic performance by setting yearly objectives in areas such as business expansion, customer experience, profitability, health and safety, both local and overseas investment initiatives, local contributions, and creating job and development opportunities for UAE nationals. Regular communication and engagement with its stakeholders enable the Company to prioritize its customers' needs as well as those of its local communities. By following this approach, ADNOC Distribution is able to effectively achieve its goals and make a more substantial impact on its stakeholders.

The Company has made a significant financial investment of AED 901 million as Capital Expenditure that is allocated for the construction of service stations, as well as for the development of industrial projects and other initiatives. In addition to contributing to its infrastructure, it represents a strategic investment aimed at the growth and expansion of

the Company's operations, thereby improving its services and offerings to the public.

ADNOC Distribution has been influential in driving indirect economic impacts, including stimulating economic growth through the diversification of assets and the creation of local jobs. This boosts the local economy and fosters social inclusion.

The Company also supports gender-inclusive economic growth, fostering a balanced and equal workforce. It has also enriched the domestic economy by increasing local procurement via a higher In Country Value score, proving its commitment to economic development and stability.

During the year 2023, the Group reported revenue of AED 34,629 million (2022: AED 32,111 million). Net Profit attributable to shareholders for the year 2023 was AED 2,601 million (2022: AED 2,748 million).

BUSINESS EXPANSION

ADNOC Distribution runs its service stations in all seven emirates, with a firm commitment to delivering top-quality services and enhancing the customer experience across all venues. Our ambition is to be a multi-energy, convenience and mobility leader and the brand of choice, an enabler of sustainable mobility, and a provider of exceptional customer experience.

The Company's strategic roadmap leads it to the next phase of growth and consolidation of leadership in mobility retailing in its home market. Simultaneously, ADNOC Distribution is dedicated to enhancing its product and service offerings, expanding geographically, optimizing returns from its portfolio, strengthening its brand and streamlining costs and capital allocation to deliver higher value for shareholders.

ADNOC Distribution, guided by these objectives, continues to support the growth of the nation's economy. This is achieved through active involvement in the in-country value (ICV) Program, working with local suppliers, creating more job opportunities, and making substantial contributions to local communities.

Domestic expansion: ADNOC Distribution is well-positioned to capitalize on this opportunity and retain its leadership position in the UAE's fuel retail market. With an extensive network of 529 retail fuel service stations as at the end of 2023, the Company intends to grow its domestic network efficiency by high-grading its stations and converting them into destinations of choice for customers by expanding its non-fuel retail proposition.

- ▶ **Network Expansion in Dubai**
ADNOC Distribution has significantly expanded its domestic network in Dubai, growing from three sites in 2018 to a remarkable 44 stations by the end of 2023. This expansion has tapped into Dubai's high retail fuel consumption without impacting existing volumes.
- ▶ **Maintain a leading position in Abu Dhabi and the Northern Emirates**
As the leading fuel retailer in Abu Dhabi and the Northern Emirates, the Company strives to expand its network in these regions. This expansion is key to retaining its market leadership and ensuring convenience for its customers.

By using innovative, cost-effective models like 'ADNOC On the Go', the Company aims to both secure market share and yield profitable returns.

- ▶ **Mobile Assets**
In a customer-centric approach aimed at enhanced convenience, ADNOC Distribution has introduced a fleet of mobile refueling units to diversify supply routes. Initially focused on serving corporate customers, these mobile units have expanded their market scope with a robust fleet of 212 ADNOC MyStation vehicles, including fuel and super fuel trucks as well as LPG cylinder delivery fleets.
- ▶ **Network portfolio optimization**
The Company consistently engages in an analysis of the health of its retail network, leveraging data analytics. This activity helps improve asset usage at service stations and increase profitability, thereby generating value from its growing retail assets and maximizing return on capital employed.

International Expansion

- ▶ **Kingdom of Saudi Arabia**
Reaching 68 stations at the end of 2023 and more than 80% of the network being rebranded, supporting operating and financial performance in KSA. Saudi Arabia is a large and fragmented market and ADNOC Distribution's experience and strength in fuel retail can be leveraged to capture growth. The Company's integrated approach to fuel and non-fuel offerings is a key differentiator in Saudi Arabia, and it plans to further accelerate expansion in the Kingdom both organically and inorganically through efficient capital allocation.
- ▶ **Egypt**
ADNOC Distribution has made its foray into Egypt. Through the acquisition of a 50% stake in TotalEnergies Marketing Egypt, the Company now has 243 stations in Egypt, showcasing a strong dedication to global expansion.

SUSTAINABLE GROWTH

ADNOC Distribution's focus on long-term growth involves safeguarding and improving living standards for future generations. By ensuring wider access to its fuel and retail services, the Company is committed to delivering safe and convenient sustainable energy solutions to its customers and communities.

ADNOC Distribution manages its resources responsibly by implementing a unique drive-through setup with tablet-based ordering at its "ADNOC On the Go" Stations. These stations contribute to the Company's reduced environmental impact by utilizing 50% less power than standard stations. In 2023, the Company increased its network with the addition of 16 new 'ADNOC On the Go' stations.



On the go

"ADNOC ON THE GO" STATIONS RUN ON 50% LESS POWER IN COMPARISON TO TRADITIONAL STATIONS

ADNOC DISTRIBUTION'S FLAGSHIP STATION IS PARTIALLY POWERED THROUGH BUILT-IN PHOTOVOLTAIC (PV) PANELS, IN ADDITION TO SOLAR AND WIND-POWERED TREES

ADNOC Distribution's priority is to create incremental shareholder value – supported by tangible initiatives in sustainable mobility to future-proof the business and achieve leadership in decarbonization efforts. This value can be attained through promoting alternative mobility solutions and unlocking new revenue streams created by the energy transition, such as investing in EV charging services, hydrogen, biofuels and broadening its CNG fueling network.

The Company invests in low-emission energy sources like biofuels for its fleet and deploys cleaner chemical additives to refine the combustion process and improve fleet management. ADNOC Distribution is also actively exploring cleaner and renewable energy options, evidenced by the installation of PV solar panels at an increasing number of service stations.

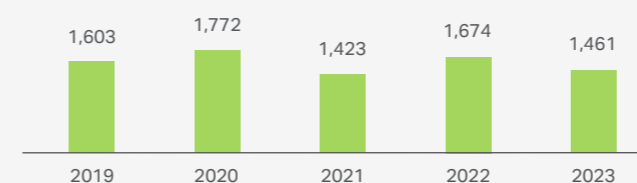
FINANCIAL PERFORMANCE

ADNOC Distribution is the largest fuel and convenience retail brand in the UAE, leading in the marketing and distribution of fuels to an array of commercial, industrial, and government customers throughout the country. The Company holds a unique position that allows significant contributions to economic development and a positive impact in the communities it serves. We believe that our long-term success hinges on generating value for all stakeholders while contributing to the broader economy and community. We aim to pursue sustainable growth with a focus on the economy, environment, and community to preserve and enhance the quality of life for future generations.

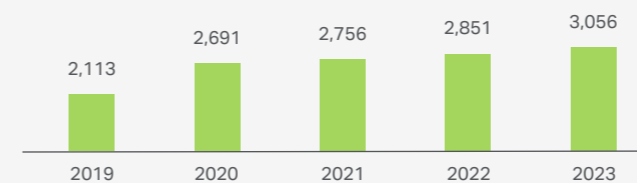
Devoted to safely and conveniently providing sustainable energy, ADNOC Distribution is growing its reach and network to ensure an increase in fuel and retail accessibility. We are actively taking measures to manage resources with care and efficiency.

ADNOC Distribution hit a financial performance milestone in 2023, marking a notable improvement compared to the previous year. The Company achieved a milestone by reporting high-record EBITDA of AED 3.68 billion (over USD 1 billion) delivering on its commitment to the capital market that it made it during its 2019 Capital Market Day. The Company recorded an 8% revenue rise in 2023, which was driven by the expansion in retail fuel volume, growth in non-fuel revenues and higher contribution from international assets, in addition, it was supported by increased selling prices due to a higher in crude oil prices. In 2023, ADNOC Distribution's employee wages and benefits fell by 13% owing to staff optimization. This was observed due to more strategic allocation of staff levels for stations and convenience stores, the outsourcing of logistics, and centralizing key functions. The Company successfully achieved OPEX savings of AED 103 million on a like for like basis in 2023, and a total of AED 477 million OPEX savings over the past five years. Additionally, ADNOC Distribution noted an increase of 7% in shared value due to Payments to Providers of Capital in 2023, primarily attributed to the rise in interest rates. The total sustainability CAPEX stood at AED 61.19 million, while the total sustainability OPEX measured up to AED 22.01 million. As a leading fuel and convenience retailer.

Employee Wages and Benefits (AED million)



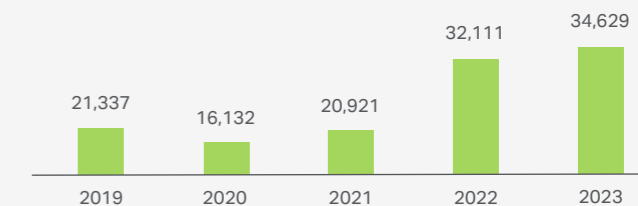
Payment to Providers of Capital (AED million)



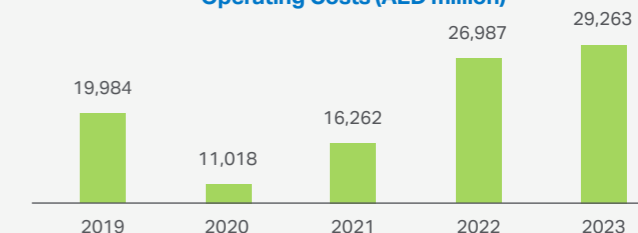
ZERO PRODUCT RECALL

incidents were reported in ADNOC Distribution stores during the reporting period

Direct Economic Value Generated - Revenues (AED million)



Operating Costs (AED million)



Accelerating sustainability in mobility and low carbon solutions further allows us to positively impact the climate and economy. We have pioneered a unique drive-through concept with tablet-based ordering at 'ADNOC On the Go' stations. This innovative design requires considerably less space, reducing the environmental impact of construction and operating with an average of 50% less power in comparison to traditional stations.

FUTURE COMMITMENTS

ADNOC Distribution is dedicated to expanding access to fuel stations, boosting sustainable mobility, and becoming a leader in multi-energy convenience and mobility. The Company strives to contribute to the economic growth of the UAE and create more employment opportunities. In line with these commitments, the Company plans to inaugurate 15-20 new service stations and continue the rollout of EV charging points.

Under the new five-year strategy for 2028, ADNOC Distribution plans to expand its network to 1,000 service stations, reflecting a 20% growth from the 840 stations in 2023. Targets include a 50% increase in the number of non-fuel transactions along with a 25% enhancement in the number of convenience stores. The strategy involves escalating the franchise and sub-franchise model by adding more than 50 new Company-operated franchise operations, which is projected

to offer a yield 2-3 times higher than the traditional rental model. The journey also involves transforming into a one-stop car care solution by tripling the number of car washes and doubling the automotive oil changes, while broadening the total car service offerings.

The agenda also focuses on developing digital innovations such as seamless fueling enabled by license plate recognition, in-car ordering via the ADNOC Distribution application, and the exploration of potential subscription services for car wash and other facilities.

Aiming for a greener network, ADNOC plans to establish at least 500 EV fast & superfast charging points, marking a 10-fold increase from 2023. The Company also seeks to save up to \$50 million in like-for-like OPEX by 2028 and allocate \$250 to \$300 million annually for CAPEX, 70% of which would

be focused on growth. Lastly, a new dividend policy plans to provide \$700 million annually or a minimum of 75% of net profits, ensuring high potential for future dividend earnings growth.

ADNOC Distribution continued to execute on its plans in the Kingdom of Saudi Arabia, with 68 stations at the end of 2023, while c.85% of the network has been rebranded, providing support to operating and financial performance in the KSA.

Moreover, ADNOC Distribution is exploring avenues for inorganic growth in international markets by concentrating on efficient capital allocation for expansion, including prospective export markets for lubricants.

PROCUREMENT PRACTICES

ADNOC Distribution's procurement procedures are a central function that backs up every division of the Company. The existing strategy for procurement is designed to guarantee the prompt provision of goods and services fitting the business objectives of the Company, while also lowering the risk within the supply chain.

During registration, prequalification, and tendering, vendors and suppliers are obligated to affirm their adherence to the ADNOC Distribution Code of Conduct. Our procurement practices follow the ADNOC Group Procurement Policy and Procedures. To maintain our integrity in ethics and compliance, ADNOC Distribution mandates that all suppliers and partners abide by the Supplier and Partner Business Code of Ethics. This is supplemented by an Integrity Due Diligence (IDD) review prior to entering into any business dealings or partnerships with the Company. The in-country value (ICV) performance of

the Company remained stable at 70% in 2023. In 2018, ADNOC initiated the ICV program; this procurement-driven initiative was designed to amplify the value derived from our nation's oil and gas resources that aims to boost economic performance and support local industries by redirecting higher portions of public spending into the national economy. The In-Country Value score is a measure put in place to ensure procurement by suppliers, the application of buying practices, and the presence of ESG requirements.

Suppliers are advised to undertake the ICV certification process to secure the ICV certificate. The program, designed to ensure a standardized certification methodology to support the UAE's economic growth and efficiency, has been adopted by the Ministry of Industry and Advanced Technologies (MoIAT). Importantly, the program's scope has broadened to cover more than just the oil and gas industry, including other sectors.

The program accomplishes ICV focus by targeting three main goals:

- ▶ Diversifying the Gross Domestic Product (GDP) by increasing expenditure on locally provided goods and services.
- ▶ Advancing Emiratization and creating personal growth opportunities for UAE Nationals within the private sector.
- ▶ Localizing strategic competencies necessary for key supply chain roles in the oil and gas industry.

To meet the program's goals, ADNOC Distribution plans to enhance its ICV percentage in the coming years. This will be achieved through active engagement with current local market suppliers to boost local spending, job creation, and the expansion of the Company's local supplier network.



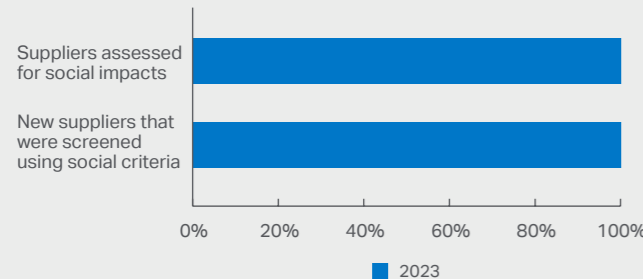
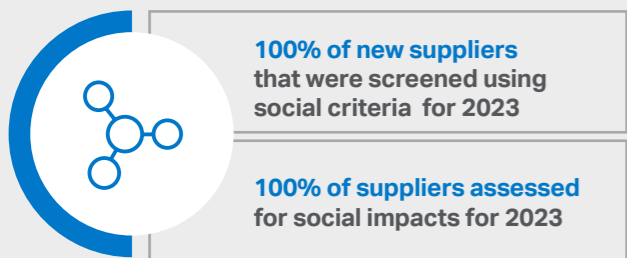
SUPPLIER SOCIAL AND ENVIRONMENTAL ASSESSMENT

Supplier sustainability evaluations allow the Company an in-depth insight into the supplier’s capabilities and weaknesses when it comes to their performance in sustainability. These processes also enable the Company to discuss with suppliers about enhancing their sustainability performance. In 2023, ADNOC Distribution conducted Supplier Sustainability Assessments to maintain the sustainability of our operational supply chain. This assessment enhanced the understanding of potential supplier risks, and reiterated the Company’s supply chain requirements. Selecting the right technology providers and guaranteeing their positive effect on the Company’s sustainability status is relevant as companies are pursuing digital transformation to use technology as a leverage for sustainability and gaining a competitive edge.

Social Assessment

The social evaluation requires suppliers to register their acknowledgement of the ADNOC Suppliers Declaration, which includes all applicable rules and regulations, extending beyond just those within the UAE. While working for the ADNOC Group, the Supplier is expected to comply with all relevant anti-corruption laws and improper payment rules. It is also necessary for the Supplier to ensure that all its employees strictly follow the ADNOC Group Supplier and Partner Code of Ethics.

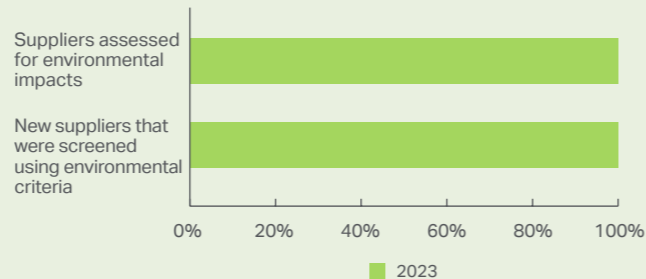
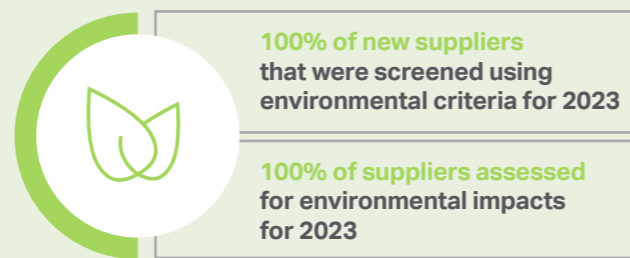
In 2023, a Centralized Registration system was employed to assess Suppliers. All suppliers undergo a biannual Health, Safety, and Environment (HSE) evaluation as part of the Agreement execution and are required to agree to the terms, conditions, and HSE standards during the tendering process. One of the significant considerations includes the health and wellbeing of the suppliers’ staff.



Environmental Assessment

The compliance of suppliers with environmental considerations is evaluated at various stages such as registration, tendering, and the carrying out of agreements. The criteria for specific categories were given considerable emphasis in the 2023 evaluation during the initial review (Gate 1), the bid assessment (Gate 2), the performance evaluation, and the Health, Safety, and Environment (HSE) audits (Gate 3).

Our evaluation report revealed that suppliers were actively engaged with issues related to sustainability. Through our evaluation, we pinpointed the regions where enhancements to the supplier’s sustainability performance were needed. The Company commits to the continued application and enhancement of these controls in 2023.



CORPORATE SOCIAL RESPONSIBILITY STRATEGY

ADNOC Distribution is a brand that embodies the national pride of the UAE. The guiding principle of responsibility, captured in the credo "We are Responsible," shapes the decision-making process as outlined in the Code of Conduct. This methodology is further shaped by the values of collaboration and respect to the community it serves through its Corporate Social Responsibility Strategy.

ADNOC Distribution maintains its commitment to Corporate Social Responsibility (CSR) within the communities it serves, fostering enduring, credible collaborations with charities, local Small and Medium Enterprises (SMEs), healthcare organizations, and government departments.

Grounded in our performance and business targets, we have integrated corporate social responsibility into our fundamental values. Additionally, we've introduced various operational policies intended to boost our efforts as a socially responsible business, meeting both stakeholder and employee expectations.

We've also developed a CSR charter to direct our corporate social responsibility actions. Continuing to support and invest in people, our contributions to the UAE's national Emiratization agenda achieved more than 62%. Through our diversity and inclusion program, we have achieved 15% female representation in leadership roles and further developed our skills with over 109,400 hours of training.



Raising Awareness of Breast Cancer Care

ADNOC Distribution continued its support for Pink Caravan for another year, collaborating with Friends of Cancer Patients Group to heighten awareness and provide breast cancer screening during October, Breast Cancer Awareness Month. We contributed to this cause by establishing locations outside our headquarters in Abu Dhabi and in front of renowned landmarks throughout the UAE. We also engaged volunteers to manage mobile screening centers that offered free consultations and health screenings to the public.



Strengthening local business

For the third year in a row, ADNOC Distribution backed the Emirates' Red Crescent project, Al Ghadeer UAE Crafts. This initiative provides vocational training for women of various nationalities to craft culturally-inspired products, aiding them in achieving a sustainable income. We expanded the placement of craft stands across our ADNOC Oasis stores.



IN 2023, WE SPENT A TOTAL OF AED 2,544,000 ON SOCIAL DEVELOPMENT AND ASSOCIATED SPONSORSHIP PROJECTS.

CSR Initiative Examples



Breaking fast with local communities during Ramadan

ADNOC Distribution collaborated with the Khalifa bin Zayed Al Nahyan Foundation to distribute meals throughout the UAE during Ramadan, providing free LPG supply. We also partnered with the Emirates' Red Crescent and, with the help of employee volunteers, distributed Iftar boxes across our network, assisting customers to break their fast in local communities.



Involving customers in environmental conservation efforts

ADNOC Distribution unveiled its sustainability strategy, aligning with the "UAE Year of Sustainability." In line with this commitment, we introduced reverse vending machines at 25 ADNOC service stations throughout Abu Dhabi and added an "Adopt a Mangrove" option on the ADNOC Distribution app, thus extending our sustainability initiatives to our customers.



Supporting communities through charitable donations

Through our continued collaboration with the Emirates' Red Crescent, ADNOC Distribution assisted in raising awareness and donations for the Reach Campaign - a program aiming to treat river blindness disease. This affliction, which adversely affects millions of people globally, is easily treatable. Our customers can now contribute towards the raising of essential funds through the ADNOC Distribution app.

BUSINESS SUSTAINABILITY

ANTI-CORRUPTION

ADNOC Distribution has a zero tolerance approach on bribery and corruption and is dedicated to upholding a robust compliance mechanism to tackle any risks related to bribery and corruption. Our staunch stance against bribery and corruption is encapsulated in our Code of Conduct and the Anti-Bribery and Corruption Policy, Gifts and Entertainment policy, and Conflict of Interest Policy, which demonstrate our highest standard practices. In 2023, achieved 100% of the KPI target, including employee Grievance; that were resolved

at over 95%. ADNOC Distribution actively educates its staff members on Anti-Corruption Practices through various communication channels such as newsletters and group emails. These communications focus on highlighting potential issues that may contribute to corruption and reiterating our obligations under the Anti-Bribery and Corruption policy. Any breaches of this policy are taken seriously within the Company and are subject to disciplinary action.



Our contribution to UN SDGs



100%

percentage of employees received training on Anti-Corruption and Bribery (including all Senior management, middle management, and staffs) in 2023



100%

total percentage of operations assessed for risks related to corruption in 2023



ZERO PUBLIC LEGAL

cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases in 2023



ZERO INCIDENTS

of Anti-corruption or bribery in 2023



100%

total number of governance body members that the organization's anti-corruption policies and procedures have been communicated to in 2023

Finally, the Company also undertakes Integrity Due Diligence on 3rd party transactions. As our M&A activities accelerated over 2022-2023, this has required regularly conducted detailed IDD.



ZERO NUMBER

of confirmed incidents in which employees were dismissed or disciplined for corruption in 2023



ZERO NUMBER

of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption in 2023



COUNTERING FRAUD AND CORRUPTION

Corruption takes numerous forms such as fraud, bribes, money laundering, conflicts of interest, and unauthorized usage of assets. This can have drastic effects not solely on ADNOC Distribution but also on the implicated parties.

All individuals working at ADNOC Distribution should refrain from participating in, promoting, consenting to or supporting fraudulent activities, bribes, and other instances of corruption. To combat these issues, ADNOC Distribution has established four crucial principles:



Policies

To combat corruption effectively, ADNOC Distribution relies on concrete governance policies. These include Anti-Bribery and Corruption Policy, Gifts and Entertainment Policy, Conflicts of Interest Policy, and Fraud Risk Management Policy. These policies, which adhere to the Company's Code of Conduct and Compliance Policy, act as a guide for all employees to prevent policy violation and non-compliance, were introduced in 2021 and are currently implemented at ADNOC Distribution.



Communication

Programs, policies, and practices related to anti-corruption are effectively communicated to employees via newsletters, collective emails, and training. The purpose is to remind them of their responsibilities as per the guidelines and raise awareness about any issues or actions that could potentially lead to corruption or fraud.



Training

Targeted trainings on Anti-Bribery and Corruption are held regularly in accordance with existing policies. These trainings are designed to reflect the best practices and to ensure policy effectiveness. All employees receive training in countering fraud and corruption.



Disciplinary

Non-compliance with the said policies will result in disciplinary consequences. Reports of inappropriate behavior are investigated following ADNOC Distribution's Compliance Investigation Policy and Procedure, and suitable solutions and strategic remediation are guaranteed. Critical issues are communicated to the highest governance body at monthly meetings of the Executive Committee of the Board of Directors and quarterly Board meetings as they occur.

In 2023, the Company has also performed a detailed risk assessment of corruption-related risks within its operation. The risk assessment encompassed bribery, falsification of data, manipulation, improper use of employee and customer data, kickbacks, unauthorized disclosure of confidential information, money laundering, among other issues. The audit was conducted by an independent external consultant.

PERSONNEL TRAINING AND COMMUNICATION

ADNOC Distribution places great emphasis on ethical conduct in the workplace. The Company routinely organizes workshops and training sessions, focusing on anti-bribery and corruption, in all their departments.

Every member of the senior management, including the Executive Leadership Team, has undergone training, and received communications related to countering corruption and bribery. More so, all senior management personnel who got specific instruction on gifts entertainment, and conflicts of interest have passed on this information to their specific divisions and teams.



ALL EMPLOYEES

of ADNOC Distribution have completed the Code of Conduct training

Encompassing subjects like anti-bribery and corruption, gifts and entertainment, and conflicts of interest. Kindly refer to the publicly available [Code of Conduct](#).

Moreover, ADNOC Distribution has its own supplier and partner Code of Ethics. Any supplier or partner intending to do business with the Company must agree to this code first. This code sets out the expectations concerning anti-bribery and corruption that all suppliers and partners must follow. Kindly refer to the publicly available [Code of Ethics for supplier and partner businesses](#).

ETHICAL MARKETING AND ADVERTISING

ADNOC Distribution adopts ethical marketing and advertising practices that are reflected by factors such as transparent reporting, maintenance of customer privacy, and promotion of sustainable practices. The Company's ethical marketing and advertising approaches prioritize the wellbeing of customers, employees, and the environment. Subsequently, the Company has not identified any non-compliance with regulations and/or voluntary codes in relation to marketing communications, including advertising, promotion, and sponsorship. Reflecting on its 2023 commitment, ADNOC Distribution also identified employee and employer branding as one of the focus areas, in which social media channels such as LinkedIn have been utilized to advertise new posts as part of the renewed Talent Acquisition branding.



ZERO INCIDENTS

of non-compliance with regulations resulting in a fine or penalty in 2023



ZERO INCIDENTS

of non-compliance with regulations resulting in a warning in 2023



ZERO INCIDENTS

of non-compliance with voluntary codes in 2023

REPORTING MECHANISM

ADNOC Distribution's whistleblower platform, Takallam, is backed by the Whistleblowing and Non-Retaliation Policy. The Company asks its employees to speak out about unethical practices such as financial misconduct, bribery, and corruption. It aims to foster trust and openness in the workplace. The platform for whistleblowing offers a channel for safe, confidential, and retaliation-free reporting. Employees can address violations of ethical norms directly to their supervisors or the compliance department, in addition to using the Takallam portal. There's also a register available for logging received gifts and entertainment. Line managers collaborate with the Compliance Department to review these registers.

Line managers also approve conflict of interest, gift, and entertainment declarations upon receiving directives from the Ethics and Compliance department. Important issues are brought to the attention of the top decision-making body during monthly Executive Committee meetings and quarterly Board meetings. As a listed Company, it is vital to be fair and transparent in our securities dealings. We strictly prohibit any activity that interferes with this rule, hence the implementation of the Insider Dealing Policy. This policy clearly outlines the duties of our employees, officers, and directors regarding our securities. In accordance with ADX and SCA regulations, ADNOC Distribution maintains an Insider List. The Compliance Department reviews this list to make sure it includes all insiders, preventing insider trading.

This list is sent to ADX every quarter. The Company has set up an Insider Dealing Committee to monitor the ongoing execution of this policy in line with the Insider Dealing Policy.

Once a potential violation is raised, the Ethics and Compliance team appoints an investigation focal point and a lead investigator depending on the nature of the complaint. An investigation fact-finding exercise aimed at determining the root-cause of the matter is the conducted. After the fact-find report is completed a full investigation is then launched if there are enough merits of the case to warrant a full investigation. An Investigation committee comprising of relevant stakeholders and led by Ethics and Compliance is then formed to review the merits of the case, interview witnesses/suspects. The investigation committee then creates an investigation report on their findings and presents this to the Investigation Review Board (IRB).

The IRB then reviews the case and makes any disciplinary recommendations and corrective actions to the CEO. The Ethics and Compliance team subsequently follows up with the relevant business units to ensure the corrective actions are being implemented. The ultimate goal of the investigation is to protect ADNOC Distribution's interests by effectively detecting Misconduct, addressing any potential consequences and identifying areas of improvement to support prevention of Misconduct.

ADNOC Distribution implemented numerous online training programs for all employees, focusing on Anti-Corruption and Bribery, Gifts and

Entertainment, Conflicts of Interest, Confidentiality, and Social Media Use.

Future Commitments

ADNOC Distribution is dedicated to consistently providing training and raising awareness amongst all its employees on matters related to corruption and bribery prevention. It is mandatory for all staff to participate in courses related to anti-bribery and corruption, such as Gifts and Entertainment and Conflicts of Interest. In response to corporate requirements, tailored training on Integrity Due Diligence will be offered to targeted groups within the Company.

The purpose of these training sessions is to increase consciousness about potential dangers and to stress the importance of ethical conduct in the workplace.

ANTI-COMPETITIVE BEHAVIOR

ADNOC Distribution is dedicated to operating its business in accordance with laws, ethically, and with the utmost integrity. Those working for or representing the Company are expected to act in a similar manner. The Competition Compliance Policy has been published, which aligns with international anti-competitive practice laws and standards. This policy is in place to outline the regulations of Competition Law set by ADNOC Distribution.

A significant portion of ADNOC Distribution's earnings (around 60% of total EBITDA) is derived from its

fuel retail business, which is governed by the UAE's Ministry of Energy and Infrastructure. The pricing in the Company's commercial business is based on global and regional market trends. Given the presence of multiple operators in the UAE commercial fuel sector (some demand is also met by product imports), there is minimal scope for anti-competitive conduct.

As ADNOC Distribution is targeting a global marketplace, it takes into consideration the effect of related competition laws on its daily operations. While the Company's primary operations are in UAE, it has 68 service stations in Saudi Arabia, and in 2023 it entered Egypt with the acquisition of a 50% stake in TotalEnergies Marketing Egypt. The Company aspires to further broaden its presence internationally. Hence, it is vital to comply with the competition laws of all potential future markets worldwide.



ZERO REPORTED

legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant in 2023



ZERO MONETARY

value of financial and in-kind political contributions/ lobbying/ trade associations made directly and indirectly by the organization by country and recipient/beneficiary in 2023

In 2023, ADNOC Distribution made significant strides in ensuring a competitive and fair marketplace with the implementation of three critical measures:

Refresher courses of ADNOC Distribution's Competition Compliance Policy:

These were conducted to remind and update employees on the Company's policies that safeguard competitive practices and abide by local and international competition laws. The refresher courses served as a way to ensure that all staff are aligned with ADNOC's commitment to fair competition and understand their responsibilities to prevent anti-competitive behaviors. Regularly refreshing this knowledge is crucial for maintaining a corporate culture that respects the principles of fair competition.

Competition Compliance Training for targeted employees:

Aside from widespread refresher courses, specific employees who are directly involved or can significantly impact competitive strategies were given focused compliance training completed in-person or via e-learning. This included detailed sessions on competitive laws, the importance of maintaining fair practices, and how to manage situations that could potentially result in violations of competitive laws. This targeted training helped protect the higher-risk areas of the organization against any conducts that might contravene our competitive compliance rules.

Ongoing Anti-Trust filings made in applicable jurisdictions as a condition precedent to M&A transactions:

In line with outstanding M&A activities, ADNOC Distribution has been diligent in making necessary Anti-Trust filings within the relevant jurisdictions. This step underscores the Company's commitment to transparency during these transactions and guarantees compliance with Anti-Trust laws as a precondition to successful M&A deals.

These three key highlights indicate ADNOC Distribution's proactive approach to maintaining a fair and competitive business environment, adhering to all relevant laws and regulations, and ensuring all its M&A activities are legally compliant.

In 2024, ADNOC Distribution plans to engage with law firms that specialize in anti-competition law for all future mergers and acquisitions (M&A) matters. This move aims to ensure that all M&A activities the Company undertakes comply with international, regional, and local competition laws.

Working with these specialized law firms will provide ADNOC with the necessary legal expertise and advice to navigate complex competition laws in different jurisdictions. These law firms will guide ADNOC Distribution during the entire M&A process, from the initial stages of the deal to the necessary anti-trust filings with the relevant authorities.

This commitment underscores the Company's dedication to upholding ethical business practices and ensuring a fair and competitive market environment. By doing so, ADNOC Distribution is taking a proactive approach to mitigate any potential legal, financial, and reputational risks that may arise from any potential violation of competition law in its future M&A activities.



DIGITIZATION AND INNOVATION

ADNOC Distribution is committed to protecting information systems and data assets, given the recent technological advancements and emerging trends. The Company leverages digital capabilities to discover novel methods of interacting with customers and improving efficiencies.

Throughout 2023, the Company maintained its commitment to revitalizing convenience stores, improving non-fuel services, and providing customers with an updated, digitally enabled fuel retail service. This enhanced customer experience at each visit to an ADNOC Service Station. The Company also fast-tracked its digital transformation strategy which further enhanced customer service, thus strengthening its market position.

Driven by its commitment to excellence to futureproof the business, the Company was an early adopter of AI to drive efficiencies in its operations and improve customer experience. It will continue to deploy AI and other rapidly evolving technologies to further unlock value for its business, its shareholders and its customers. The Company is prioritizing the development of its IT infrastructure, leveraging advanced digital tools and the latest AI technologies. This strategic approach enables ADNOC Distribution to deliver the highest service standards to its customers, ultimately driving increased transactions and profitability. The Company harnesses data from over 220 million annual transactions at

its stations to continuously enhance customer experiences. Additionally, it launched the ADNOC Rewards Program, the largest loyalty program in the UAE among fuel retailers, with a large customer-database of approximately two million members. It also introduced the "Fill & Go" service, an AI-enabled license plate recognition system that provides seamless refueling for registered customers. The Company also launched the first real-world regional test of an AI-operated autonomous refueling robotic arm.

The Company also employs AI-predictive technology to improve its fuel distribution operations. Instead of relying solely on scheduled refueling, the AI-driven refueling process accurately predicts fuel demand at different service stations, significantly reducing instances of fuel shortages, thereby enhancing operational efficiency. Moreover, this facilitates the automation of retail fuel staff allocation based on actual fuel sales demand with an accuracy of up to 95%, resulting in Operation Cost saving across our 500+ Service Station, while simultaneously improving the overall customer service and timings. It also supports the Company's decarbonization and sustainability efforts by optimizing fuel truck delivery, resulting in a 10% reduction in carbon emissions.

Going forward, ADNOC Distribution plans to further integrate AI across its convenience, fuel, and non-fuel operations and customer services.



Case Study/ Initiatives

ADNOC Distribution Fuel Demand Prediction

ADNOC Distribution service stations process millions of transactions every month.

With a wide range of services offered at all our stations, there is a significant amount of data points to be mined. ADNOC Distribution Business Strategy and Technology innovation aspiration has guided the way to leverage Artificial Intelligence and machine learning to increase performance and productivity.

Extracting valuable patterns and behaviors from this vast amount of data brings new insight to drive operational excellence, as well as providing more informed and accurate decision making.

Utilizing the Internet of Things and fuel sales real time data provided a smart intelligent dashboard, with all the vital pieces of information needed to run operations and guided decisions with almost no human interaction.

With more than two years of fuel sales data factored into our Artificial Intelligence systems, continuous machine learning gets continually more accurate in predicting fuel sales demand seasonality, low and peak periods, and daily and hourly sales. The Artificial Intelligence model has even been able to accurately predict the impact of the Covid-19 pandemic on fuel sales across all our 500+ service stations. These cutting-edge technologies are bringing to life our Zero Fuel Run Out Strategy.

Due to the increased efficiency of the machine learning solution, this game changing model is continually enhanced. It is rapidly becoming the heart of operations, offering the ability to forecast and ensure fuel availability across the entire nation.

The AI Solution saved more than AED 100 millions in term of Sales opportunities due to the increased fuel availability.

E-COMMERCE ADVANCEMENTS

The Company is proud of its progress in its e-commerce journey which began in April 2020. As of the end of 2023, over 200 convenience stores had been successfully onboarded onto the Talabat delivery app, with new stores being continuously added.

In response to the growing trends in e-grocery and e-commerce in the UAE, the Company is dedicated to providing high-quality products, swift delivery, and a comprehensive, seamless retail experience to customers. Moreover, efforts have been made to expand our inventory, with approximately 2,500 active stock-keeping units (SKUs) now available on aggregator platforms.

As part of advancing these efforts, we have broadened our menu with the introduction of Barista and Bakeries in up to 100 of our active ADNOC Oasis stores affiliated with Talabat; an important pillar of the e-commerce strategy. Furthermore, there are plans to extend our e-commerce footprint to more convenience stores in several stations, including those in Dubai and the Northern Emirates.



CYBERSECURITY

ADNOC Distribution's strategy is to provide enterprise infrastructure and services with necessary controls to protect our physical and virtual workplace in terms of confidentiality, integrity, availability, and privacy of data. This is achieved with a dual approach of strengthening our security posture and preparedness to manage potential incidents.

The Company abides by several policies and initiatives to manage data privacy and cybersecurity issues and believes that its customers have a right to know how their information is gathered, analyzed, and used responsibly. The Privacy Policy of the Company sets out the basis on which any personal data is collected, or provided, and will be processed to ensure it is protected and processed in a fair, transparent, and lawful way. The Company utilizes Information Security Management System (ISMS) accredited with ISO 27001:2013 Information Security credentials and is fully committed to the objectives of UAE's Personal Data Protection Law. For Digital Incident Response ADNOC Distribution has business continuity and contingency plans and incident response procedures

in place. It tests the system once a year. ADNOC Distribution perform External Verification and Vulnerability Analysis, along with the Payment Card Industry Data Security Standard (PCI DSS) compliant to ensure IT compliance. The IT infrastructure and information security management systems have been audited by external auditors every fiscal year. ADNOC Distribution performs penetration test and ensures to conduct simulated hacker attacks as part of third-party vulnerability analysis.

During 2023, ADNOC Distribution has taken steps to fully comply with the UAE Personal Data Protection Law (PPDL) and related regulations, to ensure compliance to the privacy principles: data minimization, purposes limitation, confidentiality, accountability, transparency, lawfulness and fairness, and storage limitation. The Company has also implemented a preventive control to assess new projects that would involve the processing of data subjects' personal data via Data Protection Impact Assessment (DPIA). This is to ensure that the processing will not overthrow the individuals' rights over their personal information and comply

with the PPDL requirements. In relation to the customer's data privacy, the Company also provides opt in and opt out option for customers online.

Additionally, ADNOC Distribution obtained Payment Card Industry Data Security Standard (PCI-DSS) accreditation. PCI DSS sets rigorous standards intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information. With this achievement, ADNOC Distribution ensures that the full customer card payment cycle is secure; and enforcement of enhanced customer password complexity and Multi-Factor Authentication (MFA) for ADNOC wallet customers.

IT security and risk governance is a crucial element of our strategy, as it ensures active implementation monitoring of our cybersecurity strategy, proactive protection of information assets, and the development of a safe and resilient infrastructure. This approach not only secures our networks but also empowers our businesses to prosper.



ZERO CASES

of cyber security/information security breaches, leaks, thefts, or losses of customer data in 2023



ZERO CASES

of clients, customers and employees affected by the breaches in 2023



ZERO CASES

of substantiated complaints received concerning breaches of customer privacy in 2023



100%

of employees provided with Digital and privacy awareness in 2023



ESG PERFORMANCE DATA

TYPE	2018	2019	2020	2021	2022	2023
ENVIRONMENT						
ENERGY CONSUMPTION						
Total Electricity Consumption (GJ)	865,969	820,000	862,750	1,030,640	1,041,030	1,015,492
Total Electricity Consumption (MWh)	240,547	227,778	239,653	286,289	289,175	282,081
Total Energy Consumption within the Organization (GJ)	1,106,491	1,073,150	1,113,250	1,305,109	1,411,782	1,373,477
Total Energy Consumption within the Organization (MWh)	307,359	298,097	309,236	362,530	392,162	381,521
Energy Consumption from Solar Energy (GJ)	NA	1,548	1,768	2,014	2,327	2,369
Energy Consumption from Solar Energy (MWh)	NA	430	491	559	646	658
Diesel (L)	6,631,886	7,141,274	6,843,370	6,739,925	9,077,117	8,145,801
Gasoline (L)	590,598	475,512	672,641	997,066	1,206,470	993,398
ENERGY INTENSITY						
Energy intensity for the organization (GJ/million AED) – based on Revenue	48	50	69	62	44	40
EMISSIONS INTENSITY						
Emissions intensity for the organization (tCO ₂ e/million AED) – based on Revenue	8.9	9.1	8.1	7.2	4.9	4.3
GREENHOUSE GAS EMISSIONS						
Direct GHG Emissions (tCO ₂ e)	19,257	20,388	20,045	21,045	27,320	25,359
Indirect GHG Emissions (tCO ₂ e)	184,249	174,648	110,105	129,566	130,850	123,241
NOx emissions (kg)	312,000	294,000	281,000	295,000	336,220	319,000
Sox emissions (kg)	174,000	164,360	157,500	165,375	188,180	15,460
Volatile Organic Compounds (kg)	54,785,000	15,098,142	13,670,000	15,012,586	15,456,430	16,607,019
WASTE GENERATED (SOLID WASTE)						
Non-Hazardous Domestic Type Waste (Tons)	9,488	12,674	10,440	10,995	11,955	12,326
Paper and cardboard (Tons)	1	1.6	N/A	0.52	0.79	1.47
Waste Lube Oil (Tons)	N/A	1,100	1,506	1,537	737	857

TYPE	2018	2019	2020	2021	2022	2023
Expired Chemicals (Tons)	21	10	10	135	18	24
Metal Scrap (Tons)	N/A	N/A	N/A	25	0	0.07
Tires (Number)	N/A	N/A	N/A	1,360	1,801	1,120
Batteries (Number)	N/A	N/A	N/A	215	316	235
WASTE GENERATED (LIQUID WASTE)						
LPG Cylinders Washing Water (m3)	2,212	1,720	1,506	2,330	2,436	1,746
Wastewater from car wash activities (m3)	1,125	1,409	1,355	221,013	231,359	210,763
Domestic Sewage (m3)	1,046,229	1,408,494	1,289,013	1,780,489	1,361,438	1,792,265
WATER						
Water consumption including portable water (m3)	N/A	N/A	1,288,943	1,755,852	2,032,157	1,792,265
Water discharged into municipality sewage (m3)	N/A	N/A	1,288,943	1,755,852	2,032,157	1,792,265
Water recycled (m3)	1,125	1,409	1,355	221,013	231,359	210,763
ECONOMIC						
DIRECT VALUE GENERATED						
Direct Economic Value Generated (Revenues) (AED million)	22,893	21,337	16,132	20,921	32,111	34,629
Operating Costs (AED million)	18,512	19,984	11,018	16,462	26,987	29,263
Employee Wages and Benefits (AED million)	1,834	1,603	1,772	1,423	1,674	1,461
Payments to Providers of Capital (AED million)	1,675	2,113	2,691	2,756	2,851	3,056
WORKFORCE DIVERSITY AND DEVELOPMENT						
Total Number of Employees	11,690	11,183	11,413	11,929	13,122	13,198
NUMBER OF PERMANENT EMPLOYEES BY GENDER						
Female	811	868	927	1,042	1,172	1,266
Male	10,879	10,315	10,464	10,865	11,387	11,396
NUMBER OF TEMPORARY EMPLOYEES BY GENDER						
Female	Nil	Nil	3	5	2	0
Male	Nil	Nil	19	47	1	0

TYPE	2018	2019	2020	2021	2022	2023
PART-TIME EMPLOYEES						
Total enterprise headcount held by part-time employees.	0	0	0	0	0	0
WORKERS WHO ARE NOT EMPLOYEES						
Workers who are not employees	607	552	633	526	560	536
Total enterprise headcount held by contractors or consultants	17.7%	17.1%	16.2%	17.4%	17.9%	4.06%
NATIONAL EMPLOYEES AS A PERCENTAGE OF EMIRATIZABLE POSITIONS						
Emiratization Rate	74.0%	73.0%	72.0%	67.6%	63.9%	62.5%
EMIRATI EMPLOYEES						
Male	1,738	1,628	1,565	1,470	1,445	1,386
Female	402	388	402	412	404	393
RATE OF NEW HIRES BY EMPLOYEE CATEGORY						
In Senior Management positions	0.1%	0.1%	0.1%	0.1%	0.1%	10.2%
In Middle Management positions	0.0%	0.1%	0.1%	0.1%	0.1%	3.8%
In Professional, Operational, and Administrative positions	2.3%	8.7%	12.4%	15.6%	22.2%	15.6%
RATE OF NEW HIRES BY GENDER						
Female Employees	0.1%	1.1%	1.1%	2.0%	2.0%	2.1%
Male Employees	2.3%	7.8%	11.5%	13.8%	20.3%	13.3%
RATE OF NEW HIRES BY AGE GROUP						
Age Group of 18-30	1.8%	6.3%	9.4%	11.5%	14.7%	11.3%
Age Group of 31-50	0.5%	2.4%	3.1%	4.3%	7.5%	4.0%
Age Group of 51-60	0.1%	0.1%	0.0%	0.0%	0.11%	0.1%
In ADNOC Distribution's workforce	87%	86%	85%	84%	91%	100%
In Entry and Mid-level positions	87%	86%	85%	84%	86%	100%
In Senior and Executive Level Positions	94%	100%	93%	93%	95%	100%

TYPE	2018	2019	2020	2021	2022	2023
FEMALE REPRESENTATION IN ADNOC DISTRIBUTION'S WORKFORCE						
In ADNOC Distribution's workforce	13%	14%	15%	16%	9%	10%
In Entry and Mid-level positions	13%	14%	15%	16%	15%	10%
In Senior and Executive Level Positions	6%	0%	7%	7%	5%	6%
AVERAGE HOURS OF TRAINING PER EMPLOYEE (BY GENDER)						
Female	98	131	134	140	140	227
Male	93	93	106	115	151	191
AVERAGE HOURS OF TRAINING PER EMPLOYEE (BY EMPLOYEE CATEGORY)						
In Senior Management positions	978	84	105	115	96	146
In Middle Management positions	103	119	129	142	92	105
In Professional, Operational, and Administrative positions	93	94	96	114	174	208
EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEW						
Female	NA	NA	63%	87%	100%	100%
Male	NA	NA	79%	91%	100%	100%
TURNOVER						
Total number of employees leaving employment during the reporting period	1,025	1,436	1,141	1,117	1,764	2,004
TURNOVER BY EMPLOYMENT CATEGORY						
Senior Management Positions	0.0%	0.1%	0.1%	0.1%	22.0%	8.2%
Middle Management	0.0%	0.3%	0.1%	0.2%	8.0%	6.1%
Professional, operational, and administrative staff	8.7%	12.5%	9.7%	12.5%	14.0%	15.4%
TURNOVER BY GENDER						
Female Employees	0.4%	0.5%	0.6%	1.5%	1.0%	1.4%
Male Employees	8.7%	12.3%	9.2%	11.3%	12.5%	13.8%

TYPE	2018	2019	2020	2021	2022	2023
TURNOVER BY AGE GROUP						
Age Group of 18-30	3.7%	3.8%	2.0%	3.3%	4.7%	5.5%
Age Group of 31-50	4.3%	7.9%	7.0%	8.8%	8.4%	7.8%
Age Group of 51+	0.8%	1.1%	0.9%	0.6%	0.4%	6.7%
PARENTAL LEAVE						
Number of female employees entitled to parental leave	NA	NA	930	1,239	1,295	1,278
Number of male employees entitled to parental leave	NA	NA	10,533	12,563	13,027	11,920
EMPLOYEES WHO TOOK PARENTAL LEAVE						
Female	NA	NA	82	75	81	71
Male	NA	NA	149	155	202	249
EMPLOYEES WHO TOOK PARENTAL LEAVE AND RETURNED TO WORK AFTER LEAVE ENDED						
Female	NA	NA	82	75	79	71
Male	NA	NA	149	155	202	249
EMPLOYEES WHO TOOK PARENTAL LEAVE AND RETURNED TO WORK AFTER LEAVE ENDED THAT STILL EMPLOYED 12 MONTHS AFTER						
Female	NA	NA	82	66	72	67
Male	NA	NA	149	146	198	153
SAFETY						
TOTAL NUMBER OF HOURS WORKED						
Number of hours worked (million-man hours)	34.1	30.4	35.4	32.2	25.6	27.2
The number of hours worked by workers, not employees but by work or workplace is controlled by the organization (million-man hours)	8.8	7.3	10.5	8.4	11.0	15.3
TOTAL NUMBER OF EMPLOYEE FATALITIES AS A RESULT OF WORK-RELATED INJURY						
Number of Fatalities	0	0	0	0	0	0
Lost Time Injury Frequency (LTIF) (million manhours)	0.06	0.07	0.03	0	0.027	0.023
Rate of Recordable Work-Related Injuries	0.09	0.01	0.06	0	0.027	0.023
Number of Recordable Work-Related Injuries	9	3	2	0	1	1

TYPE	2018	2019	2020	2021	2022	2023
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
TOTAL NUMBER OF EMPLOYEE FATALITIES AS A RESULT OF WORK-RELATED ILL HEALTH						
Number of Fatalities	0	0	0	0	0	0
WORKERS COVERED BY OCCUPATIONAL HEALTH AND SAFETY SYSTEM						
Number of all workers (including those who are not, but workplaces are) covered by the OHS System	3,060	2,928	4,190	2,655	3,613	5,112
Percentage of all workers (including those who are not, but workplaces are) covered by the OHS System	27%	22%	26%	18%	14%	38%
WORK-RELATED INJURIES FOR ALL WORKERS WHO ARE NOT EMPLOYEES BUT WHOSE WORK OR WORKPLACE IS CONTROLLED BY THE ORGANIZATION						
Number of Fatalities	0	0	0	0	0	0
Rate of Recordable Work-Related Injuries	0	0	0	0	0	0
Number of Recordable Work-Related Injuries	0	0	0	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
Number of Fatalities	0	0	0	0	0	0
Rate of Recordable Work-Related Ill Health	0	0	0	0	0	0
Number of Recordable Work-Related Ill Health	0	0	0	0	0	0
PRODUCTS AND SERVICES						
Percentage of products and services for which health and safety impacts are assessed	100%	100%	100%	100%	100%	100%
BUSINESS SUSTAINABILITY						
Revenue	22,893	21,337	16,132	20,921	32,111	34,629
Net Profit	2,128	2,218	2,432	2,252	2,748	2,601
Total Assets	15,542	15,026	12,404	13,779	7,820	10,078
Total Equity	3,588	3,749	3,477	3,202	3,445	3,796

LOOKING FORWARD

As part of its steadfast commitment towards sustainability, ADNOC Distribution continues to engage with key internal and external stakeholders to evaluate its impact on material topics across the environmental, social, and governance pillars. We aspire to continue developing as the leading fuel and convenience retail operator, while remaining committed to the integration of sustainability across all operations in 2023 and beyond.


Looking forward, ADNOC Distribution aspires to reinforce its commitment to sustainable growth by adopting various initiatives, encompassing emission reduction, energy efficiency, and alternative fuel. As part of ADNOC Distribution's journey to achieving net zero by 2045, the Company has launched its Decarbonization Roadmap to reduce Scope 1 and 2 emissions intensity by 25% by 2030. We aim to continually emphasize the importance of nurturing our people and prioritizing the transition towards a more climate-resilient operation while advancing as a company. Therefore, our strategic objectives reflect our commitment in the journey ahead and align with the global and national sustainability agendas to facilitate the pursuit towards a low-carbon economy.

In line with our Strategic Sustainability Framework, our priority programs include but are not limited to the following:




CLIMATE, EMISSIONS, AND ENERGY

- ▶ Align with international and domestic goals for achieving Net zero emissions
- ▶ Update the emissions reduction targets for the entire organization
- ▶ Introducing a Decarbonization Roadmap with the goal of a reducing Scope 1 and 2 emissions by 25% by the year 2030
- ▶ ADNOC Distribution is currently the first UAE fuel retailer converting a USD 1.5 billion term loan into a Sustainability Linked Loan, committing to reduce greenhouse gas emissions per site and adopt renewable energy sources for its own consumption



LOCAL ENVIRONMENT

- ▶ Continue to conserve the natural environment in the new communities where we plan to expand
- ▶ Consistently align our environmental practices with industry-leading standards to minimize any negative impacts
- ▶ The company is 100% compliant with Abu Dhabi's policy banning single-use plastics
- ▶ The first UAE company to comply with the UAE's updated Gasoline Standard (Euro 5/6 Emissions Standard)



ECONOMIC AND SOCIAL CONTRIBUTION

- ▶ Boost ADNOC Distribution's involvement in local corporate social responsibility initiatives.
- ▶ Offer appropriate employment opportunities for skilled and capable individuals from diverse backgrounds




WORKFORCE DIVERSITY AND DEVELOPMENT

- ▶ Augment the representation of Emirati and female employees within our organization
- ▶ Create innovative training and professional development programs focusing on emerging topics such as alternative energy and artificial intelligence (AI)



HEALTH, SAFETY, AND SECURITY

- ▶ Maintain our record of zero fatalities across all our operations
- ▶ Implement leading security practices and technologies to safeguard our digital and physical assets, including customer data



BUSINESS SUSTAINABILITY

- ▶ Expand and diversify our product portfolios to sustain the success of ADNOC Distribution's services and operations
- ▶ Provide sustainability training and development for the ADNOC Distribution Board of Directors to prioritize ESG (Environmental, Social, and Governance) topics effectively
- ▶ ADNOC Distribution is launching an Integrated Management System (IMS) that integrates all functional business processes in accordance with leading industry practices and ISO Standards, including ISO 14001 Environmental Standards and ISO 50001 Energy Management Standards



GRI CONTENT INDEX

Statement of use	Abu Dhabi Department of Economic Development has reported in accordance with the GRI Standards for the period January 1 st to December 31 st 2023
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION		Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON EXPLANATION	
GRI 2: General Disclosures 2021	2-1 Organizational details	About ADNOC Distribution			
	2-2 Entities included in the organization's sustainability reporting	About the Report			G7. Sustainability Reporting
	2-3 Reporting period, frequency and contact point	About the Report			G8. Disclosure Practices
	2-4 Restatements of information	Restatements of water consumption and discharged data for the year 2021 and 2022.			
	2-5 External assurance	Independent Assurance Letter			G9. External Assurance
	2-6 Activities, value chain and other business relationships	Our Business			
	2-7 Employees	ESG Performance Data			S5. Temporary Worker Ratio
	2-8 Workers who are not employees	ESG Performance Data			
	2-9 Governance structure and composition	About the Board of Directors			
	2-10 Nomination and selection of the highest governance body	About the Board of Directors			
	2-11 Chair of the highest governance body	About the Board of Directors			
	2-12 Role of the highest governance body in overseeing the management of impacts	About the Board of Directors			E 8. Environmental Oversight G2. Board Independence
	2-13 Delegation of responsibility for managing impacts	Governance on ESG			E9. Environmental Oversight
	2-14 Role of the highest governance body in sustainability reporting	Governance on ESG			E8. Environmental Oversight
	2-15 Conflicts of interest	Conflicts of Interest Policy			
	2-16 Communication of critical concerns	Reporting Mechanism			
	2-17 Collective knowledge of the highest governance body	Our Corporate Governance			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION		Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON EXPLANATION	
	2-18 Evaluation of the performance of the highest governance body	Our Corporate Governance			
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Sustainability-Related Compensation And Incentive Schemes			G3. Incentivized Pay
	2-20 Process to determine remuneration	Committees			
	2-21 Annual total compensation ratio	Pay Ratios			S1. CEO Pay Ratio
	2-22 Statement on sustainable development strategy	Our Sustainability Strategic Framework			
	2-23 Policy commitments	Governance Driven by Core Values			
	2-24 Embedding policy commitments	Governance Driven by Core Values			
	2-25 Processes to remediate negative impacts	Reporting Mechanism			
	2-26 Mechanisms for seeking advice and raising concerns	Reporting Mechanism			
	2-27 Compliance with laws and regulations	Compliance Investigations Policy			
	2-28 Membership associations	American Petroleum Institute (API), International Air Transport Association (IATA), Joint Inspection Group (JIG), International Association for Stability, Handling and Use of Liquid Fuels (IASH).			
	2-29 Approach to stakeholder engagement	Stakeholder Engagement			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment Methodology			
	3-2 List of material topics	Materiality Assessment Methodology: For 2022, ADNOC Distribution leveraged the materiality outcomes for the materiality assessment exercise conducted in 2021.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION			Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
ECONOMIC PERFORMANCE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Performance				
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainable Growth				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		202-1	Not applicable	There is no minimum wage in UAE Labor Law. Therefore, this is not applicable to our company practices.	
	202-2 Proportion of senior management hired from the local community	In 2023, 2% of senior management (VP & above) at ADNOC Distribution's offices were hired from the local community.				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	901 million AED CAPEX spent in building service stations, Industrial and other projects.				
	203-2 Significant indirect economic impacts	Economic Performance: Increased diversification of assets contributing to economic growth. Local job creation and social inclusion Gender inclusive economic growth. Increased local procurement through ICV score.				
PROCUREMENT PRACTICES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Procurement Practices				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Procurement Practices				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION			Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
ANTI-CORRUPTION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Corruption				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Countering Fraud and Corruption				
	205-2 Communication and training about anti-corruption policies and procedures	Personnel Training and Communication				
	205-3 Confirmed incidents of corruption and actions taken	Reporting Mechanism				
ANTI-COMPETITIVE BEHAVIOR						
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Competitive Behavior				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Competitive Behavior				
ENERGY MANAGEMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy				E7. Environmental Operations
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Our Energy Achievements				E3. Energy Usage E5. Energy Mix
	302-2 Energy consumption outside of the organization		302-2	Information unavailable	We are not monitoring the energy consumption outside the organization boundaries	E4. Energy Intensity
	302-3 Energy intensity	Our Energy Achievements				
	302-4 Reduction of energy consumption	Our Energy Achievements				
WATER MANAGEMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Water				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water				
	303-2 Management of water discharge-related impacts	Water				E6. Water Usage E7. Environmental Operations

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION			Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	303-3 Water withdrawal	Data extracted from the monthly bills from distribution companies indicate a volume of 1,792,265 cubic meter of total water withdrawn.				
	303-4 Water discharge	Water				
	303-5 Water consumption	Water				E6. Water Usage
BIODIVERSITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity				
	304-2 Significant impacts of activities, products and services on biodiversity	We don't have any planned impact that could affect habitat of the particular area. In case of any abnormal condition, there is a probability of impact transfer to the surroundings. Therefore, we are monitoring daily the product loss and gain and performing maintenance of assets.				
	304-3 Habitats protected or restored	No habitat areas protected or restored.				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Zero number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization across all levels of extinction risk.				
EMISSIONS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Managing Emissions				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Managing Emissions				E1. GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Managing Emissions				E1. GHG Emissions

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION			Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	305-3 Other indirect (Scope 3) GHG emissions		305-3	Information unavailable	We are not recording Scope 3 GHG emissions.	
	305-4 GHG emissions intensity	Managing Emissions				E2. Emission Intensity
	305-5 Reduction of GHG emissions	Managing Emissions GHG Emission Intensity Reduction Roadmap				
	305-6 Emissions of ozone-depleting substances (ODS)	Managing Emissions				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Managing Emissions				
WASTE MANAGEMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste				
	306-2 Management of significant waste-related impacts	Waste				
	306-3 Waste generated	Waste Generated				
	306-4 Waste diverted from disposal	847.8 tonnes of total waste diverted from disposal (recycling).				
	306-5 Waste directed to disposal	General waste is transported to municipality land fill for disposal, while Hazardous waste is transferred to ADNOC BeAAT plant.				
ENVIRONMENTAL COMPLIANCE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Policy, Management Systems, and Compliance				E7. Environmental Operations
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Zero cases of non-compliance recorded.				
EMPLOYMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Nationalization ESG Performance Data				S3. Employee Turnover

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION			Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits				
	401-3 Parental leave	Employee Benefits ESG Performance Data				
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Committed to Employee Wellbeing				
OCCUPATIONAL HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety				S8. Global Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety				
	403-2 Hazard identification, risk assessment, and incident investigation	Hazard Identification and Risk Assessment				
	403-3 Occupational health services	Employee Assistance Program				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Training and Awareness of Health, Safety, and Environment				
	403-5 Worker training on occupational health and safety	Emergency Preparedness and Response Training and Awareness of Health, Safety, and Environment				
	403-6 Promotion of worker health	Training and Awareness of Health, Safety, and Environment				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazard Identification and Risk Assessment				
	403-8 Workers covered by an occupational health and safety management system	Hazard Identification and Risk Assessment				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION			Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	403-9 Work-related injuries	Hazard Identification and Risk Assessment				S7. Injury Rate
	403-10 Work-related ill health	Hazard Identification and Risk Assessment				
TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Training and Education				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training and Education				
	404-2 Programs for upgrading employee skills and transition assistance programs	Training and Education				
	404-3 Percentage of employees receiving regular performance and career development reviews	ESG Performance Data				
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity and Equal Opportunity, Nationalization.				S1. CEO Pay Ratio S2. Gender Pay Ratio
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Equal Opportunity, Nationalization.				S4. Gender Diversity G1. Board Diversity
	405-2 Ratio of basic salary and remuneration of women to men	Diversity and Equal Opportunity				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Non-Discrimination				
LOCAL COMMUNITY IMPACT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Social Responsibility Strategy				
CUSTOMER HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Health and Safety				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Health and Safety				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety				

INDEPENDENT ASSURANCE LETTER

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION and/or DIRECT ANSWER	OMISSION		Alignment with ADX
			REQUIREMENT(S) OMITTED	REASON EXPLANATION	
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Reporting Mechanism			
NATIONALIZATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Nationalization			S11. Nationalization
EMPLOYEE ENGAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Engagement			
RISK AND CRISIS MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management			
BUSINESS ETHICS, HUMAN RIGHTS, AND INTEGRITY					
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	11 security personnel were trained.			
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance and Business Ethics			
BOARD OVERVIEW					
GRI 3: Material Topics 2021	3-3 Management of material topics	About the Board of Directors, Our Corporate Governance			
DIGITIZATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Digitization and Innovation			
SPILLS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Oil Spill Response			
Climate Risk Mitigation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate and Mitigating Climate Risks			E10. Climate Risk Mitigation



Deloitte & Touche (M.E.)
 Level 11, Al Sila Tower
 Abu Dhabi Global Market Square
 Al Maryah Island
 P.O. Box 990
 Abu Dhabi
 United Arab Emirates
 Tel: +971 (0) 2 408 2424
 Fax: +971 (0) 2 408 2525
 www.deloitte.com

Independent limited assurance report to Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or the “Company”) on the computation of selected sustainability metrics (“Selected Information”) prepared in accordance with ADNOC Distribution’s Basis of Reporting (“Basis of Reporting”) and presented within the ADNOC Distribution 2023 ESG Report (the “Report”).

Scope of our assurance work

ADNOC Distribution has engaged Deloitte & Touche (M.E.) (“Deloitte”) to perform limited assurance procedures on the computation of selected sustainability metrics (“Selected Information”) presented in the table below (“Table 1”) for the year ended 31 December 2023, presented within the Report.

Selected subject matter for assurance

ADNOC Distribution’s reported performance during the given reporting period for the Selected Information presented in Table 1 below:

Table 1: Selected Information

Selected Information	Assured figure for the year ended 31 December 2023	Report page
Total Energy Consumption within the Organization (GJ)	1,373,477	122
Energy intensity for the organization (GJ/million AED) – based on Revenue	40	122
Direct GHG Emissions (tCO2e) – GHG Scope 1 Emissions	25,359	122
Indirect GHG Emissions (tCO2e) – GHG Scope 2 Emissions	123,241	122
Total number of employee fatalities as a result of work-related injury - Number of Fatalities	0	126

The above Selected Information has been assessed against the Basis of Reporting.

What standards we used: basis of our assurance work and level of assurance

We carried out limited assurance procedures over ADNOC Distribution’s Selected Information in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”) and with the International Standard on Assurance Engagements 3410 “Assurance Engagements on Greenhouse Gas Statements” (“ISAE 3410”). To achieve limited assurance, ISAE 3000 and ISAE 3410 require that we review the processes, systems and competencies used to compile the Selected Information presented in the Report, on which we provide limited assurance. It does not include detailed testing for each of the selected sustainability metrics reported, or of the operating effectiveness of processes and internal controls.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Consequently, our conclusion is not expressed as an audit opinion.

What we did: key limited assurance procedures

To form our conclusion, we undertook the following procedures:

- Understood the roles and responsibilities of the preparation, governance and oversight arrangements of the Selected Information and assess its preparation against the Basis of Reporting included in the Report;
- Performed enquiries with management to understand how the Basis of Reporting has been applied in the preparation of the Selected Information;
- Assessed the compilation of the Basis of Reporting against market practice;
- Reviewed and evaluated the Basis of Reporting for measurement and reporting for each of the selected sustainability metrics against the actual calculation performed by the Company to support the Selected Information shown in Table 1;
- Agreed the Selected Information to the Company's internal calculations and supporting documentation; and
- Assessed the availability and quality of evidence provided to support the Selected Information.

Inherent Limitations

The process an organisation adopts to define, gather, and report information on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology, often with no consistent, accepted external standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, ADNOC Distribution has developed a Basis of Reporting document for the year ended 31 December 2023, which defines the scope of each assured sustainability metric and the method of calculation. This Basis of Reporting is available on the Company's website as a separate document and should be read together with this report.

In relation to our work performed on the Selected Information, we note the following specific limitations:

- Our assurance procedures did not include detailed testing of general information technology controls of the underlying systems used by ADNOC Distribution to collate and report data for the Selected Information; and
- With the exception of the Selected Information shown in the table above, our testing did not include assurance of, or detailed testing of the underlying data for any other sustainability metrics than those reported in Table 1, or of published assertions. As such, our work does not involve procedures to verify the accuracy of the performance data or assertions published.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

In performing our work, we applied International Standard on Quality Management ("ISQM") 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Roles and responsibilities

ADNOC Distribution:

ADNOC Distribution is responsible for the preparation of the calculation for the Selected Information in accordance with the Basis of Reporting. Specifically, ADNOC Distribution is responsible for ensuring that the information provided under the Selected Information is properly prepared in accordance with the Basis of Reporting and confirming the measurement or evaluation of the Selected Information against the applicable Basis of Reporting. The Company is also responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

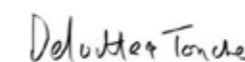
Deloitte:

Our responsibility is to provide a limited level of assurance on the Selected Information as defined within the scope of work above to ADNOC Distribution in accordance with our letter of engagement, and report thereon. In conducting our limited assurance engagement, we have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code).

Our work has been undertaken so that we might state to ADNOC Distribution those matters we are required to state to them in this limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ADNOC Distribution for our work, for this report, or for the conclusion we have formed.

Conclusion

Based on our limited assurance procedures performed and evidence obtained, subject to the limitations mentioned above, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with ADNOC Distribution's Basis of Reporting as appropriate.



Deloitte & Touche (M.E.)

Abu Dhabi – United Arab Emirates

26 June 2024

ABBREVIATION

ADNOC	Abu Dhabi National Oil Company
ADNOCDIST	ADNOC Distribution
ADX	Abu Dhabi Securities Exchange
AED	United Arab Emirates dirham
AI	Artificial Intelligence
API	American Petroleum Institute
AWS	Amazon Web Services
BCM	Business Continuity Management
BeAAT's	Central Environmental Protection Facility
BIA	Business Impact Analysis
bn	Billion
BP	Business Plan
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFC(s)	Chlorofluorocarbons
CFO	Chief Financial Officer
CNG	Compressed Natural Gas
CO₂	Carbon Dioxide
CO_{2e}	Carbon Dioxide Equivalent
CSR	Corporate Social Responsibility
DSM	Demand-Side Management
E2GO	A joint venture between ADNOC Distribution and TAQA to operate electric vehicle charging points in UAE
EAD	Environment Agency Abu Dhabi
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECO	Energy Conservation Opportunities
ELT	Executive Leadership Team
EMS	Environmental Management System
ENVID	Environmental Impact Identification
EPA	Environmental Protection Agency
EPS	Earnings per share
ERM	Enterprise Risk Management
ERP	Enterprise Resource planning
ESG	Environmental, Social and Governance
EV	Electric Vehicle
FTE	Full Time Equivalent
FTSE	Financial Times and the London Stock Exchange
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative

HA	Harsh Acceleration
HAZID	Hazard Identification
HAZOP	Hazard and Operability Analysis
HB	Harsh Braking
HC	Hydrocarbon
HC	Human Capital
HSE	Health, Safety and Environment
HSEIA	Health, Safety and Environment Impact Assessment
HSEMS	Health, Safety, and Environment Management System
ICAS	International Competitions and Assessments for Schools
ICV	In-Country Value
IDD	Integrity Due Diligence
IIRC	International Integrated Reporting Council
ILO	International Labor Organization
IMS	Integrated Management System
IPO	Initial Public Offering
IPTC	International Petroleum Technology Conference
ISMS	Information Security Management System
ISO	International Organization of Standards
ISS	Institutional Shareholder Services
IT	Information Technology
IVMS	Information Vehicle Management System
JSA	Job Safety Analysis
KPIs	Key Performance Indicators
KSA	Kingdom of Saudi Arabia
LCNG	Liquefied Compressed Natural Gas
LEED	Leadership in Energy and Environmental Design
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
M&A	Merger and Acquisition
m³	Cubic Meter
MFA	Multi-Factor Authentication
MoIAT	Ministry of Industry and Advanced Technology
MSCI	Morgan Stanley Capital International
MWh	Megawatt Hour
NGV	Natural Gas for Vehicles
NOX	Nitrogen Oxides
ODS(s)	Ozone Depleting Substance(s)
OEM	Original Equipment Manufacturer
OHS	Occupational Health and Safety
OPEX	Operating Expenditure

PCI-DSS	Payment Card Industry Data Security Standard
PDCA	Plan-Do-Check Act
PDP	Personal Development Program
PMO	Project Management Office
ppm	Parts per Million
PV	Photo Voltaic
QRA	Quantitative Risk Assessment
R&D	Research and Development
RCF	Revolving Credit Facility
S&P CSA	Standards and Poor Corporate Sustainability Assessment
SCA	Securities and Commodities Authority
SCR	Selective Catalytic Reduction
SDG	Sustainable Development Goal
SKUs	Stock Keeping Units
SLL	Sustainability Linked Loan
SLL	Sustainability Linked Loan
SOX	Sulphur Oxides
SSEI	The Sustainable Stock Exchanges Initiative
SVP	Senior Vice President
TAQA	Abu Dhabi National Energy Company
tCO₂e	Tons on Carbon Dioxide Equivalent
UAE	United Arab Emirates
ULG	Unleaded Gasoline
UN	United Nations
UN SDGs	United Nations Sustainable Development Goals
VOC(s)	Volatile Organic Compound(s)
VP	Vice President
WFE	World Federation of Exchanges

