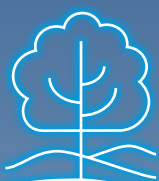




**ADNOC**  
DISTRIBUTION

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT 2021



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# ABOUT THIS REPORT<sup>1</sup>

## WE ARE PLEASED TO PRESENT ADNOC DISTRIBUTION'S THIRD ANNUAL ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT.

This report aims to demonstrate our commitment towards disclosing transparent nonfinancial performance. Through this report, we illustrate our ambitions, actions, and impacts along the 6 pillars of our Sustainability Strategic Framework.

### Sustainability Strategic Framework Pillars:



The report further highlights the details of our accomplishments and insights derived from our continual stakeholder engagement processes.

It covers ESG data for all ADNOC Distribution services and operations within the UAE, captured during the reporting cycle spanning January 1 – December 31, 2021.

## OUR REPORTING FRAMEWORK

This report is aligned to the Global Reporting Initiative (GRI) Standards (see GRI Index for full details). As a proactive measure, we have aligned our report to GRI Standards 2021 disclosure requirements ahead of the effective implementation date on January 1, 2023. The report has been developed by taking into account GRI Reporting Principles of Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness and Verifiability.



### Accuracy

Information provided in the report is consistent with ADNOC Distribution's ESG performance. The report adequately indicates data points that have been measured/estimated and highlights basis for calculations, if any.



### Completeness

The report provides information to enable an assessment of ADNOC Distribution's material impacts during the reporting period.



### Balance

The report is designed to present an unbiased and fair representation of our ESG performance during the reporting period.



### Sustainability context

The report illustrates our strategy and impacts in relation to the United Nations Sustainable Development Goals (UN SDGs) and other relevant national and international Sustainable Development frameworks.



### Clarity

The report has been developed in a comprehensive manner that is easy to understand, with clarity on disclosures provided in the GRI Content Index.



### Timeliness

Our third annual ESG report is a testament to our dedication of providing timely ESG data to our stakeholders.



### Comparability

The report presents our ESG performance over the last few years to enhance comparability. Methodologies used for data collection remain consistent.



### Verifiability

Data provided in this report has been thoroughly reviewed and validated by the approving body of ADNOC Distribution.

The report also aligns with the Abu Dhabi Securities Exchange (ADX) ESG Guidelines, encompassing all material ESG Key Performance Indicators (KPIs). Furthermore, we have also aligned our overall Sustainability Strategic Framework to the United Nations Sustainability Development Goals (SDGs).

## Our contact details

We acknowledge all our stakeholders who have supported us in the advancement of ADNOC Distribution's ESG performance. We welcome your feedback on this report which can be channeled through: [ir@adnocdistribution.ae](mailto:ir@adnocdistribution.ae).

1. 2-2 Entities included in the organization's sustainability reporting  
2-3 Reporting period, frequency, and contact point





# 2021 ESG HIGHLIGHTS

SETTING A BENCHMARK FOR SERVICE EXCELLENCE IN THE UAE IS ADNOC DISTRIBUTION'S PRIDE. WE CONTINUE TO PERSEVERE AND REMAIN RESILIENT DESPITE GLOBAL DISRUPTIONS, AS WE PUT OUR EMPLOYEES, CUSTOMERS, COMMUNITIES, AND THE ENVIRONMENT AS OUR TOP PRIORITIES.

## BUSINESS SUSTAINABILITY

### Cash Flow

Predictable cash flow generation and strong balance sheet to grow in both domestic and international markets, elevate customer experience, invest in development of people and local communities as well as sustain attractive dividend payments to shareholders

### 26 million

Metric Standard Cubic Meters (MMSCM) of CNG sold, contributing to reduction in GHG emissions by 105 tCO<sub>2</sub>e

### 6 Energy Efficient Stations

'ADNOC On the GO' stations opened and launched the nextgeneration retail experience with fully autonomous, contactless and cashierless ADNOC Oasis store using AI technology

### ISO 9001:2015

quality management systems

### 'A' Rating

Received in MSCI ESG Assessment



## HEALTH, SAFETY, AND SECURITY

### 100% Vaccinated

First fuel retailer globally to vaccinate 100% of its frontline employees

### Zero Fatalities

Zero fatalities and zero catastrophic incidents despite challenges faced due to the COVID19 pandemic

### Zero Injuries

Zero recordable work-related injuries

### 44 HSE Training Courses

HSE training courses delivered to over 5,900 employees



## WORKFORCE DIVERSITY AND DEVELOPMENT

### 67.2%

Emiratization rate

### 2.5%

Increase in number of Emirati women employed

### 686

Courses and trainings were conducted across a diverse range of topics and subjects

### 300+

high-potential UAE Nationals participated in 'Tomoooh' leadership training program



## ECONOMIC AND SOCIAL CONTRIBUTION

### Continued Investment in Country's Infrastructure

with addition of 19 new stations, 20 new convenience stores and refurbishment of 50 convenience stores in the UAE. Furthermore, 40 new stations added in Saudi Arabia

### 61%

Incountry value contribution increased in 2021 compared to 40% in 2020

### AED 20.9 billion Revenue

Increase in economic value generated by 30%

### AED 81,000

contribution raised to help fight River Blindness Disease

### AED 139,000

invested in CSR and related sponsorship initiatives

### Al Ghadeer Project

To promote the craftswomen of Al Ghadeer, a project established to help lowincome women in the field of sustainable crafts, offered free space in ADNOC Oasis Convenience Stores to promote and sell their handicrafts and products to the customers



## LOCAL ENVIRONMENT

### AED 10.1 million

invested in environmental related infrastructure, improvement initiatives, studies, risk mitigation and management projects

### 80%

of the water consumed in car wash operations recycled

### Pilot Recycling Station

available at one of our fuel station to recycle paper, cardboard and tires waste

### Ongoing

Health, Safety and Environmental Impact Assessment and Environmental Impact Identification studies for critical assets



## CLIMATE, EMISSIONS, AND ENERGY

### Safety and Environmental Management Systems

in accordance with International Standards

### 2,014 GJ Solar Energy

generated and consumed, contributing to reduction in GHG emissions by 252 tCO<sub>2</sub>e

### Rooftop solar PV panels

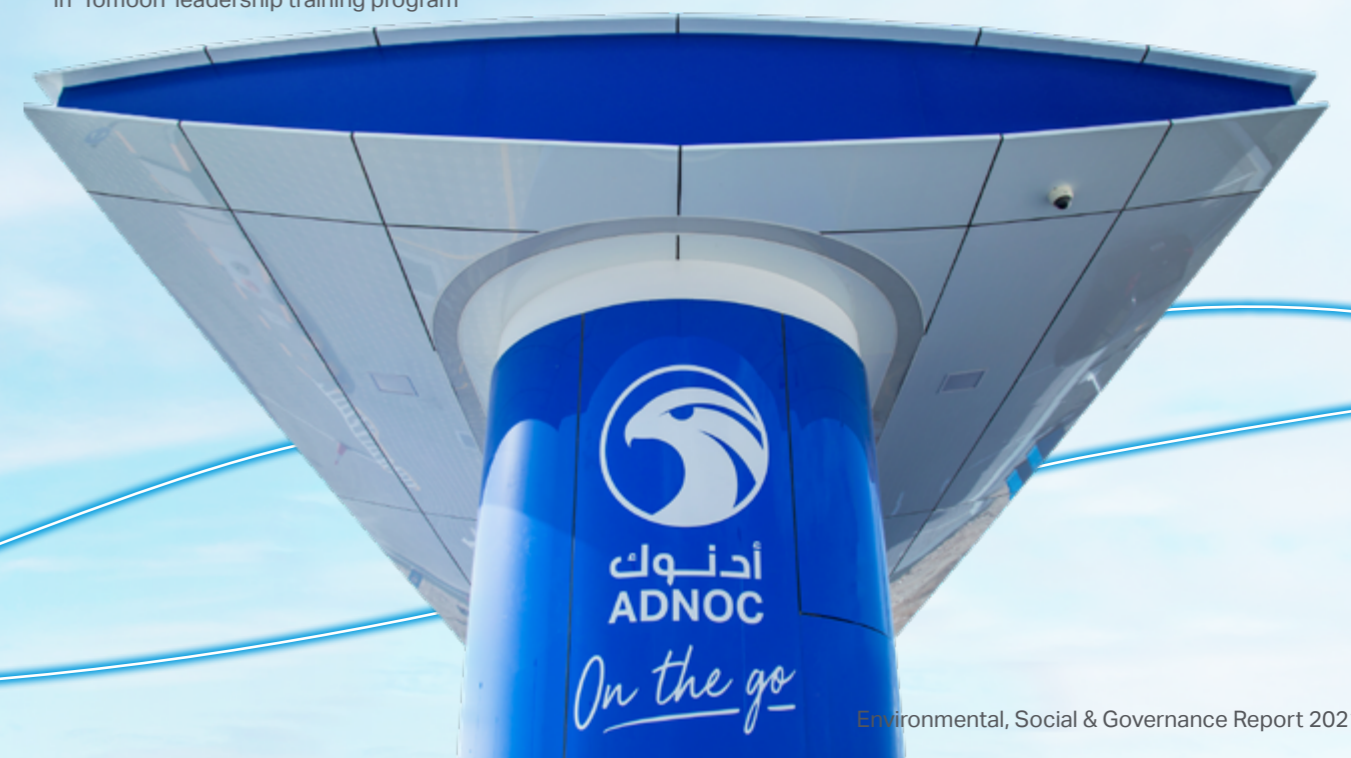
on four service stations,

### 2 Service Stations

LEED certified

### -11%

Emissions Intensity Ratio decreased by 11% to 7.2 tCO<sub>2</sub>e/Million AED





## KEY MILESTONES ACHIEVED IN 2021



### Q1

Opened **four new stations** and six **new convenience stores** in the UAE

Refurbished **14 convenience stores** in the UAE

Signed definitive agreements to acquire **20 new stations in Saudi Arabia**

**\$10 million** in like-for-like operating expenses savings in Q1 2021

First fuel retailer globally to **vaccinate 100%** of its frontline employees

**New partners** added to the ADNOC Rewards program

Reiterated the 2021 dividend policy to pay **\$700 million dividends** and amended the 2022 dividend policy to set min. \$700 million dividends, payout of min. **75%** of distributable profits after that remains unchanged



### Q2

Opened **eight new stations** and **eight new convenience stores** in the UAE

Refurbished **10 convenience stores** in the UAE

Received no-objection certificates from the Saudi General Authority for Competition (GAC) to **acquire 35 stations in Saudi Arabia**

**\$17 million** in like-for-like operating expenses savings in H1 2021

**Launched new promotional campaigns**, offering rewards members more deals and discounts

Free float increased to **23%** after successful placement of an additional **3%** of ADNOC Distribution shares by ADNOC

ADNOC Distribution shares were included in **MSCI Emerging Market Index**, further broadening the investor base and visibility amongst global investors



### Q3

Opened **two new stations** and **two new convenience stores** in the UAE

Refurbished **11 convenience stores** in the UAE

Added **three new stations** in the **KSA**, taking the total network in Saudi Arabia to **5**

**\$26 million** in like-for-like operating expenses savings in 9M 2021

Added **new distributors** for **ADNOC Voyager lubes**, taking the total number of countries it is exported to **19**

Launched a series of promotions including the **Let's Go Shop** and **Win Raffle**

Crossed **1.2 million loyalty members** under the ADNOC Rewards program, a **20% increase** compared to the end of 2020

ADNOC Distribution shares were included in **FTSE Emerging Market Index**, further broadening the investor base and strengthening its value proposition

ADNOC Distribution received a rating of **'A'** in the **MSCI ESG rating assessment**



### Q4

Opened **five new stations** and **four new convenience stores** in the UAE

Refurbished **15 convenience stores** in the UAE

Added **35 new stations** in the **KSA**, taking the total network to **40**, including its first station to fully showcase the company's modern fuel and retail convenience offering with an integrated ADNOC Oasis store, car wash and lube change

**\$41 million** in like-for-like operating expenses savings in FY 2021

**Expanded** in the Dubai commercial fuel & lubricants market by **signing several new agreements**

Expanded **LPG delivery service** with **30** new trucks added to the existing fleet of **17**, with **enhanced digital ordering** of LPG cylinders

Launched the **next-generation retail experience** with fully autonomous, contactless and cashierless **ADNOC Oasis** store using AI technology

Grew **ADNOC Rewards** program partnership network to a total of **67 external partners**

# 2021



# A NOTE FROM THE CHAIRPERSON



**Dr. Sultan Ahmed Al Jaber**  
Chairman



## **WE REMAIN COMMITTED TO ENHANCING OUR ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE PERFORMANCE ACROSS OUR BUSINESS OPERATIONS AND ACTIVITIES IN ORDER TO ALIGN WITH LEADING GLOBAL PRACTICES, AND MEET OUR STAKEHOLDERS' EVOLVING NEEDS AND EXPECTATIONS**

Since the inception of ADNOC Distribution in 1973, we have steadily expanded and grown to become a pillar of Abu Dhabi and the UAE economy. Our strategic goal remains to be the leading fuel distributor and convenience retailer in the region, while remaining focused on creating and maintaining a sustainable business model to create a positive, lasting impact on the communities in which we operate.

Sustainability to ADNOC Distribution is embedded within our corporate culture, and is integrated in all our business functions, policies, and activities. We see sustainability excellence as a strategic growth driver.

In our home market, the UAE, our commitment to deliver value to the local economy and communities has allowed us to create additional employment opportunities for UAE

nationals and increase the spending on procurement of local goods and services. We are proud to announce that our Emiratization rate stood at 67.2% during the year and in-country value contribution increased to 61% in 2021 compared to 40% in 2020.

We recognized the importance of taking a lead on key environmental issues and we continue to undertake initiatives to lower our emissions and protect the local environment and natural resources of the communities where we operate. In the past few years, we further strengthened our sustainability commitment and accelerated our actions by reducing our greenhouse gas emissions by 26% over 2018-21 despite an expansion in our fuel station network by 23% over the same period.

ADNOC Distribution's commitment to effective governance of sustainability

topics and management of their impact is highlighted by our steadfast compliance to all applicable regulatory requirements. Our annual investments in initiatives such as conducting best-in-class risk assessments ensure the effective management of environmental risks and mitigate any potential impacts of our business activities and operations on the local environment.

The UAE has recently announced the UAE Net Zero by 2050 Strategic Initiative; the first country in the region to do so. ADNOC Distribution will be firmly pursuing and contributing to this ambitious target through our robust and innovative Decarbonization strategies.



# A NOTE FROM THE CEO



**Eng. Bader Saeed Al Lamki**  
CEO, ADNOC Distribution



## **FOLLOWING A UNIQUE YEAR BROUGHT UPON BY THE GLOBAL COVID-19 PANDEMIC, THE PEOPLE IN THE LOCAL COMMUNITIES WE OPERATE IN ADAPTED TO A POST-COVID ENVIRONMENT.**

We, at ADNOC Distribution, played a significant role in responding to the multi-faceted challenges brought upon by COVID-19 through innovative and agile solutions across our economic, social, and environmental focus areas, while placing our utmost priority on the health and safety of our employees, and our customers.

In 2021, ADNOC Distribution recorded a total revenue of AED 20,291 million representing an increase of 29.7% compared to 2020. This is testament of resilient business model, our agility and ability to develop the innovative solutions for our customers and adapt to the challenges caused by the COVID-19 pandemic, while remaining a competitive market player.

### **Preserving the environment**

We remain committed and dedicated to protecting the natural resources of the countries and communities we operate in, and have taken proactive steps, in response to the UAE's recently announced Net Zero by 2050 strategic initiative. Our focus on new, innovative low-carbon product offerings such as compressed natural gas for vehicles, low carbon and high performance range of fuels and lubricants, electric charging network to meet growing demand for electric vehicles and increasing reliance on clean energy sources such as solar power, hydrogen will allow us to actively contribute to achieving this ambitious national target, while strengthening our commitment to protecting our local environment and natural resources.

### **Prioritizing our people**

ADNOC Distribution has always and will continue to place the utmost priority on protecting and empowering our people whom we consider to be our greatest and most valuable assets. In 2021, we delivered approximately 114 hours of training and professional development programs per employee aimed at enhancing the skills and capabilities of our workforce, including achieving a 67.2% Emiratisation rate.

### **Governing through excellence**

We strongly believe in governing our organization through a robust and leading system of controls and processes to achieve our strategic, long-term objectives in a transparent, and ethical manner. In 2021, ADNOC Distribution elected Mariam Saeed Ghobash to our Board of Directors. We are confident that Ms. Ghobash will be an excellent addition to our independent Board of Directors, who remain committed to lead ADNOC Distribution to new heights and achievements in 2022.



# ABOUT ADNOC DISTRIBUTION<sup>2</sup>

## ITS CORE VALUES ARE FIRMLY EMBEDDED IN ITS OPERATING PHILOSOPHY, INSPIRING AND INFORMING ITS DAILY CONDUCT.

Established in 1973, Abu Dhabi National Oil Company for Distribution PJSC (ADNOC Distribution) is UAE's first government-owned company specializing in the national and international marketing and distribution of petroleum products. Headquartered in the nation's capital, ADNOC Distribution operates 462 service stations and 346 convenience stores spanning the United Arab Emirates and 40 retail fuel stations in the Kingdom of Saudi Arabia (as of 31 December 2021). In addition, the company also exported lubricants to 19 countries in the Middle East, Africa, and Asia.

Its core values are firmly embedded in its operating philosophy, inspiring and informing its daily conduct. They represent the company's collective commitment to set, achieve and exceed ambitious targets.

### OUR VISION

We harness energy resources in the service of our nation.

### OUR MISSION

Through partnership, innovation and a relentless focus on high-performance and efficiency we maximize the value of energy resources.

## OUR VALUES



### PROGRESSIVE

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



### COLLABORATIVE

We work in close collaboration with our partners and peers, leveraging our collective 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 that can make a difference to 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, our community, our partners and our nation.









# OUR BUSINESS<sup>3</sup>





ADNOC Distribution is a market leader in downstream marketing and distribution of retail fuels, automotive lubes, commercial fuels and finished lubricants, aviation fuels, compressed natural gas (CNG) for vehicles, and liquefied petroleum gas (LPG). It also delivers high-quality convenience retailing and allied retail services such as car wash, lube change, and vehicle inspection services. The organization continues to grow and expand its footprint in the both domestic and international markets.

 Automotive and Commercial Lubricants exported to **19 countries in the GCC, Middle East and North Africa**







As of 31 December:

	UAE 		SAUDI ARABIA 	
	2020	2021	2020	2021
 <b>Service stations</b>	<b>445</b>	<b>462</b>	<b>2</b>	<b>40</b>
 <b>Convenience stores</b>	<b>326</b>	<b>346</b>	<b>0</b>	<b>2</b>

## KEY HIGHLIGHTS OF 2021

<p> <b>FINANCIALS</b></p> <p>AED billion <b>20.9</b> Revenues</p> <p>AED billion <b>20.6</b> Economic value distributed<sup>4</sup></p> <p>AED billion <b>3.1</b> EBITDA</p> <p>AED billion <b>2.57</b> Dividends distributed to shareholders</p>	<p> <b>PRODUCT SALES</b></p> <p><b>9.1</b> billion liters of fuel sold</p> <p>MMSCM <b>26</b> Metric Standard Cubic Meters of CNG fuel sold</p>	<p> <b>INFRASTRUCTURE</b></p> <p><b>8</b> Supply chain terminals operating within the UAE</p> <p><b>30</b> New trucks added to My Station fleet to offer mobile fueling and LPG cylinder delivery for Abu Dhabi customers</p> <p><b>6</b> Energy efficient 'ADNOC On the Go' stations launched</p> <p><b>31</b> Service stations with CNG fueling capacity maintained</p>	<p> <b>ASSOCIATIONS</b></p> <p><b>API</b> American Petroleum Institute</p> <p><b>IATA</b> International Air Transport Association</p> <p><b>JIG</b> Joint Inspection Group</p> <p><b>IASH</b> International Association for Stability, Handling and Use of Liquid Fuels</p>
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## OUR PRODUCT & SERVICE OFFERINGS<sup>3</sup>

-  **Fuel services**  
ADNOC Distribution's main fuel products comprise three grades of gasoline (91, 95 and 98 octane), gasoil, lubricants, CNG and LPG.
-  **Residential products**  
The company sells LPG in 25- and 50-pound cylinders, primarily to residential customers for home cooking, and in bulk to corporate customers
-  **Convenience stores**  
ADNOC Distribution operates convenience stores in its stations which offer groceries, refreshments, snacks, confectionery goods, fresh food, hot and cold beverages etc.
-  **Corporate products**  
ADNOC Distribution supplies and distributes bulk refined petroleum products, including gasoil, gasoline, LPG, and lubricants to commercial, industrial and government customers. The company also markets lubricant products under its proprietary Voyager brand to industrial, private and government customers throughout the UAE and also export it to 19 countries, across the GCC, Africa and Asia.
-  **Non-fuel services**  
The company also offers non-fuel services at many of its service station locations, such as car wash and lube change. In addition, services such as vehicle servicing, repairs and tire change are also provided by partners and tenants. The company operates 30 vehicle inspection and testing centers in Abu Dhabi and Northern Emirates and also manages and leases retail space within its service stations.
-  **Aviation products**  
The company manages fueling and distribution operations at all Abu Dhabi airports, as well as some airports in the Northern Emirates, and sell Aviation fuels to strategic customers.

### Marketing & Distribution of Refined Petroleum Products

- Gasoline (ULG-91, 95, 98)
- Gasoil (Diesel)
- Liquefied Petroleum Gas (LPG)
- Compressed Natural Gas (CNG) for vehicles
- Lubricants
- Jet Fuel
- Kerosene 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



# OUR STRATEGIC PILLARS



## Progress as of 2021

- Expanded network to **462** stations in UAE
- 31** stations opened in Dubai

### Objectives

Maintain and **grow retail market** share in Abu Dhabi and the Northern Emirates, including network expansion in Dubai

## Plans in 2022 and beyond

- Single-digit volume growth over 2018 - 2023
- Establish 530-550 stations in UAE by 2023
- Increase ULG-98 contribution as a percentage of retail gasoline sales by 2023 through increased marketing, use of additives, and international certifications for premium fuels
- Grow commercial fuel sales in Dubai and the Northern Emirates



## Progress as of 2021

- Expanded C-stores network to 346
- 60% of 2018 C-Store network refurbished as of 2021

### Objectives

Grow network of **convenience stores** and **enhance** customer offerings to offer **superior experience**

## Plans in 2022 and beyond

- Target to open 400 C-stores in UAE by 2023
- Refurbish total C-store network with new look and feel
- Enhance fresh food and hot beverages offering to increase basket size/margins
- Increase C-store conversion (fuel to non-fuel conversion)
- Diversify into franchisee models and e-commerce



## Progress as of 2021

- Launching of ADNOC Rewards Program (the first in the region from a fuel provider)
- Online channel presence
- Mobile fuel and LPG Delivery
- Smart Technology at stations incl. contactless payments, self-service check-outs, digital ordering etc

### Objectives

Increase customer **loyalty** and **enhance** customer **experience** through a variety of initiatives such as **digitization, rewards etc.**

## Plans in 2022 and beyond

- Expansion of ADNOC Rewards points-based program
- E-commerce channel expansion
- Expansion of Mobile fuel and LPG Delivery services
- Smart tech at stations and C-stores



## Progress as of 2021

- \$103m in like-for-like OPEX Savings from 2019-2021
- \$186m in annual CAPEX over 2019-2021, achieving CAPEX efficiencies in building stations through various value engineering initiatives

### Objectives

Optimize OPEX to transition towards **leading cost-efficient fuel retailer** Improving CAPEX efficiency

## Plans in 2022 and beyond

- Approximately \$100-150m in like-for-like OPEX savings over 2019-2023 compared to 2018
- Smart, targeted OPEX optimization initiatives via efficient retail site operating model, streamlining marketing costs and back-office processes, outsourcing and vendor negotiations, reviewing warehousing costs, and improving usage of utilities
- Growth CAPEX acceleration and network growth efficiencies



## Progress as of 2021

- Opened 40 stations in Kingdom of Saudi Arabia (KSA)
- Lubricants exports to more than 19 countries in the GCC, Africa and Asia

### Objectives

Expand in **international markets** (GCC, Middle East, and Northern Africa and Asia Region)

## Plans in 2022 and beyond

- Accelerate expansion in Saudi Arabia
- Explore opportunities to grow presence in other markets in GCC, Middle East, and Northern Africa and Asia Region, including lubricants export opportunities

## OUR KEY ENABLERS

### 01

#### People and Performance Culture

Our people are our most important asset. We are dedicated to their growth and well being. We do all we can to make them motivated, realize their true and full potential. We strive to have a triumphant team with a great drive for success

### 02

#### Digital and IT Infrastructure

We strengthen our digital competence through our investments in modernization of IT infrastructures

### 03

#### Operation and Customer Excellence

We concentrate our efforts on operational excellence to achieve our progressive goals effectively, efficiently, and above all - sustainably

### 04

#### Brand

Building our brand is a continuous action we do through a customer-driven approach - differentiated value proposition, advertisements, and communications

### 05

#### Sustainability and CSR

Our CSR initiatives are focused on our commitments to increase ICV, local employment, and entrepreneurship. Moreover, we are committed on meeting the energy needs of the nation through sustainable activities

5. Operating expenses  
6. Capital expenditure

# ADNOC DISTRIBUTION'S ESG AGENDA

## IMPROVING OUR ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) PERFORMANCE IS AN ETHICAL AND BUSINESS IMPERATIVE.

ADNOC Distribution strongly supports the UAE's National Sustainability Agenda and aligns with Abu Dhabi National Oil Company's (ADNOC) broad strategic vision. The company recognizes ADNOC'S 2030 Sustainability Strategy as a strong foundation to reinforce its commitment and way forward to improve its overall ESG performance. Moreover, the company continues to work on its long-term strategies in meeting the global outlook to reshape the energy sector by adopting best practices for business sustainability.

### OUR SUSTAINABILITY STRATEGIC FRAMEWORK<sup>7</sup>

ADNOC Distribution has outlined a Sustainability Strategic Framework that summarizes short-, medium-, and long-term goals, objectives, plans and KPIs for sustainability. The Framework drives progress and strengthens the previously established strategies. It is aligned with company's overall corporate strategy. The Framework is instrumental in integrating sustainability within the company and delivering positive ESG impacts through its well-defined implementation cycle.

01 Strategy and Planning	02 Governance	03 Execution and Monitoring	04 Reporting	05 Materiality Assessment
<p><b>Conduct</b> a materiality assessment and stakeholder engagement exercise</p> <p><b>Develop</b> the Sustainability Strategic Framework in alignment with global, regional and ADNOC group Sustainability Goals and Reporting Frameworks</p>	<p><b>Approval</b> from management and board on sustainability framework and objectives</p> <p><b>Sustainability Committee</b> to drive sustainability strategy and oversee implementation</p> <p><b>Set up</b> CSR sub-committee to drive CSR strategy and implementation</p> <p><b>Set up</b> other required sub-committees as required</p> <p><b>Board</b> to review sustainability performance through integration of key targets in organizational performance scorecard</p>	<p><b>Set up</b> working group to support implementation of sustainability and CSR initiatives</p> <p><b>Set up</b> Sustainability PMO to monitor progress and provide feedback to Sustainability and CSR committees</p> <p><b>Develop</b> initiative cards for execution, planning and monitoring</p> <p><b>Set up</b> a Collaborative Project Management Services (online project management and reporting tool)</p>	<p><b>Initiate</b> internal quarterly sustainability KPI reporting</p> <p><b>Initiate</b> external ESG reporting and Annual reporting</p>	<p><b>Understand</b> impact of initiatives</p> <p><b>Understand</b> evolution of strategic priorities</p> <p><b>Identify</b> feedback for improvement</p>

# The Future of Shopping

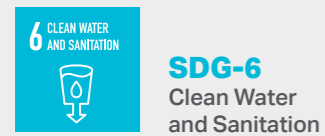




## STRATEGY AND PLANNING

The Framework has clearly defined objectives under six pillars to guide progress.

### UN SDGs ADOPTED THROUGH THE FRAMEWORK



## ENVIRONMENT



### 1. CLIMATE, EMISSIONS & ENERGY

Optimize carbon emissions & energy consumption footprint

1. Adopt Green Liquid Fuels portfolio
2. Develop Low Carbon Alternative Fuels/Energy portfolio (EV, Hydrogen, LCNG)
3. Reduce GHG Emissions & Energy Intensity

### 2. LOCAL ENVIRONMENT

Adopt a restorative approach to protect and preserve the local environment

1. Reduce waste by optimizing consumption
2. Reuse water & other natural resources for conservation
3. Recycle plastic resources & waste to optimize footprint
4. Recover plastic non-recyclable waste, where feasible



## SOCIAL



### 3. ECONOMIC & SOCIAL CONTRIBUTION

Develop and deliver Corporate Social Responsibility (CSR) projects in priority areas:

1. Community – Support local communities<sup>8</sup> by focusing on social campaigns
2. Environment – Support environmental programs that contribute to UAE's 2050 net-zero emissions goal
3. Economy – Create shared value with local businesses

### 4. WORKFORCE DIVERSITY & DEVELOPMENT

Promote Diversity, Equity & Inclusion

1. Fairness – be a fair and meritocratic employer
2. Diversity & inclusion – be a diverse and inclusive organization
3. Employee wellbeing – preserve and improve employee wellbeing
4. Employee satisfaction – provide and promote a motivating, engaging, and fulfilling working life

### 5. HEALTH, SECURITY & SAFETY

Demonstrate 100% commitment to HSE as 1<sup>st</sup> Priority

1. Planning – Implement HSE five years business plan
2. Execution – Comply with HSE life saving rules
3. Safety Culture – Implement safety culture transformation strategy
4. Asset Integrity – compliance with Asset Integrity related HSE standards

## GOVERNANCE



### 6. BUSINESS SUSTAINABILITY

Adopt Best Practices for Business Sustainability

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



## GOVERNANCE OF THE FRAMEWORK

The Framework has been developed using a top-down approach. The Chief Executive Officer (CEO) of ADNOC Distribution oversees the development and implementation of the company-wide sustainability strategy, monitoring and reporting the progress of the initiatives and actions taken in environmental and socio-economic areas. To provide timely reports, the CEO has sub-delegated some of these

tasks, such as tracking and reporting the vital initiatives, to key members of executive management.

To ensure a robust governance of the sustainability strategy framework and delivery of our sustainability programs, ADNOC Distribution has established a corporate-level Sustainability Committee, comprising members from the Executive Management.

The Sustainability Committee provides insights and recommendations to the CEO on activities and policies relevant to sustainability practices. The Committee meets quarterly to review a range of subject matters. It seeks to develop proactive systems in integrating sustainability across the value chain.

## THE SUSTAINABILITY COMMITTEE OVERSEES THE ORGANIZATION'S PROGRESS IN ACHIEVING CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY GOALS

### COMPOSITION OF THE SUSTAINABILITY COMMITTEE



The Committee also assists in identifying, evaluating, and monitoring material risks that would affect the sustainable performance of the company, while ensuring alignment to ADNOC's 2030 Sustainability Strategy, Abu Dhabi Economic Vision 2030, and other ESG guidelines and requirements moving forward.

## SUSTAINABILITY COMMITTEE KEY OBJECTIVES



## EXECUTION AND MONITORING THE FRAMEWORK

ADNOC Distribution has established an Organizational Performance Scorecard to monitor key metrics within the Framework and set internal targets against them. The Scorecard entails KPIs on Environmental performance (such as GHG Emissions Energy Intensity), People performance (such as Emiratisation rate, employee engagement index), and other performance measures for Safety, Profitability, Performance and Efficiency.

ADNOC Distribution has also set up a Working Group to support the implementation of sustainability and CSR initiatives. Working group members meet on monthly basis or as required and engage with different business divisions and functions to ensure that the Sustainability Strategy Framework is well understood across the organization.

The Working Group is also responsible to identify, execute and monitor sustainability and CSR initiatives. The creation of a sustainability Performance Management Office (PMO) ensures that progress is monitored and feedback is provided to the Sustainability and CSR committees as well as to the Board. This also ensures that timely actions are taken and necessary support is available from the highest governing bodies in the company to create positive ESG impacts.

Initiative cards have been developed for execution, planning, and monitoring, together with a Collaborative Project Management Services (an online project management and reporting tool) to support in execution of various initiatives under each of the six pillars.

## REPORTING

ADNOC Distribution has been publishing its ESG Report over the past three years. In addition, the organization also discloses key ESG information within its Annual Report and on its website. During the years to come, ADNOC Distribution aims to expand its ESG reporting journey by continuous improvement in the disclosure of information.



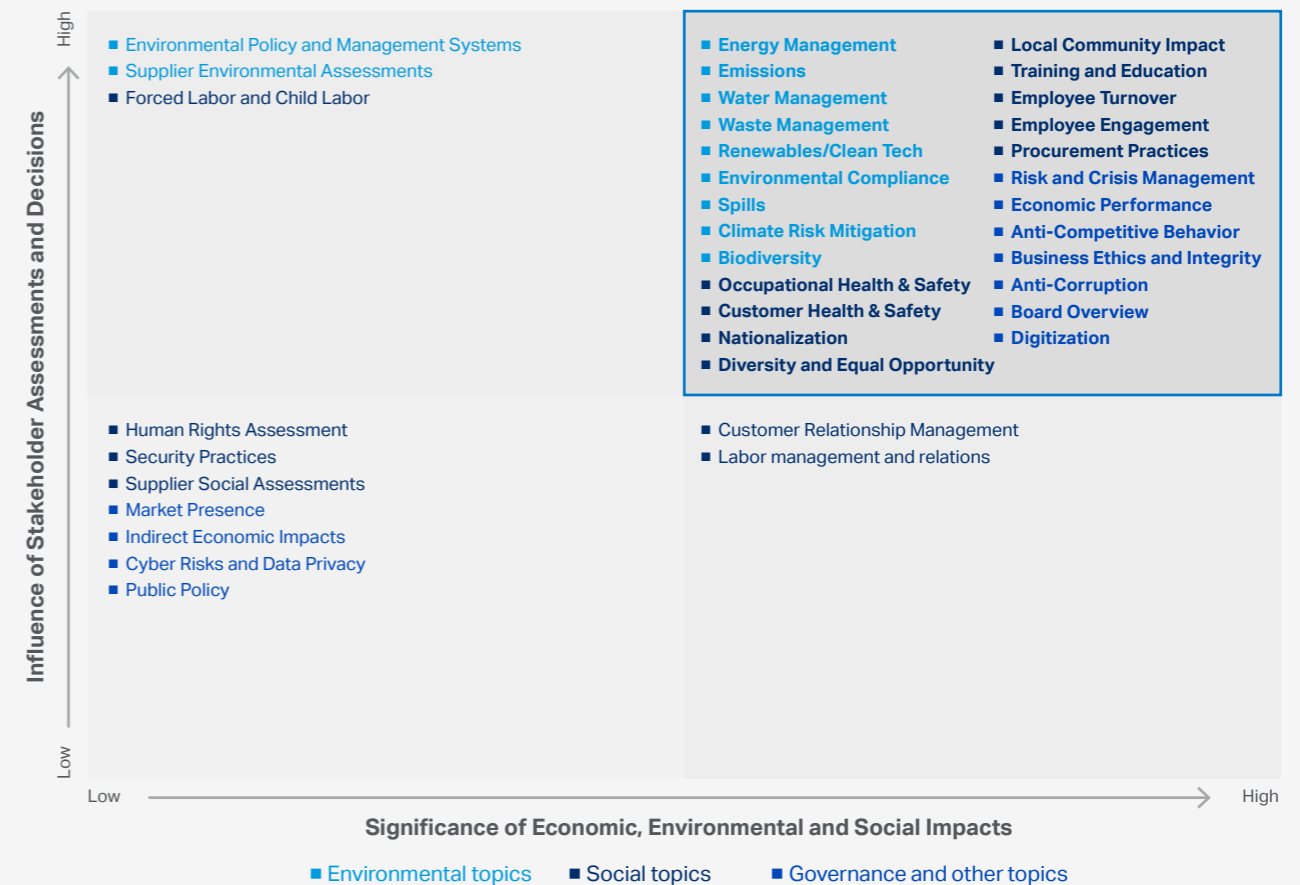
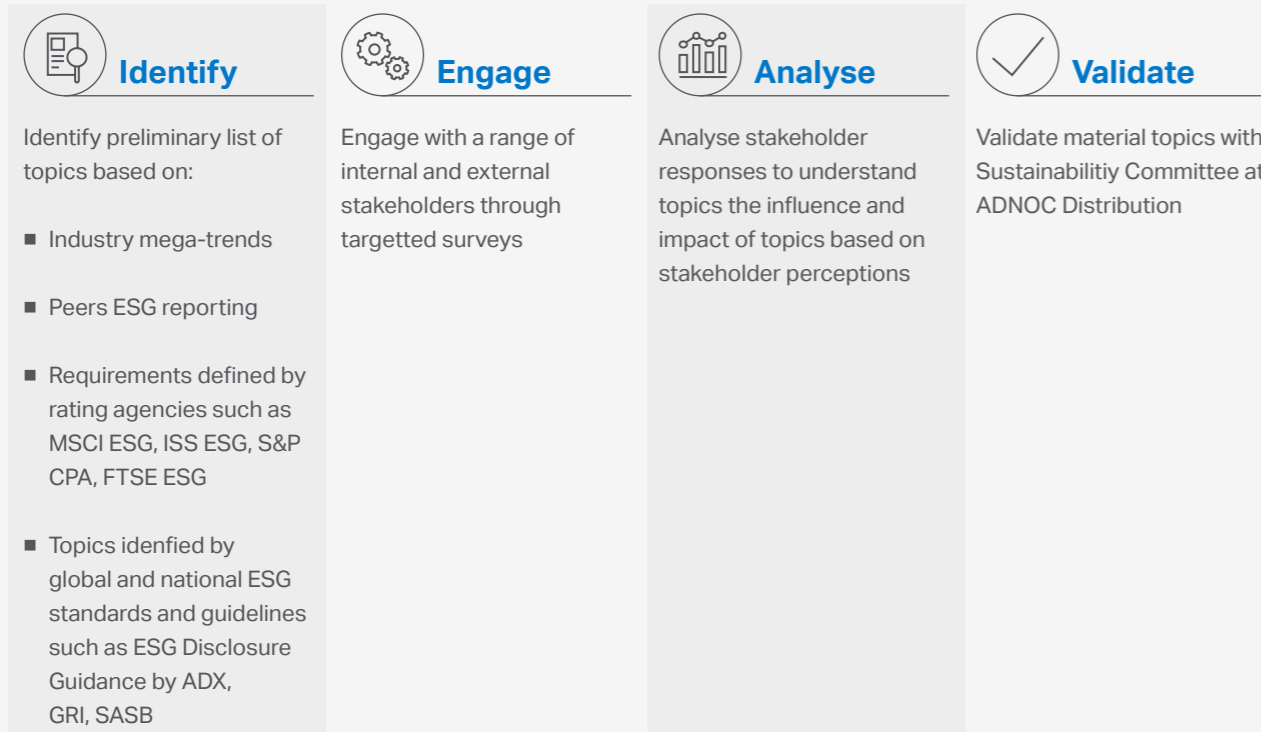
# OUR MATERIALITY



**ADNOC DISTRIBUTION CONDUCTED AN IN-DEPTH MATERIALITY ASSESSMENT EXERCISE TO IDENTIFY TOPICS THAT REPRESENT ITS MOST SIGNIFICANT IMPACTS ON THE PILLARS OF ESG.**

## MATERIALITY ASSESSMENT METHODOLOGY<sup>9</sup>

The exercise was carried out by identifying 37 topics based on industry mega-trends, peer reporting practices, ESG rating agency requirements and topics identified by leading ESG Reporting standards and guidelines. An extensive stakeholder consultation session with ADNOC Distribution's internal and external stakeholders enabled the company to identify 25 key ESG topics. Insights and feedback were obtained from the Sustainability Committee following stakeholder consultation to derive ADNOC Distribution's 2021 material topics, as indicated in the table below.



## ADNOC DISTRIBUTION MATERIAL TOPICS INCLUDE:



### ENVIRONMENTAL

		PILLAR	
<b>Energy Management</b>	Develop efficient energy solutions Reduce energy intensity levels Contribute towards the UAE Energy Strategy 2050	<b>Climate, Emissions &amp; Energy</b>	Page 50
<b>Emissions</b>	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	<b>Climate, Emissions &amp; Energy</b>	Page 53
<b>Water Management</b>	Conserve, manage, and recycle water and continuous adherence to the HSE standards and regulatory compliance.	<b>Local Environment</b>	Page 63
<b>Waste Management</b>	Waste management in compliance with the regulatory requirements Seeking the opportunities to optimize the waste generation across the company's operations Work on developing an efficient waste management program	<b>Local Environment</b>	Page 64
<b>Renewables / Clean Tech</b>	Implement clean energy programs such as rooftop solar panels	<b>Climate, Emissions &amp; Energy</b>	Page 101
<b>Environmental Compliance</b>	Ensure compliance with applicable legal and other requirements by practicing the standard work methodologies	<b>Local Environment</b>	Page 60
<b>Spills</b>	Maintain strict enforcement of procedures to prevent and mitigate any potential effects of operational spills or minimize impacts that might occur.	<b>Local Environment</b>	Page 89
<b>Climate Risk Mitigation</b>	Adapt with and mitigate climate risks applicable to ADNOC Distribution's business and support energy transition initiatives	<b>Climate, Emissions &amp; Energy</b>	Page 58
<b>Biodiversity</b>	Protect biodiversity by adhering to the internal biodiversity standards, guaranteeing t no operations performed in any protected areas without affecting the biodiversity.	<b>Local Environment</b>	Page 63



### SOCIAL

		PILLAR	
<b>Occupational Health and Safety</b>	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	<b>Health, Safety, and Security</b>	Page 85
<b>Customer Health and Safety</b>	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	<b>Health, Safety, and Security</b>	Page 84
<b>Procurement practices</b>	Ensure supply chain sustainability through robust procurement practices and policies	<b>Procurement Practices</b>	Page 68
<b>Nationalization</b>	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	<b>Workforce Diversity &amp; Development</b>	Page 74
<b>Diversity and Equal Opportunity</b>	Provide a diverse and inclusive workplace through its policies that would ensure equal opportunities and fair treatment for all the employees	<b>Workforce Diversity &amp; Development</b>	Page 74
<b>Local Community Impact</b>	Design CSR projects to give more back to the community and that create a meaningful impact on these communities	<b>Economic and Social Contribution</b>	Page 69
<b>Training and Education</b>	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	<b>Workforce Diversity &amp; Development</b>	Page 79
<b>Employee Turnover</b>	Maintain a healthy working environment that attracts and retains a workforce	<b>Workforce Diversity &amp; Development</b>	Page 82
<b>Employee Engagement</b>	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	<b>Workforce Diversity &amp; Development</b>	Page 77





## GOVERNANCE

		<b>PILLAR</b>	
<b>Business Ethics and Integrity</b>	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	<b>Business Sustainability</b>	Page 43
<b>Anti-Corruption</b>	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	<b>Business Sustainability</b>	Page 90
<b>Board Overview</b>	Ensure that the Board has the highest responsibility for decisionmaking 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	<b>Business Sustainability</b>	Page 39
<b>Risk and Crisis Management</b>	Set policies and procedures to make sure that any form of risk or crisis are managed effectively so that there is business continuity	<b>Business Sustainability</b>	Page 96
<b>Economic Performance</b>	Contribute to nation development by creating shared value, improved InCountry Value through robust governance in place, strategic management, and performance management	<b>Business Sustainability</b>	Page 66
<b>Anti-Competitive Behavior</b>	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	<b>Business Sustainability</b>	Page 96
<b>Digitization</b>	Improve the IT landscape to join the emerging trends in digitization and technology  Through IT modernization, such programs are implemented to provide timely, accurate data, and mitigate cyber security risk	<b>Business Sustainability</b>	Page 94



## STAKEHOLDER ENGAGEMENT<sup>10</sup>:

ADNOC Distribution promotes honest, transparent, and mutually beneficial partnerships with its broad stakeholders. While the post-pandemic world continued to hinder usual routes of stakeholder engagement, the company was quick to evolve outreach models to facilitate safety and provide a platform to share and exchange stakeholder perspectives.

ADNOC Distribution's Executive Leadership Team actively engages with stakeholders in overseeing the ADNOC Distribution'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.

ADNOC Distribution will continue to prioritize its long-term sustainability successes through the lens of creating value for its esteemed stakeholders.



10. 2-29 Approach to stakeholder engagement



Stakeholder Group



EMPLOYEES

Method of engagement

- ESG Survey
- Employee engagement survey
- AskHC Portal
- Trainings & Workshops
- Virtual Town halls

Key concerns raised/topics of interest

- Ensuring gender diversity and equality across the business
- Updates on fundamental policy changes, employee engagement action plan, opportunities for personal development and career progression, rewards, and recognition

How ADNOC Distribution addresses these concerns

- Periodic reporting on gender related KPIs to identify current performance, and implementation of initiatives to increase gender diversity
- Periodic communication to employees by internal newsletter, emails, virtual town halls and CEO updates to raise awareness about policy changes, development opportunities, internal vacancies, people and business updates, and growth potential
- Assign task force in each of the business divisions to understand the employees' needs and come up with an action plan that will positively affect employee engagement
- Employee engagement champion compiling all employees' comments written in the Employee Engagement Pulse Survey and coordinating to resolve feedback with the group taskforce
- Unifying the efforts with different groups to come up with an effective employee engagement action plan after assigning an external vendor and different employee engagement champions from the company to conduct focus group study and understand each group's employee engagement drivers

Stakeholder Group



CUSTOMERS

Method of engagement

- 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 diversity of workforce at stations and convenience stores

How ADNOC Distribution addresses these concerns

- Implementation and continual improvement of health and safety management systems in line with leading practices
- Robust quality management system to identify and meet customer needs and expectations
- Provision of workforce talent and professional development programs to enhance customer interactions and service level

Stakeholder Group



SHAREHOLDERS

Method of engagement

- ESG Survey
- General assembly meetings
- Investor roadshows
- Virtual meetings
- 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
- Email distribution
- Social media

Key concerns raised/topics of interest

- Visibility on the company's growth plans and dividend policy
- International expansion growth targets
- Impacts of energy transition on ADNOC Distribution
- Development of robust and clearly defined strategies on electric vehicles and hydrogen
- Regulatory framework for UAE fuel retail sector
- Potential to increase share trading liquidity

How ADNOC Distribution addresses these concerns

- Provided long term strategic growth targets during Capital Market Days in May 2019
- Provide annual guidance and outlook on the company's key performance indicators
- Developing clean energy and innovative product portfolio, e.g., electric vehicle charging stations
- Provide regular updates on progress made against annual guidance and long-term growth targets, including company's role in supporting energy transition and adopt low carbon energy products
- Unveiled progressive and attractive dividend policy providing visibility of shareholder returns
- Increase in the company's free float through private placement of ADNOC Distribution's shares by parent ADNOC and subsequent inclusion in major global benchmark indices by MSCI/ FTSE, leading to higher share trading liquidity



Stakeholder Group



**SUPPLIERS AND PARTNERS**

**Method of engagement**

- ESG Survey
- Bids and tenders
- Supplier portals
- Post-award communications

**Key concerns raised/topics of interest**

- Ensuring availability and supplies of products in ADNOC Distribution's portfolio
- Enhancement in in tendering process
- Timely response to supplier queries
- Communication on new procedures related to supplier performance evaluation, in-country value, and COVID-19 updates

**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
- Centralized announcement and communication to all suppliers through Suppliers

Stakeholder Group



**GOVERNMENT (FEDERAL AND LOCAL GOVERNMENTS) AND REGULATORY AUTHORITIES**

**Method of engagement**

- ESG Report
- Annual and quarterly reports
- Public reporting
- Face-to-face meetings

**Key concerns raised/topics of interest**

- Company's contribution to the local economy, environment, community development, employment opportunities, and increase in customer convenience
- Company's contribution to strengthening regulatory framework governing the sector

**How ADNOC Distribution addresses these concerns**

- Contributed to infrastructure development of the country, provided increased employment opportunities and higher access to fueling and convenience services by investing in network expansion in the country as well as renovating convenience stores network
- Providing and developing low carbon and green energy products such as compressed natural gas, lubricants for hybrid engines, premium products offering improved engine efficiencies such as Octane-98 gasoline
- The addition of new station formats such as ADNOC on the go and ADNOC Oasis Autonomous Store utilizing the latest innovative technologies with significant lower carbon footprint and running on significantly less power
- Investing in digital solutions that offer customers more convenience, such as contactless payments, digital ordering and online ordering, self-service check outs, etc.

Stakeholder Group



**LOCAL COMMUNITIES**

**Method of engagement**

- ESG Survey
- Employee volunteering
- Community program sponsorships
- CSR events

**Key concerns raised/topics of interest**

- Initiatives impacting local employment, social development, environmental impact, health & safety of people

**How ADNOC Distribution addresses these concerns**

- Undertook CSR initiatives such as Pink Caravan Campaign, Reach Campaign, Thank you SEHA Heroes
- Achieved CSR reach of approximately 2 million for impacted targets



# OUR ALIGNMENT TO ENSURE ESG LEADERSHIP

## ABU DHABI SECURITIES EXCHANGE (ADX) GUIDELINES



- Goals**
- Enhance ESG performance of public listed companies in the UAE
  - Promote and support voluntary disclosure of ESG data

- Focus**
- Guide disclosure of 31 critical ESG indicators
  - Align disclosures with leading standards (GRI, UN SDGs, WFE, SSEI)

### ADNOC Distribution's Impact and Contribution

- Published annual ESG reports in line with GRI Standards and voluntary ADX Guidelines
- Targeting to seek third-party assurance on ESG disclosures

## ABU DHABI ECONOMIC VISION (2030)



- Goals**
- Provide a framework for a long-term transformation of Abu Dhabi's economy
  - Reduce reliance on the oil sector

- Focus**
- Enhance talents and capabilities of the local workforce
  - Build infrastructure resilience to withstand economic shocks, and drive future productivity

### ADNOC Distribution's Impact and Contribution

- Investing in building resilient future-oriented infrastructures such as CNG fuelling stations and electric vehicle charging stations
- Promoted employment of local workforce and people transformation initiatives to instil performance and development culture

## ENVIRONMENT VISION 2030



- Goals**
- Consolidate and coordinate local sustainability response
  - Promote Abu Dhabi's natural heritage through enhancing resource efficiency

- Focus**
- Sustainability capabilities across environmental, economic, and social pillars
  - Critical focus on climate change, air and noise pollution, water resources, and waste management

### ADNOC Distribution's Impact and Contribution

- Developed sustainability strategic framework to enhance sustainability performance across ESG focus areas
- Targeting to develop a robust decarbonization strategy to promote and ensure a successful transition to the low carbon economy

## DEMAND SIDE MANAGEMENT AND ENERGY RATIONALIZATION STRATEGY (DSM)



- Goals**
- Reduce electricity consumption in Abu Dhabi by 22% by 2030
  - Reduce water consumption in Abu Dhabi by 32% by 2030

- Focus**
- Secure Abu Dhabi's future energy and water resources
  - Enhance sustainability of water and energy use through reduction of associated GHG emissions

### ADNOC Distribution's Impact and Contribution

- Promoted water-saving and recycling programs across assets and operations
- Rolled out training and awareness campaigns aimed at stakeholders to promote water and energy conservation

## UAE ENERGY STRATEGY 2050



- Goals**
- Increase contribution of clean energy in UAE's total energy mix from 25% to 50% by 2050
  - Increase consumption efficiency of individuals and corporations by 40%

- Focus**
- Reducing the carbon footprint of power generation by increasing clean energy contribution
  - Invest resources in sustainable energy programs

### ADNOC Distribution's Impact and Contribution

- Invested in solar energy generation through rooftop installation of solar panels on stations and planning to further increase the number of stations with solar panels to reduce reliance on conventional energy sources
- Implemented clean energy and energy efficiency initiatives to reduce energy consumption

## NATIONAL CLIMATE CHANGE PLAN OF THE UAE 2017-2050



- Goals**
- Identify, assess, and manage the causes, impacts, and risks of climate change
  - Plan the UAE's successful transition to a resilient sustainability-driven economy

- Focus**
- Effectively manage the UAE's GHG emissions with minimal disruptions to the economy's growth trajectory
  - Build a framework for the robust identification and management of climate-related risks across UAE's economic sectors

### ADNOC Distribution's Impact and Contribution

- Diversified revenue streams away from conventional fuels to clean energy such as investing in electric vehicle charging stations and development of hydrogen and other low carbon energy products
- Allocated resources for CNG fuelling across many service stations, mitigating GHG emissions



## UAE NET-ZERO BY 2050



### Goals

- Achieve Net Zero emissions by 2050
- Align to international decarbonization agendas such as the Paris Agreement



### Focus

- Reduce GHG emissions across UAE's sectors and industries
- Increase the size of UAE's green economy (e.g., clean energy)



### ADNOC Distribution's Impact and Contribution

- Targeting to develop a decarbonization strategy to promote and ensure a successful transition to the low carbon economy
- Built and promoted decarbonized product portfolio to contribute to net-zero ambitions such as CNG fuelling stations, high-efficiency fuel products, lubricants for hybrid engines and planning to add electric vehicle chargers at our stations

## UAE CENTENNIAL 2071



### Goals

- Provides a long-term roadmap to enhance the UAE's global reputation and capabilities
- Promote skills and talents of the UAE's youth, especially in critical future focus areas such as AI



### Focus

- Enhance the resilience of the UAE workforce's skills and capabilities
- Promote a happy and cohesive society



### ADNOC Distribution's Impact and Contribution

- Promoted employment of UAE nationals and provided future-oriented learning and development programs
- Proactively developed new and supported existing social initiatives in the UAE

## UN SUSTAINABLE DEVELOPMENT GOALS



### Goals

- Sets development framework covering 17 broad topics including affordable and clean energy and climate action
- Guides organizations in reporting against each topic's indicators



### Focus

- Improve global progress against a diverse set of ESG focus areas
- Promote organizational involvement in advancing the global ESG agenda



### ADNOC Distribution's Impact and Contribution

- Aligned sustainability strategy and objectives to the applicable UN SDG goals and targets
- Promoted UN SDGs to stakeholders through disclosures such as annual ESG Report



# OUR CORPORATE GOVERNANCE<sup>11</sup>

## 2021 HIGHLIGHTS



7/7

INDEPENDENT DIRECTORS



11

BOARD MEETINGS CONDUCTED



90%

BOARD MEETING ATTENDANCE<sup>12</sup>



14.3%

FEMALE MEMBER REPRESENTATION ON THE BOARD

ADNOC Distribution strongly believes in implementing a robust governance framework to meet the needs, requirements, and interests of its stakeholders and communities. The company has designed its governance structures and processes to ensure ethical and responsible practices and enhance accountability.

The company prides itself on establishing and maintaining a corporate governance framework

compliant with all corporate governance requirements and standards applicable to public joint-stock companies in the UAE. Moreover, the company ensures that the Framework is consistent with leading global practices through periodic benchmarking and assessment.

To enhance transparency and build stakeholder trust, ADNOC Distribution publishes an annual Corporate

Governance Report which provides a detailed overview of the company's corporate governance processes. For further details on ADNOC Distribution's corporate governance, kindly refer to the [2021 Corporate Governance Report](#).

## BOARD OF DIRECTORS IN 2021<sup>13 14 15 16 17</sup>

The ADNOC Distribution Board of Directors, comprised of seven Directors, acts as the company's highest decision-making body. It provides accountability and oversight of its business operations and services, including embedding

ESG issues and topics across the value chain.

All Directors are independent and non-executive directors within the definition of Resolution No. (3/R.M) of 2020 of the UAE's Securities and

Commodities Authority. By virtue of ADNOC Distribution's Articles of Association, each Director serves a three-year term, after which a Director may be elected to a successive term or terms.

**H.E. Dr. Sultan Ahmed Al Jaber**

Chairman

**H.E. Mohamed Hassan Alsuwaidi**

Director

**H.E. Ahmed Jasim Al Zaabi**

Director

**Mr. Khaled Salmeen**

Director

**Ms. Mariam Saeed Ghobash**

Director

**Mr. Abdulaziz Abdulla Alhajri**

Director

**Mr. Ahmed Tamim Al Kuttab**

Director

11. 2-17 Collective knowledge of the highest governance body  
2-18 Evaluation of the performance of the highest governance body  
12. H.E. Ahmed Al Zaabi could not attend one meeting

13. 3-3 Management of material topics  
14. 2-9 Governance structure and composition  
15. 2-11 Chair of the highest governance body  
16. 2-12 Role of the highest governance body  
17. 2-10 Nomination and selection of the highest governance body



## BOARD DIVERSITY<sup>18</sup>

On 16<sup>th</sup> March 2021, Ms. Mariam Saeed Ghobash was elected to the Board of Directors. Ms. Ghobash also serves as Chairwoman of the Nomination and Remuneration Committee and is a Member of the Executive Committee. Ms. Ghobash served as Director of the Global Special Situations Department of Abu Dhabi Investment Council from 2009 to June 2021. She previously

served as an Associate at HSBC from 2006 to 2009. Ms. Ghobash is also a member of the Board of Directors of Etisalat, Aldar Properties, Emirates Development Bank, Invest AD, and Zayed University. She holds a BSc in Economics from the University of Pennsylvania, Philadelphia, USA.

Currently, the company has one female member of the Board<sup>19</sup>.

Where Board vacancies arise, ADNOC Distribution will actively seek out excellent female representation while at the same time considering all qualified candidates, regardless of gender, and recognizing that appointment of directors is a matter reserved for the shareholders of ADNOC Distribution.

## COMMITTEES<sup>20</sup>

### Audit Committee (Board Committee)

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

### Nomination and Remuneration Committee (Board Committee)

Determines the balance of skills, knowledge, and experience as well as the structure, composition, and performance of the Board of Directors and its Committees

### ExCom (Board Committee)

ERM and oversight of Sustainability Strategy & Plan for the Board

### Sustainability Committee (Management Committee)

To establish and oversee the management of ESG topics and issues

Assists and advises the CEO by formulating recommendations on activities and policies relative to ESG practices and initiatives

### CSR Sub-Committee (Management Committee)

Develops and maintains the CSR Strategy, initiatives, and Annual Plan in alignment with ADNOC Distribution's Sustainability Strategy and Plan

### Insider Dealing Committee (Management Committee)

Ensures compliance with the Insider Dealing Policy and Share Dealing Code across all business activities and operations

18. 3-3 Management of material topics  
19. Compliant with SCA's Corporate Governance Rules  
20. 3-3 Management of material topics  
2-20 Process to determine remuneration

## GOVERNANCE ON ESG AGENDA<sup>21</sup>

ADNOC Distribution's Board of Directors act as the company's highest decision-making body for the management of environmental, social, and governance issues across the value chain. The Board oversees ESG targets, programs and initiatives, risks, and progress on a broad range of ESG matters important to its

business. In pursuit of its ESG agenda, ADNOC Distribution established a Sustainability Committee in 2021, which oversees the management of ESG topics at a Management level. For further information on our Sustainability Committee, please refer section, [Governance of the Framework](#).

In addition, ADNOC Distribution has also established various sub-committees such as the Health, Safety, and Environment (HSE) subcommittee to delegate responsibility for managing the impacts on the economy, environment, and people.



21. 2-13 Delegation of responsibility for managing impacts  
2-14 Role of the highest governance body in sustainability reporting

## GOVERNANCE DRIVEN BY OUR CORE VALUES<sup>22</sup>

ADNOC DISTRIBUTION GOVERNANCE DRIVEN BY VALUES				
OUR VALUES				
 <p><b>WE ARE RESPONSIBLE</b></p> <p>Corporate Governance Policy</p> <p>Clear guidance communicated to stakeholders on governance structures and decision making mechanisms</p> <p>Code of Conduct</p> <p>Aligned to ADNOC Distribution's commitment to compliance and ethical behavior in all that it does</p> <p>Gifts and Entertainment Policy</p> <p>Robust systems and controls to manage receiving and acceptance of gifts and entertainment in a business context</p> <p>Anti-Bribery / Anti-Corruption Policy</p> <p>Zero Tolerance for any act of bribery or corruption performed by our employees, suppliers or customers</p> <p>Energy Policy</p> <p>Embeds energy efficiency within ADNOC Distribution's culture and helps deliver innovative, integrated value-added products and services</p>	 <p><b>WE ARE RESPECTFUL</b></p> <p>Business Ethics Processes</p> <p>Committed to doing business lawfully, ethically, and with integrity, and expect all of our employees and representatives to act accordingly</p> <p>Non-discrimination</p> <p>Zero-tolerance policy adopted towards discrimination</p> <p>Human Rights</p> <p>Aligned to UAE Labour Laws to protect workers' rights that cover recruitment, pay, housing and health and the principles of justice and equality, respect for human rights</p> <p>Related Party Transactions Policy</p> <p>Robust controls to ensure related party transactions are conducted in line with leading practice</p> <p>Data Privacy Policy and Systems</p> <p>The Privacy Policy sets out the basics on which any personal data collected will be processed. ADNOC Distribution received ISO 27001:2013 accreditation</p>	 <p><b>WE ARE PROGRESSIVE</b></p> <p>Incentives &amp; Compensation</p> <p>Suitable employee recognition award programs and a comprehensive range of benefits and allowances to retain and attract high quality talent</p> <p>Gender Diversity Policy</p> <p>Active player in advancing gender diversity goals and targets across its operations and businesses, including the UAE</p> <p>Quality Policy Statement</p> <p>Commitment to harness energy resources in the service of the nation</p> <p>Assets Policy Statement</p> <p>Commitment to achieve and sustain the highest standard of Asset Integrity and Maintenance Performance in line with local and international standards</p>	 <p><b>WE ARE COLLABORATIVE</b></p> <p>In-Country Value Program</p> <p>Maintain an ICV program aligned with ADNOC Group to advance local spending and contribute to local economies</p> <p>Dividend Policy</p> <p>Periodically distribute dividends to shareholders in line with the recommendations of the Board of Directors and shareholders approval</p> <p>Equity Overview</p> <p>Equity structure is transparently and publicly disclosed to stakeholders, including regulators and shareholders</p> <p>Supplier and Partner Code of Ethics</p> <p>Setting out the basic standards of ethical behavior that ADNOC Distribution expects from those who seek to do business with the company</p>	 <p><b>WE ARE EFFICIENT</b></p> <p>Compliance Investigations Policy</p> <p>Undertake proactive steps to identify and investigate issues related to regulatory non-compliance</p> <p>Conflicts of Interest Policy</p> <p>Robust processes and systems to identify and manage any conflicts of interest across its value chain</p> <p>Whistleblowing Policy</p> <p>Whistleblowing policy aligned with best practice, and established Takallam, a confidential reporting platform</p> <p>Insider Dealing Policy</p> <p>Monitor and strictly prohibit insider dealing which is not aligned with our policies and controls and applicable law</p>

22. 2-23 Policy commitments  
2-24 Embedding policy commitments  
3-3 Management of material topics

## CORPORATE GOVERNANCE POLICY

Our Corporate Governance Policy provides clear guidance on

- The Company's corporate governance structure and the interface between the Company and its stakeholders;
- The authorities and decision-making mechanisms within the Company and between its stakeholders; and
- The role and responsibilities of the Company's corporate governance function.

## BUSINESS ETHICS<sup>23</sup> AND CODE OF CONDUCT

Our Code of Conduct demonstrates ADNOC Distribution's commitment to compliance and ethical behavior in all that it does. The purpose of our Code of Conduct is to:

- Set out the minimum standard of conduct that we expect from anyone working for or on behalf of ADNOC Distribution, and
- Provide a set of basic rules and standards that are designed to ensure that our business is conducted in an ethical and compliant manner and accordance with our core values.

Periodic trainings on the Code are conducted for our stakeholders

All ADNOC Distribution operations are audited in line with our code of conduct by the Internal Audit function. All employees and suppliers are required to comply with our Code of Conduct and must confirm every year that they have read, understood and will comply with the Code.



For further details on ADNOC Distribution's Code of Conduct, kindly refer to: <https://www.adnoc.ae/en/our-story/code-of-conduct>.



## GIFTS AND ENTERTAINMENT POLICY

Our code of conduct embodies the Gifts and Entertainment Policy and provides robust framework and controls to manage receiving and acceptance of gifts and entertainment in a business context. Gifts and entertainment include anything of value that is provided or received in the context of a business (as opposed to personal) interaction. Appropriate gifts and entertainment can build goodwill in business relationships. Inappropriate gifts and entertainment are unethical and can put the company's reputation at risk. Offering or accepting inappropriate gifts and entertainment is a breach of the Code of Conduct. Our Gifts and Entertainment Policy considers gifts and entertainment inappropriate if there is no legitimate business reason to offer or accept, is disproportionately lavish, is inconsistent with ethical, cultural or professional norms, is in the form of cash and cash equivalents, is offered to improperly influence, risks the appearance of impropriety and could appear to compromise objectivity. All employees are required to report all inappropriate offers to line manager, ethics and compliance representative or via Takallam platform.

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

We are committed to doing business lawfully, ethically, and with integrity, and we expect all of our employees and representatives to act accordingly. Consistent with this commitment, we take a zero-tolerance approach to fraud, bribery, and all other forms of corruption. Our Anti-Bribery and

Anti-corruption Policy sets forth our requirements to ensure that none of our employees or representatives engage in any of these activities. Please see Section [Anti-corruption](#) of this report for further details on ADNOC Distribution's anti-bribery and anti-corruption policies and procedures.

## ENERGY POLICY

Our Energy Policy provides details on our Energy Management agenda. It entails the 4 critical pillars of our growth – People, Performance, Profitability, and Efficiency – with Energy Efficiency embedded in our culture.

## NON-DISCRIMINATION

ADNOC Distribution actively promotes and maintains a core value of non-discrimination across its business activities and services, covering all stakeholders, including employees, customers, and suppliers. ADNOC Distribution's core value of 'WE ARE RESPECTFUL' guides the company's policies, processes, and activities regarding non-discrimination and promoting equality, and embracing diversity. ADNOC Distribution maintains a zero-tolerance approach to any discrimination or harassment in the workplace. In 2021, there were no reported cases of discrimination.

## HUMAN RIGHTS

The company's main operations are in the UAE and our human rights policies are aligned to the UAE Labour law. In the UAE, human rights are guaranteed by UAE constitution, which outlines the freedoms and rights of all citizens. It prohibits torture, arbitrary arrest and detention, and protects

civil liberties, including freedom of speech and press, peaceful assembly and association, and the practice of religious beliefs. The UAE ratified international conventions that protect labour rights, implemented the Labour Law for private sector and labourers and set up channels to resolve labour disputes. The UAE has ratified nine conventions of International Labour Organization's related to the rights of workers.

## RELATED PARTY TRANSACTIONS POLICY

Our Related Party Transaction Policy is designed to ensure that: (a) transactions with related parties are conducted on arm's length terms; (b) the Board of Directors and senior management are aware of the steps required to approve transactions with related parties; and (c) 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: (i) our Board of Directors, where the transaction's value does not exceed 5% of the value of our share capital; or (ii) 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 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. For further details on ADNOC Distribution's Related Party Transactions Policy, kindly refer to the [2021 Corporate Governance Report](#).

## SUSTAINABILITY-RELATED COMPENSATION AND INCENTIVE SCHEMES<sup>24</sup>

Environmental, Social, and Governance (ESG) KPIs, such as nationalization, energy management, water management, are included in ADNOC Distribution's Annual Performance Scorecard. Based on the Performance Scorecard's rating, variable compensation of executive management is determined by the Remuneration Committee of ADNOC Distribution's Board of Directors.

## DATA PRIVACY POLICY AND SYSTEMS<sup>25</sup>

ADNOC Distribution believes that its customers have a right to know how their information is gathered, analyzed, and used responsibly. ADNOC Distribution has implemented several policies and initiatives to manage data privacy and cybersecurity issues according to leading practice and standards. The company received the ISO 27001:2013 Information Security accreditation for its rigid policy structure, which feeds into its Information Security Management System (ISMS). The UAE introduced a new Personal Data Protection Law which came into effect in January 2022. ADNOC Distribution is fully committed to complying with the objectives of this law to ensure our stakeholder's data is protected and processed in a fair, transparent, and

lawful way. ADNOC Distribution has implemented a Privacy Policy that sets out the basis on which any personal data collected, or provided, will be processed.

## GENDER DIVERSITY POLICY

We are committed to advancing gender diversity and equality across the organization and are constantly recruiting more women in all areas of our business. We are also working on a number of initiatives to advance women's career growth across the Company. To this end, we have created a Gender Diversity Policy to support our actions.

Additionally, the Company will continue to ensure that its female employees obtain access to all necessary training and development to achieve their full potential in line with high-performance standards we expect from all our employees - both men and women alike.

## QUALITY POLICY STATEMENT

ADNOC Distribution committed to harness energy resources in our nation's service. Through partnership, innovation, and a relentless focus on high-performance and efficiency, ADNOC Distribution maximizes the value of energy resources. ADNOC Distribution focuses on our values: Progressive, Collaborative, Respectful, Responsible, and Efficient, with an embedded Quality, Health, Safety, Security and Environmental culture. We aim to deliver innovative, value-added products and services for our customers with our growth strategy.

## ASSET INTEGRITY POLICY STATEMENT

ADNOC Distribution strives to achieve and sustain the highest standard of Asset Integrity and Maintenance Performance in line with local and international standards to prevent incidents and meet business needs.

## IN-COUNTRY VALUE (ICV)

ADNOC Distribution has proactively undertaken the In-Country Value (ICV) Program in line with leading practices and accordance with the ICV program pioneered by ADNOC in 2018. The goal is to achieve optimal value from the nation's oil and gas resources, encourage private sector partnerships, catalyze socio-economic development, enhance knowledge transfer, and leverage national talent. In 2021, ADNOC Distribution achieved an ICV of 61%, compared to 40% in 2020. For further details on ICV, please see Section [Our ICV Program](#) of this report.



## DIVIDEND POLICY

Our Dividend Policy sets out the clear and transparent criteria and method for distributing profits such that it serves the interests of both ADNOC Distribution and our shareholders.

The payment of dividends is subject to consideration of (a) the cash management requirements of the Company for operating expenses, interest expense, and anticipated capital expenditures; and (b) market conditions, the then-current operating environment in our markets, and the outlook for the business of the Company. In addition, any level or payment of dividends will depend on, among other things, future profits, and the business plan of the Company, at the discretion of the Board of Directors and approval of the Shareholders.

Under our Articles of Association, the Company may distribute quarterly, semi-annual or annual dividends to shareholders from operating profits and/or accumulated profits. Since its IPO the Company has historically aimed to pay a dividend twice each fiscal year. For further details on ADNOC Distribution's Dividend Policy, kindly refer to the [2021 Corporate Governance Report](#).

## EQUITY OVERVIEW

ADNOC Distribution is a Public Joint Stock Company. It was listed on the Abu Dhabi Securities Exchange (ADX) on December 13, 2017 with the symbol ADNOCDIST.

The Corporation's equity governance is closely monitored in accordance with its status as a public-joint stock company. ADNOC Distribution's paid-up share capital is AED 1 billion, divided into 12.5 billion shares, each with a nominal value of AED 0.08. As of December 2021, ADNOC Distribution's market capitalization was AED 53.4 billion.

For further details on ADNOC Distribution's Equity Overview, kindly refer to the [2021 Corporate Governance Report](#) and [annual report](#).

## SUPPLIER AND PARTNER CODE OF ETHICS

ADNOC Distribution is committed to acting with integrity in everything it does. Working with ADNOC Distribution means that you support this commitment. We have formulated our Supplier and Partner Code of Ethics in line with this commitment.

The Code sets out the minimum standard of ethical business practice we expect from any Supplier or Partner to any part of ADNOC Distribution. It sets out the basic rules and standards that are necessary to conduct ADNOC Distribution business in an ethical and compliant manner and accordance with ADNOC Distribution's values. For further details on ADNOC Distribution's Procurement Practices, please see Section [Procurement Practices](#) of this report.

## COMPLIANCE INVESTIGATIONS POLICY<sup>26</sup>

Our commitment to operating with integrity includes investigating, where necessary, allegations of ethical misconduct. Our Compliance Investigations Policy and supporting procedures set forth our approach to investigations relating to alleged violation: of (a) ethical business practices; (b) integrity in our interactions and arrangements with third parties; and (c) applicable laws, regulations, policies, and procedures relating to ethical business practices and integrity. This policy requires all of our personnel to cooperate fully and truthfully with all investigations and avoid engaging in certain activities that may hinder or interfere with an investigation.

## CONFLICTS OF INTEREST POLICY<sup>27</sup>

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 due to 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 to protect ADNOC Distribution's interests.

## WHISTLEBLOWING POLICY

Having an open, honest, and transparent culture supports our commitment to integrity. Our Whistleblowing Policy encourages our employees to report concerns about unethical behavior in connection with our business by assuring confidentiality and by protecting good faith whistle-blowers from retaliation, even if they are mistaken. Employees can raise concerns through various channels, including

the Takallam reporting platform. In 2021, 31 whistleblowing cases were reported, of which 26 were resolved and five are still under investigation.

## INSIDER DEALING POLICY

The requirement to have fair and transparent dealings in our securities is paramount importance to us and we take a zero-tolerance approach to any activities. We take a zero-tolerance approach to any activities that prevent this requirement from being properly implemented.

Accordingly, we have implemented an Insider Dealing Policy and Code to ensure that the obligations and responsibilities of our employees, officers, and directors with respect to dealings in our securities are clearly defined. In accordance with the Insider Dealing Policy, we have established an Insider Dealing Committee to oversee the ongoing implementation of this policy.





# CLIMATE, EMISSIONS, AND ENERGY

## ADNOC DISTRIBUTION'S BUSINESS OPERATIONS AND SERVICES ARE UNDERPINNED BY A COMMITMENT TO GENERATE A POSITIVE IMPACT ON THE COMMUNITIES AND GEOGRAPHIES IT OPERATES IN.

The company develops and maintains policies, guidelines, processes, and management systems in line with leading practices, standards, and regulatory requirements to ensure it mitigates any adverse environmental impacts caused by its business operations.



### Climate Risk Mitigation

Accurately identify, assess and manage climate-related risks and opportunities, and ensure integration with our Enterprise Risk Management systems



### Emissions

Minimize the GHG emissions caused by our operations through effective measurement, reporting and verification processes, and use of clean energy sources



### Energy Management

Enhance the energy performance of our business operations and services, in line with leading standards, and mitigate any negative environmental impacts





## ENERGY MANAGEMENT<sup>28</sup>

ADNOC Distribution aims to become the UAE's leading fuel distributor by developing more efficient energy solutions and products, facilitating the global energy transition to cleaner energy sources (such as electric vehicles), and reducing its organizational energy intensity levels.

The company aligns its energy efficiency policies, programs, and initiatives, as well as its strategic approach to energy management with all applicable national visions and strategies, including UAE Energy Strategy 2050.



## OUR CLEAN ENERGY COMMITMENTS

ADNOC Distribution has developed short, medium, and long-term commitments to efficiently manage its energy use.



### Short-term

Enhancing energy efficiency of business operations and assets

Training and awareness to employees and customers



### Medium-term

Invest in solar power and clean energy solutions

Focus on clean fuel offerings (e.g. CNG) across ADNOC Distribution stations



### Long-term

Accelerate the clean energy transition including to electric vehicle charging

Become the leading fuel distributor in energy efficiency

## SHORT-, MEDIUM-, AND LONG-TERM COMMITMENTS AND TARGETS

ADNOC Distribution is exploring potential partnerships with ADNOC Group and other Government entities in the UAE to decarbonize its operations by increasing the contribution of electricity supplied from clean energy sources. The company is also collaborating with partners to develop an infrastructure network for clean energy sources such as electric vehicle charging stations, hydrogen fueling to support the decarbonization agenda.

## OUR CONTRIBUTION TO THE ENERGY PLAN

ADNOC Distribution has taken proactive steps and aligned its energy management system with the international ISO 50001 Standard to improve its energy performance and optimize its energy consumption. ADNOC Distribution's energy management system, including its Energy Policy, allows the organization to plan, measure, assess, and continually improve its energy performance across the value chain, including service stations, depots, and buildings.

A critical component of ADNOC Distribution's energy management system is identifying, assessing, and managing energy-related risks and opportunities. This allows the organization to respond immediately and assess all relevant risks and opportunities applicable to energy management, and has also allowed various initiatives to be implemented, such as EV charging stations (a significant energy-related opportunity). Energy performance related KPIs such as the organization's energy intensity KPI are reported and monitored monthly.

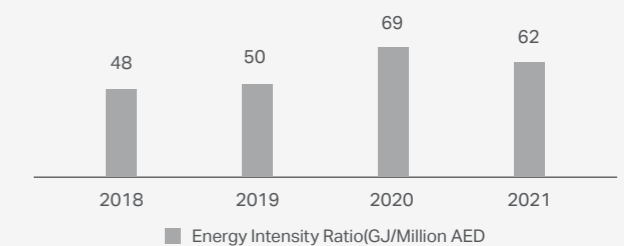
Furthermore, all energy-related requirements are documented in ADNOC Distribution's Legal Register and are periodically reviewed and updated in line with the latest legal and other requirements applicable to energy management across ADNOC Distribution.

## OUR ENERGY ACHIEVEMENTS<sup>29</sup>

ADNOC Distribution's strategies, initiatives, and programs towards enhancing its energy performance allowed it to significantly reduce its energy intensity ratio (based on Revenue) in 2021 despite a rapid business expansion. This was achieved as a result of ADNOC Distribution's relentless focus on enhancing the energy efficiency of its business operations, services, and assets through innovative energy solutions including the use of solar energy in service stations, improving the energy efficiency of physical assets through smart metering and energy demand-side initiatives including training and awareness campaigns.

A significant pillar of ADNOC Distribution's strategic energy objectives includes enhancing the organization's energy mix through increasing the consumption of clean energy sources such as solar power (see section: [Solar Power](#) at ADNOC Distribution).

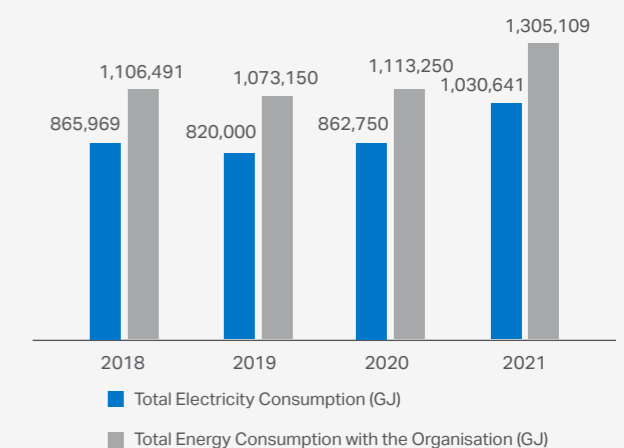
Energy Intensity Ratio based on Revenue



ADNOC Distribution's energy and electricity consumption has slightly increased over four years due to expanding business operations and growth (approximately 23% increase in number of service stations in the UAE over 2018-21).

However, the organization's increasing focus on diversifying its energy mix and improvements in energy efficiency across operations and assets is expected to improve its energy performance, including its energy intensity ratio based on Revenue.

Electricity and Energy consumption





ADNOC Distribution's increasing focus on utilizing cost-effective clean energy sources within its business operations has resulted in a significant increase in the amount of electricity consumption from solar energy over three years. The organization plans and implements strategic and operational clean energy initiatives to reduce its dependence on traditional energy sources and increase the uptake of clean energy sources, including

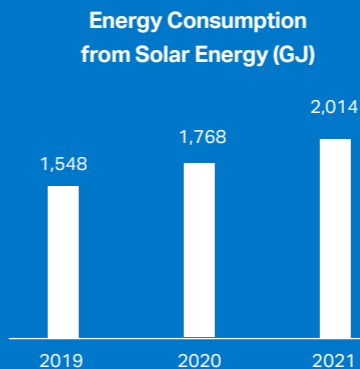
solar energy. This will allow ADNOC Distribution to achieve local, national, and international targets such as UAE's Net-Zero by 2050 strategic initiative and reduce its energy costs.

There has been a steady increase in ADNOC Distribution's clean energy consumption over the past three years due to various initiatives, including installing solar PV panels at

ADNOC Distribution service stations with an overall objective to reduce its reliance on conventional energy sources. ADNOC Distribution has also conducted energy conservation trainings, rolled out awareness initiatives and campaigns targeted at its key stakeholders, including all company employees and customers, to drive energy efficiency improvements.

## SOLAR POWER AT ADNOC DISTRIBUTION

In pursuit of its clean energy strategy, ADNOC Distribution increases its strategic focus and investments in clean power solutions. In 2021, ADNOC Distribution increased its energy contribution from solar energy by 12% with 2,014 GJ through the installation and continued performance of solar PV panels on several of its service stations across the UAE.



The company will maintain its commitments to a cleaner environment in the future, where it aims to establish additional CNG service stations and conversion centers in 2022. It also aims to provide additional greener options using biodiesel for road tankers in the coming year. The operation modifications on aviation fuelers that it will perform next year will also help reduce its GHG emissions.

The company is also working towards the provision of zero-carbon electricity from renewable energy sources as well as the estimation and verification of its baseline emissions. As we met our GHG emissions target in 2021, we set future targets to meet them continually.

In addition to utilization of solar energy in selected service stations, ADNOC Distribution is also exploring potential partnerships with the ADNOC Group and other Government entities in the UAE to develop an infrastructure network for hydrogen fueling; another clean energy source to support the decarbonization agenda.

At a customer-level, ADNOC Distribution is actively pursuing and promoting the delivery of clean alternative fuels, including CNG and electric vehicle charging stations, across its network of service stations. One of these initiatives includes holding discussions with technology partners to allow for the deployment of rapid EV charging stations to continue providing a smooth and seamless customer experience at ADNOC Distribution's network.

## LEED-CERTIFIED STATIONS

ADNOC Distribution's strategic and operational energy management objectives include enhancing the energy performance of new and existing stations through various initiatives and programs such as energy monitoring, smart metering, and the use of technological innovations and tools.

ADNOC Distribution successfully managed to secure the prestigious LEED certification in energy efficiency for its Yas-1 and Yas-2

service stations. Key benefits of the LEED certification program include:

- Improved energy performance of ADNOC Distribution's physical assets such as buildings, plants, and service stations
- Build stakeholder confidence and trust in ADNOC Distribution's energy objectives and performance
- Reduce energy-related costs

## EMISSIONS

ADNOC Distribution is committed to mitigating the Greenhouse Gas (GHG) emissions caused by its business operations and services, in line with the global, regional, and national climate change plan, including UAE's recently announced Net-Zero by 2050 strategic initiative and the UAE's National Climate Change Plan 2017-2050.

## OUR AMBITIONS

ADNOC Distribution has planned various initiatives and programs to be implemented in 2022, all of which are aligned with ADNOC Distribution's Sustainability Strategic Framework and recommendations of its corporate-level Sustainability Committee.







### Compressed Natural Gas

- We plan on establishing CNG service stations and conversion centers across the UAE
- Objective: Facilitate the transformation towards clean energy sources and minimize GHG emissions



### Zero 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 the decarbonization agenda



### Operational Improvements

- We will assess and implement operational improvements in aviation fuelers if deemed feasible
- Objective: Reduce GHG emissions associated with aviation fueling activities



### 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

### 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



### Use of bio-diesel

- We will increase the use of bio-diesel, a clean fuel, in our fleet of road tankers
- Objective: Reduce GHG emissions associated with transport, and contribute to bio-diesel uptake



### Roadmap to Net Zero by 2050

- We will develop roadmap to Net Zero by 2050
- Objective: To mitigate the impact of Greenhouse Gas (GHG) emissions caused by our business operations and services on climate change

ADNOC Distribution is in process of establishing GHG emissions reduction targets over medium and long term to ensure its emissions performance can be accurately tracked against established targets and is aligned with global and national strategies on emissions reductions. ADNOC Distribution's normalized emissions intensity targets (GHG emissions per revenue) have been reducing in line with the company's planned initiatives and programs aimed to minimize its GHG footprint across all operations and services.

## MANAGING EMISSIONS<sup>30</sup>

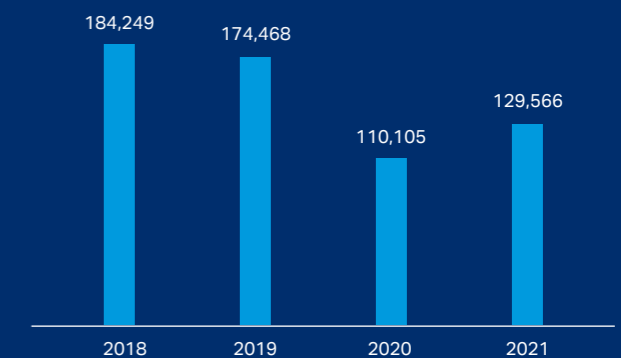
In 2021, ADNOC Distribution initiated various strategic, tactical, and operational initiatives and programs to efficiently manage GHG emissions in line with leading practices and all applicable legal and regulatory requirements and standards. ADNOC Distribution is undertaking and developing a detailed GHG Mitigation Strategy that will form the foundation of its policies, processes, objectives, and initiatives to reduce its carbon emissions.

The company identifies, assesses, measures, and reports its direct GHG emissions (scope 1) and indirect GHG emissions (scope 2). It measures its GHG emissions in line with leading global practices, including the United States Environmental Protection Agency (EPA) GHG emissions calculator and the relevant grid emission factor for scope 2 emissions (i.e., Environment Agency Abu Dhabi (EAD) and the Abu Dhabi Distribution Company). For fugitive volatile organic component (VOC) emissions, ADNOC Distribution utilizes estimation factors from Australia's National Pollutant Inventory. ADNOC Distribution does not currently monitor its Scope 3 emissions due to its current operational business model.

Although the company met its 2021 GHG emissions target and developed and implemented various key initiatives to reduce the emissions impact caused by its direct fuel consumption and operations, its rapid business expansion and growth caused an increase in direct and indirect GHG emissions.

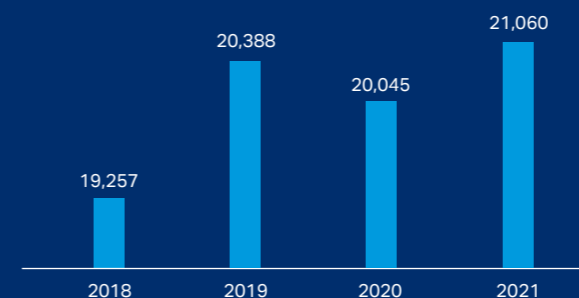
ADNOC Distribution's absolute direct emissions increased by 5.1%, and indirect emissions increased by 18% compared to 2020 emissions. However, over a period of 2018-2021, ADNOC Distribution's total emissions decreased by 26% driven by energy efficiency initiatives as well as supply side improvements in electricity generation with higher contribution from renewable energy sources.

Indirect GHG Emissions (tCO<sub>2</sub>e)

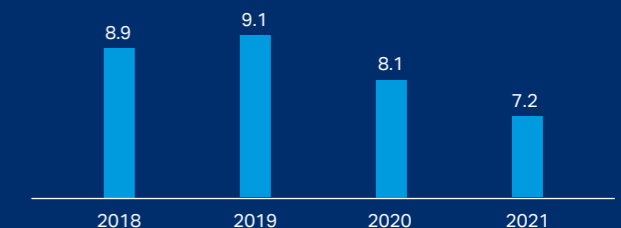


Despite an increase in ADNOC Distribution's direct and indirect emissions in 2021 compared to 2020, its emissions intensity ratio based on the organization's revenues has been steadily decreasing since 2019 due to increased energy efficiency and a significant uptake and utilization of clean energy sources in ADNOC Distribution's energy mix. ADNOC Distribution has set ambitious clean energy targets that are expected to continually reduce the organization's emissions intensity ratio despite expanding business operations and assets.

Direct GHG Emissions (tCO<sub>2</sub>e)



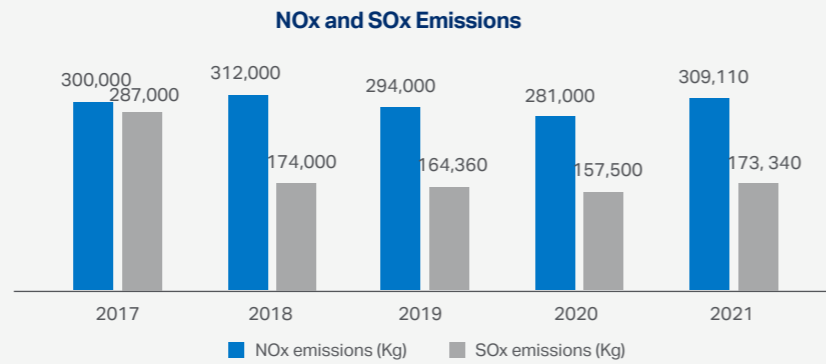
Emissions Intensity Ratio for the Organization (tCO<sub>2</sub>e/Million AED)



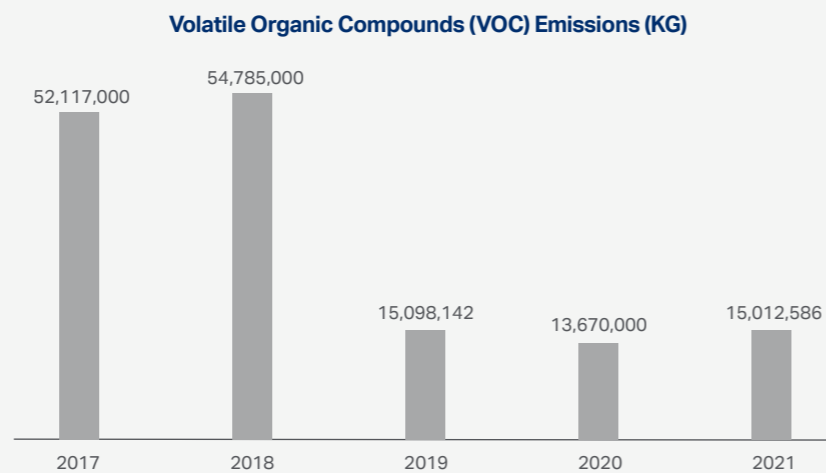
30. 3-3 Management of material topics  
 305-1 Direct (Scope 1) GHG emissions  
 305-2 Energy indirect (Scope 2) GHG emissions  
 305-4 GHG emissions intensity  
 305-6: Emissions of ozone-depleting substances  
 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions



ADNOC Distribution's robust energy management system, global best practice alignment, and compliance with applicable environmental regulations have allowed it to continually manage its nitrogen oxide (NOx) and sulfur oxide (SOx) emissions. However, due to business expansion, NOx and SOx emissions slightly increased in 2021 compared to 2020.

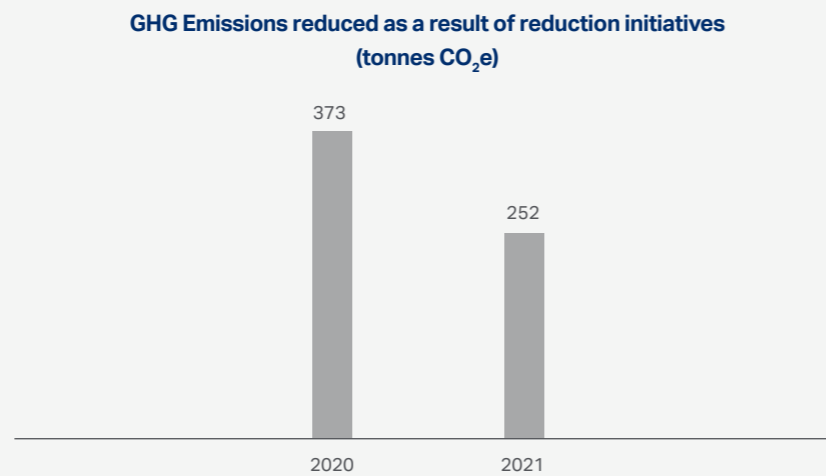


In addition, ADNOC Distribution's emissions regarding volatile organic compounds (VOCs) have also steadily decreased since 2017 because of tactical and operational improvements and robust emission-related corrective action mechanisms. There was a slight increase of VOC emissions in 2021 compared to 2020, but lower than 2019 levels, and this is due to the resurgence of transport mobility in 2021 following gradual easing in COVID-19 restrictions that were implemented in 2020 (causing a drop in VOC emissions in 2020).



Furthermore, ADNOC Distribution actively avoids the use of any chlorofluorocarbons (CFCs) and other ozone-depleting substances (ODSs).

ADNOC Distribution's initiatives and programs over last few years included the tendering of a key project that encompassed installing rooftop solar panel. As of 2021, the company had four service stations with rooftop solar panels while plan for 2022 and beyond includes further increase in stations with solar rooftop panels. The Photovoltaic (PV) panels on our four service stations caused total GHG emissions reductions of 252 tons of CO<sub>2</sub>e in 2021.



## BUILDING STAKEHOLDER CONFIDENCE

ADNOC Distribution has developed a verified methodology for its 2021 energy and emissions data through an independent external consultant and concluded that its scope 1 & scope 2 data provide fair, accurate, complete, and reliable picture of its operational energy consumption and emissions.

### CASE STUDY - CNG SERVICE AND CONVERSION CENTERS

ADNOC Distribution believes that natural gas for vehicles (NGV) and electric charging docks for electric vehicles would play a critical role in facilitating the transition of UAE's transportation sector towards Net Zero emissions by 2050.

NGV (Natural Gas for Vehicles) is a safe, cost-effective, and convenient alternative fuel that utilizes compressed natural gas (CNG) as an alternative fuel for transportation and can be conveniently used in passenger cars and commercial vehicles. To encourage the adoption of clean fuels, ADNOC Distribution offers CNG conversion of vehicles, which qualified professionals perform in accordance with leading European specifications and international standards.

ADNOC Distribution has invested in ensuring it maintains advanced capabilities to offer alternative low-emissions natural gas for vehicles (NGV). The company currently operates 31 service stations with CNG fueling capacity and continues to grow its CNG offering across its network. In 2021, the company allowed for the reduction of approximately 105 tons of CO<sub>2</sub> emissions by providing CNG fuels to vehicles.

## CLIMATE RISK MITIGATION<sup>31</sup>

ADNOC Distribution understands the risks that climate change poses to its business and takes its considerations seriously while setting its strategic targets and mitigation plans. The company actively analyzes climate change risks by identifying different scenarios and accordingly define mitigation strategy to leverage on opportunities created by energy transition towards low carbon future and thus build business resilience. It seeks to invest in research and development activities to help determine more environmentally friendly fuel options, as well as managing solutions to aid decarbonization. The company is committed to support energy transition and climate risk mitigation by investing in future mobility trends such as installation of EV chargers at its stations, expansion of CNG fueling network, pilot of Hydrogen fueling station and green fuels portfolio.

As part of its commitment to reduce carbon emissions from its operations, the company is also considering to invest in low emission energy sources such as conversion of its transportation fleet to CNG, EV or installation of solar panels on its stations.

ADNOC Distribution invested a total of AED 10.1 million on environmental related infrastructure, improvement initiatives, studies, risk mitigation and management projects in 2021.



	AMOUNT INVESTED (AED)				
	2017	2018	2019	2020	2021
<b>OPERATING EXPENSES</b>					
Hiring technical specialists has given the company the ability to integrate expert third-party recommendations to its climate-risk management profile.	1,000,000	1,000,000	1,000,000	716,000	716,000
<b>ENVIRONMENTAL ASSESSMENT AND AUDIT COST</b>					
ADNOC Distribution has been able to apply its risk principles to understand the human and ecosystem health impacts of the company's business operations through its HSEIA system.	NIL	1,714,783	2,123,572	910,303	385,800
<b>WASTEWATER MANAGEMENT</b>					
Contractors have been instrumental in developing solutions and procedures for our wastewater management, meeting all legal obligations and industry best-practices.	704,533	704,533	704,533	704,533	3,000,000
<b>WASTE MANAGEMENT</b>					
Expenditure to support HSE obligations and compliance regulations governing the treatment of hazardous and non-hazardous waste.	1,500,000	2,911,710	2,394,000	4,357,574	4,622,199
<b>VAPOUR RECOVERY</b>					
Investment in vapor recovery related installations	1,500,000	4,500,000	8,000,000	2,300,000	1,400,000



# LOCAL ENVIRONMENT

## THE COMPANY DEVELOPS AND MAINTAINS ROBUST AND LEADING ENVIRONMENTAL POLICIES, PROCESSES, AND MANAGEMENT SYSTEMS

ADNOC Distribution's business operations and services are underpinned by a commitment to environmental stewardship to protect and preserve the local environment and manage any potential environmental impacts as a result of its business operations and activities.

The company develops and maintains robust and leading environmental policies, processes, and management systems to ensure it:

- Monitors, assesses, and tracks environmental impacts of its operations across water management, biodiversity, and waste management
- Complies and conforms with all applicable legal and other requirements maintained by regulatory authorities including Environment Agency - Abu Dhabi and Ministry of Climate Change and Environment
- Effectively manages and mitigates any negative environmental impacts caused by its activities and operations



### ENVIRONMENTAL COMPLIANCE

ADNOC Distribution ensures its business activities and operations are in continual compliance to all applicable legal and regulatory requirements set by authorities in the locations it operates in. It conducts Health, Safety

and Environmental Impact Assessment (HSEIA) studies and Environmental Impact Identification (ENVID) assessments for all physical projects to predict the potential environmental impact and subsequently take the required control measures to manage those potential impacts in line with leading international standards and

global best practice in order to ensure it does not exceed any regulatory limits. The company's developed HSE Impact Assessment studies are reviewed periodically to check the effectiveness of any proposed control measures.

The company has clearly defined roles and responsibilities for managing

environmental topics. The HSE Department is primarily responsible for managing environmental topics across all company's assets and operations. The HSE Department has also adopted ADNOC Group's HSE Standards for use across ADNOC Distribution. ADNOC Group's HSE Standards are aligned to applicable legal and other requirements, and global best practice.

In 2020, the company initiated an Environmental Risk Profile study of its service stations in order to comprehensively identify and

assess the environmental risks levels associated to its service stations and propose mitigation measures to manage these in line with regulatory requirements and global best practice. This study is aligned with the methodology defined in Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process (ASTM E1527-13). Project was completed in mid of 2021. An advance level Environment Assessment is planned for those service stations which possess high risk levels.

Proposed assessment includes soil and groundwater assessment and continuous monitoring measures to keep our assets free from any significant adverse environmental impact.

ADNOC Distribution ensures that it manages and enhances its environmental performance, and continually complies with all applicable legal and other requirements through developing various systems and processes in line with leading standards and frameworks in pursuit of environmental leadership.

#### ISO 45001

- ADNOC Distribution strives to improve employee safety, reduce workplace risks and create better, safer working conditions for all of its employees
- The company's Health and Safety systems are in line with ISO 45001

#### ISO 14001

- In order to maintain an effective environmental management system, ADNOC Distribution aligns its Environmental systems to ISO 14001

#### Energy Management Systems

- ADNOC Distribution maintains an Energy Management System, ensuring the optimization of energy consumption in line with these requirements
- ADNOC Distribution manages its energy performance through a robust and periodic audit process, and annual external third-party verification
- ADNOC Distribution encourages continual improvement in its energy performance by aligning its physical assets in line with international best practices and standards

#### American Petroleum Institute (API) Certification

- ADNOC Distribution has been a member of the American Petroleum Institute, and has possessed an API lubricants certification since 1993
- ADNOC Distribution adopted the API's environmental requirements to align its environmental safety performance with API's best practice frameworks

## WATER MANAGEMENT<sup>32</sup>

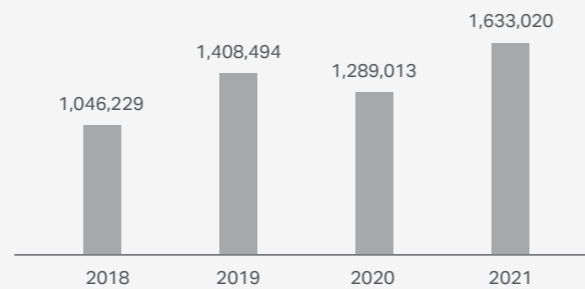
Water consumption at ADNOC Distribution is limited to consumption in the company's offices, service stations, terminals, and vehicle inspection centers.

Discharged water meeting established domestic sewage parameters is discharged by verified and approved third-party contractors in municipal sewage treatment facilities. Discharged water exceeding these parameters (including cylinder wash water from the company's Liquefied Petroleum Gas (LPG) plants) is managed as hazardous effluent and safely transported to a third-party licensed treatment facility for appropriate water treatment. The data of all discharged water constituents is verified through Tadweer's BOLISATY system, an integrated waste database in Abu Dhabi.

The company is committed to preserve the natural resources and not discharging any effluents into water bodies. Our HSE standards provide framework to maintain our sewage discharges to meet the regulatory limits. HSEIA studies are the reference to identify environmental impacts related to water consumption and to recommend adequate controls to avoid any irreversible impact.

In 2021, the company optimized its water consumption through several initiatives in line with its Health, Safety and Environment Management System (HSEMS) to reduce the consumption of water resources. This included a key initiative of implementing on-site recycling of car wash water to re-use the water for future car wash operations. The company periodically monitors and verifies the performance of these on-site water recycling facilities during HSEMS audits. ADNOC Distribution's water consumption increased by 27% in 2021 compared to 2020 due to continued expansion in its network and easing of COVID 19 restriction that resulted in re-opening many of the locations. In 2020, ADNOC Distribution closed many of its service stations and some of the facilities at its service stations due to governmental restrictions, including vehicle inspection centers and car wash services.

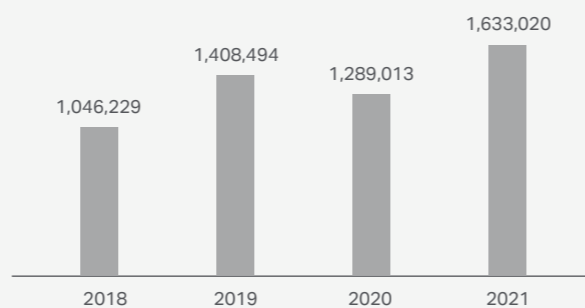
Water Consumed from Municipal Supply (m<sup>3</sup>)



Additionally, water consumption increased due to the rapid business expansion undertaken by the company, where 19 new stations were added to the UAE network in 2021, and the 62 stations opened in 2020 were fully operating in 2021.

ADNOC Distribution is consuming water mainly for domestic purposes and thus the volume of water consumed ends as waste discharged into the municipality sewage.

Water Discharged into Municipality Sewage (m<sup>3</sup>)



ADNOC Distribution has steadily increased the volume of water it manages by recycling, primarily through its on-site car wash recycling facilities. It continues to target to further increase the water it recycles to meet local and national targets and commitments. In 2021, ADNOC Distribution recycled 221,013 m<sup>3</sup> of water<sup>33</sup>.

In the coming years, the company will maintain its commitment to improving its water and effluents performance by exploring potential improvement opportunities.

32. 3-3 Management of material topics  
303-1 Interactions with water as a shared resource  
303-2 Management of water discharge related impacts  
303-4 Water Discharge  
303-5 Water Consumption

33. Figure based on revised methodology recommended by independent consultant as part of our environmental data baseline establishment project for 2021. Revised methodology is based on total number of cars washed during the year multiplied by an average volume of water used to wash each car. Out of the total water consumed in car wash operations, 80% is recycled.

## BIODIVERSITY<sup>34</sup>

ADNOC Distribution is committed to protecting the biodiversity of its local environments, including protected areas and endangered species. It does not operate in any protected area and performs its operations safely without affecting any endangered species. Additionally, ADNOC Distribution has HSE standards covering the scope of biodiversity along with associated procedures and guidelines. The Standards guide suitable methods and approaches for ecological assessments. The

Guidelines for the Standard have been developed within the current legislative framework and international best practice approaches to biodiversity or ecological assessment and survey methods. Particularly for the survey component, the framework provided considers risk-based approach and is dependent on objective, site specific monitoring, sampling, testing and scientific analysis throughout the life cycle of the projects.

The company conducts HSEIA and ENVID studies for critical projects to ensure that their proposed and

ongoing operations do not affect the surrounding environment's biodiversity profile, including any potential impacts on endangered species. Additionally, the company reviews these reports on a regular basis to ensure its commitment to protecting biodiversity. As per latest HSEIA studies, there were no adverse bio-diversity impacts identified. In the Emirate of Abu Dhabi, ADNOC Distribution complies with the regulatory requirements of Environment Agency – Abu Dhabi (EAD) to ensure that none of the company's proposed operations are negatively impact biodiversity.



34. 3-3 Management of material topics  
304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas



## WASTE MANAGEMENT<sup>35</sup>

ADNOC Distribution is committed to:



Improving its waste performance across all service stations, terminals, and other assets.



Conserve valuable natural resources to minimize waste generation



Dispose any generated hazardous waste safely in line with applicable legal requirements and global best practice



Reduce amount of waste sent to landfills through various initiatives such as recycling

ADNOC Distribution has adopted the waste management standards developed and addressed in ADNOC Group's HSE Management System. Additionally, it is compliant with all applicable legal requirements for waste management. It follows the requirements of several regulatory authorities including the Abu Dhabi Waste Management Center (Tadweer) and Dubai Municipality. Third-party Environmental Services Providers, approved by Tadweer, transport all waste quantities, and are obliged to comply with applicable legal requirements in Abu Dhabi.

To assess its environmental impact resulting from generated waste, ADNOC Distribution contracted a third-party service provider to conduct its environmental assessments and determine the waste generated by its customers. ADNOC Distribution is registered with Tadweer's BOLISATY system, where all waste and related data is tracked from source to destination (place of disposal). Additionally, the company tracks the compliance levels of its contractors by conducting audits and monitoring contractors through Tadweer's BOLISATY monitoring portal.

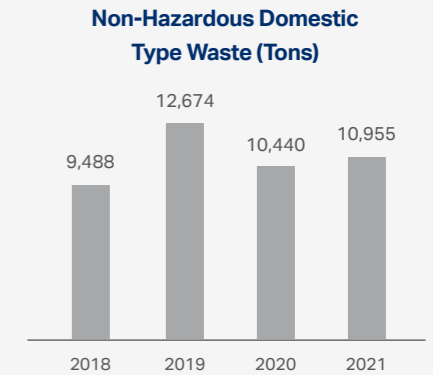
### Operations, Activities, Services where Waste is Generated



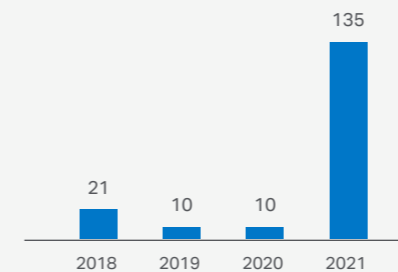
## SOLID WASTE GENERATED<sup>36</sup>

ADNOC Distribution abides by the "reduce, reuse and recycle" hierarchy for its waste disposal. The waste generated in 2021 increased slightly in comparison to 2020 due to business expansions. The company continually takes stock of its inventory and disposes solid waste and expired chemicals, including firefighting foam, through

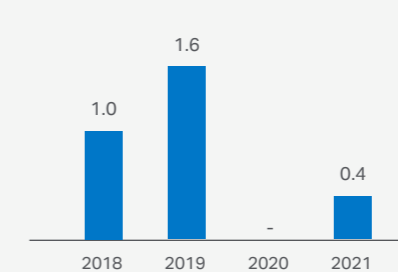
third party contractors who comply with all applicable legal requirements of waste disposal. The company also conducts periodic audits of selected contractors to verify the compliance. Non-hazardous domestic waste is currently sent to landfills and hazardous solid waste is sent to BeAAT's treatment plant. In addition, the company also recycles solid waste such as paper and cardboard in addition to waste lube oil.



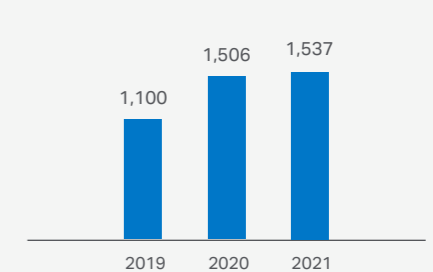
Expired Chemicals (Tons)



Paper and Cardboard (Tons)



Waste Lube Oil (Tons)



### Case Study – Recycling Stations

The company initiated a pilot project where recycling stations were placed at the service station located at Motor World to encourage green choices and promote recycling. The project also aimed to estimate the quantity of recyclable material generated and the cost saving opportunity from unlocking the potential of recycling.

The challenging part of the project was to work closely with targeted stakeholders i.e. employees of cleaning company, retail shops and food trucks operating at stations as well as customers using the facilities in order to raise awareness about the benefits of waste segregation and recycling and educate them on the importance of applying and embedding the 3Rs (Reduce, Reuse and Recycle) in their culture/habits over a long period of time. The company overcame the

challenge by launching a dedicated training program and awareness campaign in an effort to encourage all users of the facility to play an active role in the recycling program. The company aims to have similar projects in more ADNOC Distribution service stations in the coming years.

### Case Study: Save a Tree – a Paper Recycling Program

In 2017, ADNOC Distribution began the 'Save a Tree' (paper recycling program) campaign that resulted in the company recycling approximately half of its paper consumption and substantially reducing its overall paper consumption.

Under the campaign, the company leveraged technology wherein several reporting processes were made paperless by adopting digital workflow of all incident reports, HSE Observations or memos that used to be distributed manually using papers. This enabled

**BY RECYCLING, PEOPLE CAN CONTRIBUTE TO THE EARTH'S OVERALL HEALTH AND KEEP THE AIR, WATER, AND LAND CLEAN.**

the company to save over 3,000 pieces of paper. Over the last few years, the company has set up recycling stations at its head office and many of the ADNOC Distribution stations after successful pilot. These stations provide customers and colleagues the opportunity to dispose of their waste in a responsible manner.

35. 3-3 Management of material topics  
306-1: Waste generation and significant waste-related impacts  
306-2: Management of significant waste related impacts

# ECONOMIC & SOCIAL CONTRIBUTION

## ECONOMIC PERFORMANCE<sup>37</sup>

ADNOC Distribution works on improving its economic performance by setting annual goals on business expansion, customer experience, profitability, health and safety, local and international investments, local contributions, employment, and development opportunities for UAE nationals. By continuously engaging with its stakeholders, the company is able to prioritize the needs of its customers and communities, thus, achieving the set goals and creating a greater impact for its stakeholders.

As UAE'S largest fuel and retail convenience brand and a leading marketer and distributor of fuels to commercial, industrial and government customers throughout UAE, ADNOC Distribution aims to develop a sufficient and resilient infrastructure that is capable of supporting anticipated economic growth. The company aims to align its vision to the Abu Dhabi Economic Vision 2030 which aims to transform the emirate's economy by setting plan that includes reducing the economy's reliance on the oil sector as a source of economic activity. As a result, the long-term plan is set to have an economy with greater focus on knowledge-based industries in the future.

## BUSINESS EXPANSION

ADNOC Distribution is the only fuel retailer serving all seven emirates in the UAE, so it remains committed to providing high quality services to its customers and to enhancing their experience in all locations. Being present in all emirates, our ambition is to become a leading cost-efficient fuel retailer by pursuing efficiencies in our operations. Additionally,

the company aims to provide increased access to fuel stations, convenience stores and other car care services. ADNOC Distribution is also committed to refurbishing its convenience store network, offering improved products, and offering freshly prepared food options and hot beverages in modern stores. With all these commitments, ADNOC Distribution remains committed to contributing to the country's economic development by contributing to the In-country value (ICV) Program through dealing with local suppliers, thus increasing employment opportunities and contributing to local communities.

**ADNOC Distribution added 19 new stations in the UAE and 20 new convenience stores, refurbished 50 convenience stores and expanded its fresh food and hot beverages offerings. In addition, we expanded our presence outside the UAE by adding 38 new stations in the kingdom of Saudi Arabia.**



## SUSTAINABLE GROWTH<sup>38</sup>

ADNOC Distribution aims to achieve sustainable growth by focusing on the economy, the environment, and the community, thus, protecting and improving quality of life for future generations. The company delivers sustainable energy to its customers and communities safely and conveniently by expanding its reach and growing its network to provide increased fuel and retail convenience. Additionally, ADNOC Distribution manages resources efficiently and responsibly by introducing a unique drive-through concept with tablet-based ordering a the "ADNOC On the Go" Stations. These innovative stations enabled the company to minimize its environmental impact as they run on 50% less power in comparison to traditional stations.

ADNOC Distribution recognizes that the energy transition and changing mobility trends such as electrification, shared etc. may impact demand for fuel products in the future. The company is committed to supporting energy transition. It invests in future mobility trends such as installation of EV chargers at its stations, expansion of CNG fueling network, pilot of Hydrogen fueling station, etc. This may lead to higher CAPEX requirements in the future to sustain its revenues and profits. As part of its commitment to reduce carbon emissions from its operations, the company may also be required to invest in low emission energy sources such as converting its transportation fleet to CNG, EV or installing solar panels on its stations or buying carbon offsets.

38. 201-2 Financial implications and other risks and opportunities due to climate change  
 39. 201-1 Direct economic value generated and distributed  
 40. Employee wages include Staff Costs and payment to providers of capital include dividend paid to shareholders and finance cost

## ADNOC *On the go*

**Stations run on 50% less power in comparison to traditional stations**

## FINANCIAL PERFORMANCE<sup>39</sup>

Despite the pandemic and its challenges, ADNOC Distribution's performance remained resilient during 2021. After a decrease in revenue in 2020, the company achieved a 30% increase in 2021 revenue driven by higher selling prices of fuel products and growth in retail fuel volumes and non-fuel retail business.

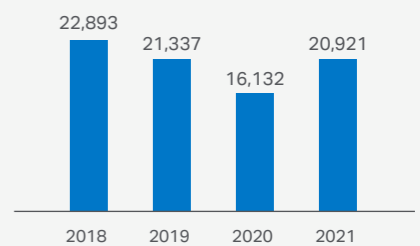
Our CSR investments during the year stood at AED 139,000 bringing our economic value retained to AED 272.8 million.

Operating costs increased in 2021 by 49% compared to 2020 due to the increase in fuel supply cost that is affected by the crude oil prices.

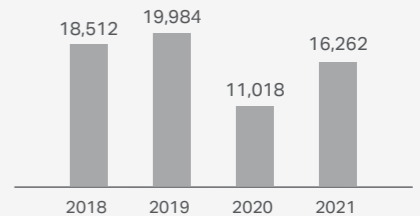
Employee wages<sup>40</sup> and benefits decreased in 2021 by 19% as a result of staff optimization as well as due to reversal of provisions. Main drivers of reduction in staff cost were more efficient deployment of staff in stations and C-stores, logistics outsourcing, and centralization of key functions.

ADNOC Distribution ensured shared value growth as Payments to Providers<sup>40</sup> of Capital increased in 2021 by 2% as a result of higher dividends paid to shareholders at ADNOC Distribution.

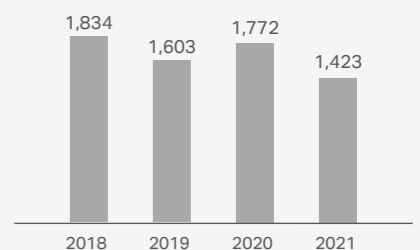
**Direct Economic Value Generated - Revenues (AED million)**



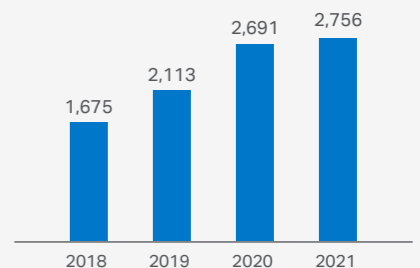
**Operating Costs (AED million)**



**Employee Wages and Benefits (AED million)**



**Payment to Providers of Capital (AED million)**





## FUTURE COMMITMENTS

ADNOC Distribution aims to improve its economic performance further with a growth in its EBITDA. The company will continue its commitment to contribute to UAE economic growth and provide more employment opportunities. Additionally, the company aims to add 20 to 30 new stations in the UAE and refurbish 40 to 50 more convenience stores in 2022. ADNOC Distribution will also remain committed to create higher economic impact by growing into the international markets including Saudi Arabia market. The company aims to add 40 to 50 new stations in the international markets in 2022. The company is on track to implement a clear and deliverable strategy, with a target to grow EBITDA to over AED 3.67 billion (\$ 1.0 billion) by 2023.

## PROCUREMENT PRACTICES<sup>41</sup>

The Supply Chain Division of ADNOC Distribution's PSCM Group is responsible for sourcing key fuels from suppliers via chartered marine vessels and the ADNOC Pipeline, and then storing them at its eight Supply Chain Terminals in the emirates of Abu Dhabi, Sharjah, and Ras Al Khaimah. Gasoline is among the products supplied to the company's service stations, corporate customers, and airport locations via its own, contracted, and customer-owned road tanker fleet. Marine vessels are used to deliver supplies to customers when necessary.

Procurement processes at ADNOC Distribution serve as a centralized function that supports all Company business lines by acquiring goods and services from reputable vendors who adhere to legislation and

standards for proper environmental and social management.

ADNOC Distribution Policies & Procedures cover all procurement activities directly, with the goal of achieving higher value throughout the procurement value chain, improving working capital management, and ensuring that commercial factors drive procurement decisions.

ADNOC Distribution aims to ensure the timely supply of goods and services in line with its business goals while reducing risk within the supply chain. Additionally, it aims to achieve optimal value for the nation's fuel distribution sector.

# 100%



of our procurement budget spent in 2021 was related to domestic operations in the UAE

## OUR IN-COUNTRY VALUE PROGRAM<sup>42</sup>

ADNOC Distribution, under its parent company ADNOC, pioneered a procurement-led initiative in 2018, named the In-Country Value (ICV) program. This program has expanded later beyond the oil and gas sector to include other sectors as well and it is now adopted by the Ministry of Industry and Advanced Technology (MoIAT). It was founded under three main objectives: GDP diversification through increased expenditure on a growing variety of local goods and services, Emiratization, and personal development opportunities for UAE Nationals in the private sector, and localization of strategic capabilities for critical supply chain functions in the oil and gas industry.



## Achieved ICV of 61% in 2021 compared to 40% in 2020

In order to improve the ICV KPI percentage, during 2021, the company identified and awarded suppliers with Improvement Plans (IP). During this initiative, 18 out of 25 suppliers submitted their revised IPs to meet the higher ICV targets. As a result, this initiative increased the company's ICV contribution to 61% in 2021. The company aims to further enhance its ICV percentage in the next years to achieve the objectives of the program through proactive engagement with existing suppliers in the local market in order to increase local spending, employment, as well as the expansion of ADNOC Distribution's local supplier base.

## SUPPLIER AND PARTNER COMPLIANCE<sup>43</sup>

Vendors and suppliers are required to comply with ADNOC Distribution Code of Conduct by declaration to the code during registration, pre-qualification, and tendering. To oversee issues in ethics and compliance, ADNOC Distribution ensures that suppliers and partners must adhere to the Supplier and Partner Business Code of Ethics and must undergo Integrity Due Diligence (IDD) prior to entering business or partnership with the company. The Code outlines the guidelines against bribery and corruption which all suppliers and partners must adhere to. With the increase of M&A activities this year, detailed IDD activities were performed.

41. 3-3 Management of material topics  
42. 204-1: Proportion of spending on local suppliers  
43. 205-2: Communication and training about anti-corruption policies and procedures

The company also conducts trainings for the stakeholders on the Code of Conduct. Moreover, the Code of Conduct and Supplier & Partner Code of Ethics are made accessible to all employees, suppliers, and partners through the website.

## OUR OPEX REVIEW INITIATIVE

In addition, the company conducted Operating Expenses (OPEX) review exercise in 2021 as part of the OPEX optimization initiative. The main targets of this initiative were to reduce costs of existing high spend OPEX Agreements and optimize the Scope of Work, Pricing Schedule/ Bill of Quantities (BOQ) and Terms & Conditions of select agreements. This resulted in procurement savings of around AED 548 Million in 2021.

# AED 548 MILLION

Procurement savings in 2021 due to OPEX optimization initiative



## LOCAL COMMUNITY IMPACT AND INVESTMENT<sup>44</sup>

ADNOC Distribution is a brand associated with the national pride of UAE. Motivated by one of the core Code of Conduct values – "We are Responsible" - decisions are governed by the principles of collaboration, respect, responsibility, and efficiency.

### Our CSR Objective: Create local opportunity, growth, and positive impact in every community we operate in and build a strong relationship with our stakeholders

With the continuous growth across the UAE and Kingdom of Saudi Arabia (KSA), ADNOC Distribution assesses its success in terms of the quality and value it provides to society and setting the benchmark for service excellence nationwide. ADNOC Distribution

steers its Corporate Social Responsibility (CSR) efforts through community initiatives that provide employment prospects, development programs, and local supply provisions.

## CORPORATE SOCIAL RESPONSIBILITY STRATEGY

ADNOC Distribution aligns its Corporate Social Responsibility (CSR) programs with the local and national strategies focusing on the country's overall development and prosperity such as the UAE Vision 2021 and the Abu Dhabi Economic Vision 2030.

ADNOC Distribution has set clear targets in line with its CSR reach and continues to meet them year on year.

### In 2021, our target was to achieve 1.5 million CSR Reach. We achieved approximately 2 millions



44. 3-3 Management of material topics  
413-1 Operations with local community engagement, impact assessments, and development program



The company's CSR projects are aligned with UN SDGs and ADNOC CSR pillars of:

**1. Community**

Support local communities by focusing on social campaigns

**2. Environment**

Support environmental programs that contribute to UAE's 2050 net-zero emissions goal

**3. Economy**

Create shared value with local businesses

The company has established a CSR Sub-Committee to monitor and control the CSR processes. The committee's main function is to assist and advise the CEO in making informed decisions on key CSR matters. The Committee shall operate in accordance with the Delegation of Authority and the CSR Policy.

ADNOC Distribution has set clear targets in line with its CSR reach and continues to meet them year on year.



**2021 Target was 1.5 million CSR Reach<sup>45</sup>**

**Actual = 2.3 million**

The company has also developed a 2022 CSR plan with an objective of creating local opportunity, growth, and positive impact in every community that ADNOC Distribution operates in and building a strong relationship with stakeholders. The plan includes actions such as

- Under Sustainability Committee, a CSR Sub-committee is established to develop CSR strategy and policy and to coordinate and monitor the development and delivery of CSR Projects
- Align CSR projects with:-
  - CSR priority areas: (Community, Environment & Economy)
  - The 8 UN Sustainable Development Goals (SDGs) Adopted by ADNOC Distribution
  - ADNOC CSR Themes: (Growth & Learning | Sports, Health & Wellbeing | Culture & Community | Natural Heritage & Environment)

**Growth & Learning**  
Enable the UAE's economic ambitions by supporting STEM education and empowering local business communities

**Sports, Health & Wellbeing**  
Invest in sports to enhance quality of life and well-being for existing and future generations

**Culture & Community**  
Preserve cultural heritage and drive cohesive communities where we operate

**Natural Heritage & Environment**  
Protect and preserve the ecosystem in every environment where we operate

The company also monitors every CSR activity it conducts through an impact report – to determine the progress, achievements, need for improvement, and the impact it has reflected on the communities we serve.

During 2021, ADNOC Distribution invested AED 139,000 in CSR and related sponsorship initiatives. To promote its CSR Initiatives, ADNOC Distribution maximizes various digital platforms such as social media promotions, direct customer engagement using ADNOC Rewards, announcements on digital screens etc.



**Reach Campaign**

ADNOC Distribution continued supporting the "Reach" campaign in 2021, a charity partnership with the Emirates Red Crescent that aligns closely with the UAE's worldwide humanitarian efforts. ADNOC Distribution took special interest in one cause under the campaign, aiming to help end the river blindness disease worldwide.

The devastating medical condition affects millions of people. Still, it can easily be treated at a minimal cost of AED 2, enough to provide treatment for one person against the disease for an entire year. In addition to directly contributing to the cause, ADNOC Distribution promotes and encourages customers to donate through special collection boxes placed at ADNOC service stations.

**COVID-19 Mitigation**

ADNOC Distribution supports the nation's efforts against the COVID-19 Pandemic. This year, the CSR efforts channeled towards COVID-related causes and prevention measures. The organization has its ongoing company-wide PCR testing campaign. The company is also pleased to report that it also succeeded in becoming the first fuel retailer globally to ensure 100% vaccination of its frontline employees in Q1 2021. It continues its support by providing all employees with the COVID-19 Vaccines and booster shots.



**Pink Caravan Campaign**

The company continues to participate in women healthcare and breast cancer awareness campaign. 2021 marks its tenth year in joining the Pink Caravan, a mobile clinic offering women physical examinations for free at select ADNOC stations. It has conducted more than 1,500 clinical examinations this year.



**Thank you SEHA Heroes**

SEHA is ADNOC Distribution's health service provider. In acknowledgment of the efforts that they have shown in keeping the ADNOC Distribution employees and their families safe, the management ran a unique CSR Initiative called "Thank you SEHA Heroes". This included sending personalized thank you and appreciation email from ADNOC Distribution's CEO to each SEHA's healthcare team. In addition, the team also received special ADNOC Rewards giveaways. The organization is happy to see the instant success of the campaign with almost 18,000 SEHA Healthcare workers claiming their tokens of gratitude.



### Al Ghadeer UAE Crafts

ADNOC Distribution has been a proud participant and supporter of Al Ghadeer – a notable project of the Emirates Red Crescent Authority, held under the patronage of Her Highness Shaikha Shamsa Bint Hamdan Al Nahyan, Assistant to His Highness, the President of the ERC for women's affairs. Al Ghadeer was established to help low-income women in the field of sustainable crafts by providing training and advancing their skills in designing, manufacturing, and marketing local handicrafts. Raw materials are provided, and the trainings are designed for Emirati women to generate their own income-generating projects. In this manner, there is also a strong preservation of tradition of crafts across the country.

The imperative of the project is for the Emirati women looking to establish their own income-generating projects. In addition, the project helps to preserve the strong tradition of crafts in the country. The number of female craftswomen supported by Al Ghadeer is currently more than 200, with women located across the Emirates.

ADNOC Distribution shows its support to the craftswomen of Al Ghadeer by offering spaces in ADNOC Oasis Convenience Stores to promote and sell their handicrafts and products to the customers. There are nine stands in nine convenience stores in Abu Dhabi. The company continues to work on offering more spaces in support of Al Ghadeer.



ADNOC Distribution believes in supporting projects that would promote more Emirati women, preserve UAE Heritage, and create a positive impact in every community we operate in.





# WORKFORCE DIVERSITY & DEVELOPMENT

## NATIONALIZATION<sup>46</sup>

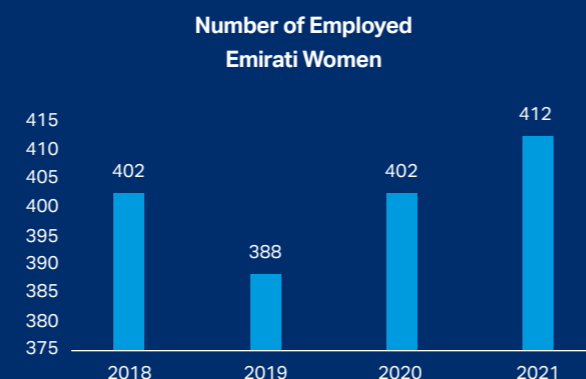
As a key organization in the UAE, ADNOC Distribution is committed to enriching the UAE's national talents and enhancing their professional capabilities through employment, competency training, and professional development and enrichment. The company strives to acquire the UAE's greatest talents and to employ the smartest and most innovative minds to maintain and continually improve our business operations and activities to ensure business continuity and resilience.

In 2021, ADNOC Distribution employed a total of 1,882 UAE Nationals across the organization. The company achieved a 67.2% Emiratisation rate across its corporate functions. This is a significant contribution to the UAE's National Agenda on increasing Emiratisation across corporations.

ADNOC Distribution launched several initiatives that focus on attracting and retaining UAE Nationals. The company is pleased to report that all service station managers are UAE Nationals as of this year. The 'Tomoooh' Leadership Training Program is designed to support the development of local talents as service leaders. In 2021, more than 300 high-potential UAE Nationals have been part of this program, which is a great support in achieving the goal of 100% Emiratisation rate amongst leaders of ADNOC Distribution's service stations. The company also initiated a Fresh Graduate Program for UAE nationals with more than 20 highly promising fresh graduates with leadership capabilities enrolling in the program and joining ADNOC Distribution by the end of 2021.



Representation of Emirati females in the organization's employment profile continues to grow, with a steady increase of Emirati women employed within ADNOC Distribution's. This is reflective to ADNOC Distribution's commitment to gender diversity and providing suitable employment to UAE female nationals.



Moving forward, ADNOC Distribution will continue developing initiatives and programs to enhance and continue its Nationalization objectives and targets addressed in the organization's 10-Year Business Plan and Recruitment Policies. ADNOC Distribution strives to create more opportunities to promote the growing presence of UAE Nationals in its workforce and improve its Emiratisation performance and metrics.

## DIVERSITY AND EQUAL OPPORTUNITY<sup>47</sup>

ADNOC Distribution strives to provide a diverse and inclusive workplace. Diversity is an important component and a necessary element to continue the business growth and achieve the goals. The company's Gender Diversity Policy has been developed to ensure equal opportunities and fair treatment for all its employees, regardless of age, gender, nationality, or background. The company has a diverse talent pool as it promotes an inclusive working environment where all individuals can thrive.

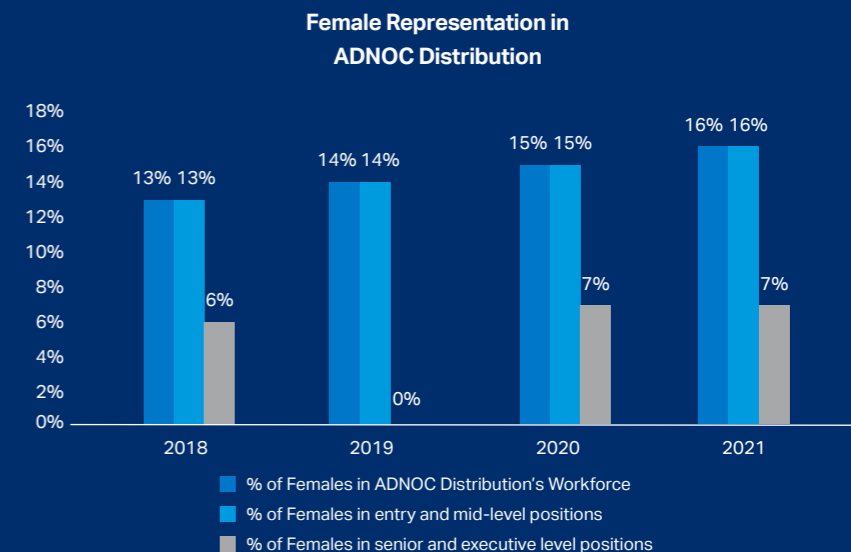
## CLOSING THE GAP<sup>48</sup>

The company has taken ambitious strides and steps to provide wages based on an employee's skillset rather than gender and provide fair opportunities to employees irrespective of gender. We have also sought to reduce the compensation gap between top management and other employees. In 2021, we saw a change in the gender pay ratio as well as the CEO Pay ratio

CEO Total Compensation to median Full Time Equivalent (FTE) total compensation	Median male compensation to median female compensation
<b>2018</b>	
6.98:1	1.00:1
<b>2019</b>	
8.25:1	1.01:1
<b>2020</b>	
7.47:1	1.04:1
<b>2021</b>	
10.6:1	0.93:1

## GENDER DIVERSITY<sup>49</sup>

ADNOC Distribution is the first fuel distribution company in the region to recruit women at its service stations. The company has always ensured that talent and performance are recognized and rewarded, regardless of gender. In 2021, there has been a growth in female representation in ADNOC Distribution amongst the total workforces. The company looks forward to further increasing female representation in the future. Female employees are provided with a robust network of support services and talent development programs including professional assistance platforms and access to a range of trainings to support and enhance the potential of ADNOC Distribution's female employees.



46. 3-3 Management of material topics  
47. 3-3 Management of material topics  
405-1 Diversity of governance bodies and employees

48. 2-21 Annual total compensation ratio  
49. All data for Non-service station employees but includes UAE nationals in service stations

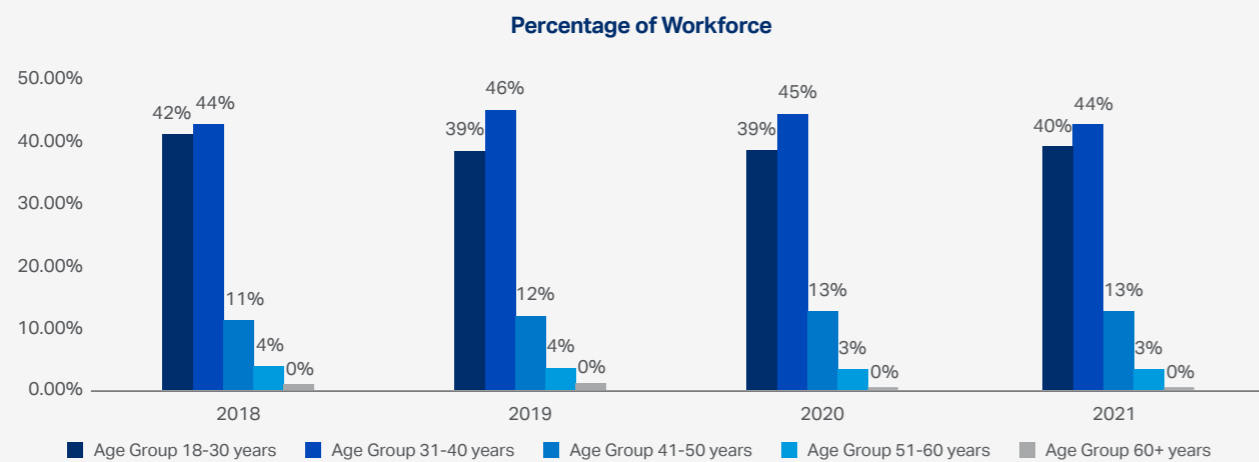
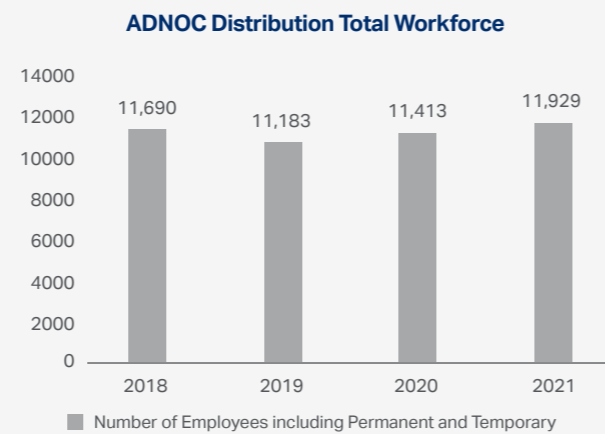


2021 marks a year of growth in gender diversity as Ms. Mariam Saeed Ghobash was appointed to join the Board of Directors on March 16, 2021, making her the first female Board Member. Mariam was elected as the Chairwoman of the Nomination and Remuneration Committee of our Board as well as member of the Executive Committee.

In 2022, we will be releasing a new Gender Diversity Policy with the aim to further enhance the opportunities to current and potential employees irrespective of age, gender, nationality, and background. Furthermore, ADNOC Distribution conducts periodic monitoring of employee diversity on a regular basis and maintains a KPI to track females in leadership positions.

## EMPLOYEE DIVERSITY

ADNOC Distribution employs a diverse pool of talents, as it strongly believes in the competitive advantages this provides it as a leading organization in the UAE. One of its key initiatives in ensuring that diversity and inclusion is embedded across all business operations is employing a multicultural pool of talent, with employees from a total of 68 different nationalities employed across different operations. This brings worldwide exposure to our business, as we boost our local and international brand in the market. During 2021, ADNOC Distribution had a workforce strength of 11,929 employees including permanent and temporary workers. The increase in numbers is attributed to the continuous business expansion of ADNOC Distribution.



In 2021, a total of 1,875 new employees were recruited with 1,765 of them employed in service station business and the remaining in corporate functions. There were numerous domestic recruitment campaigns, and international ones in India, Nepal, and Egypt. In terms of age, the company continuously invests in young professionals as there is a strong contribution of the youth in the development and molding the organization's direction. Nevertheless, ADNOC Distribution sees the advantage of a dynamic workforce –professionals with in-depth experience of the industry and fresh, innovative minds.

ADNOC Distribution keeps an active employee headcount and employs a variety of permanent and temporary employees, with the vast majority of its employees being permanently employed by the organization. In 2021, the organization had 11,877 permanent employees, and 52 temporary employees.<sup>50</sup>

## EMPLOYEE ENGAGEMENT<sup>51</sup>

ADNOC Distribution always strives and commits to positively impacting its employees and fostering employee engagement. ADNOC Distribution has established clear policies for its workers' rights and welfare. We have enhanced the frequency of employee communications through employee engagement surveys information dissemination regarding changes in our policies and leveraged various communication platforms to keep our employees feel supported and engaged.

As we consider employee engagement a key priority, the Human Capital function in the organization oversees action plans related to this focus area. It conducts an annual employee engagement survey to assess employee engagement across the organization.

## EMPLOYEE ENGAGEMENT SURVEY

ADNOC Distribution conducts an annual employee engagement survey. In 2021, it focused on: 1-Engagement Drivers (the work experience), 2-Engagement Outcomes (Say, Stay and Strive) and 3-Business Outcomes (Talent, Operational, Customer and Financial) as per the engagement

model. The organization continues to follow a three-step engagement cycle: Pre-Survey Preparation in year 2021, Launching in 2021, and Post survey (review and action plan) for 2021. This approach helps the organization understand employees' perception of the company and how the company can enhance its position and reputation as an engaging employer.

## EMPLOYEE ENGAGEMENT PROGRAMS

ADNOC Distribution provides regular communication on any changes made to company policies or the introduction of new policies, guidelines, procedures, or operational processes. The company conducts virtual meetings and townhalls to ensure employee involvement and engagement in the company's business activities. For any performance management review done, virtual sessions are administered to clarify results.

ADNOC Distribution continues to implement its initiatives in addressing impacts brought about by the COVID-19 pandemic. The company monitors statuses of COVID-19 cases daily. Employees are provided with free PCR testing, and when positive, absences are considered approved paid leave. Regardless of any medical issue during pandemic, ADNOC Distribution ensures full support is continually provided to its employees.

In 2021, 100% of our frontline staff received their COVID-19 vaccinations and booster doses, highlighting our commitment to employee safety, engagement, and customer safety. We have also conducted more than 300,000 PCR tests throughout 2021

and more than 500,000 since the start of the pandemic for employees across the organization.

ADNOC Distribution's 'AskHC' portal is a platform introduced to address employee issues, provide services to company staff and resolutions to any inquiries raised. The Human Capital Group regularly engages with company employees to update the company's latest policies through the Virtual Majlis.

## EMPLOYEE BENEFITS

Retaining and attracting workforce talent is reflective of ADNOC Distribution's employment benefits. The company develops suitable employee recognition award programs and provides a comprehensive range of benefits and allowances for full-time employees such as life insurance, health care, disability and invalidity coverage, parental leave, retirement provisions, stock ownership, and others. These are dependent on employment contracts and are clearly outlined to all employees.



## Full-time Employee Benefits

<b>Employee Loan and Assistance Programs</b>	<ul style="list-style-type: none"> <li>Personal loan</li> <li>Educational assistance</li> <li>Car Purchase Loan</li> <li>General Allowance</li> <li>Social Allowance</li> <li>Statutory Children Allowance</li> <li>Furniture Allowance</li> <li>Remote Area Allowance</li> </ul>
<b>Employee Allowances</b>	<ul style="list-style-type: none"> <li>Shift allowance</li> <li>Site Transportation Allowance</li> <li>Telephone Allowance</li> <li>Duty Travel Allowance</li> <li>Duty Transportation Allowance</li> <li>Meal Allowance</li> </ul>
<b>Medical Benefit</b>	<p>Medical Health/Life &amp; Accident Insurance</p> <ul style="list-style-type: none"> <li>Professional Membership</li> <li>Long Service Awards</li> <li>Statutory Pension Scheme</li> </ul>
<b>Other Benefits</b>	<ul style="list-style-type: none"> <li>Farewell Gifts</li> <li>Non-UAE National End of Service Benefits</li> <li>Parental Leave</li> </ul>



Benefits and other employee management schemes are based on the employment contract and shall follow the approved terms and conditions, and are also based on the individual location to cater the best benefits the company can provide to the employees. Workforce is categorized under Direct Hire, Special Contract, Service Station, and Third Party Agreement.

The company develops programs and policies that support a gender-sensitive and flexible work environment. In 2021, more than 200 employees took parental leave in line all applicable legal and regulatory requirements. In 2021, all employees taking parental leave returned to the workplace at ADNOC Distribution, representing 100% of employees taking parental leave. The organization continues to track the effectiveness of the policies and flexibility arrangements for its employees.

Parental Leave	2020		2021	
	Females	Males	Females	Males
<b>Entitled to parental leave</b>	930	10,533	1,239	12,563
<b>Took parental leave</b>	82	149	75	155
<b>Returned to work after parental leave</b>	82	149	75	155
<b>Returned to work after parental leave and still employed after 12 months</b>	82	149	66	146

ADNOC Distribution periodically reviews and updates its Human Capital policies, together with the policies pertaining to labor management relations in line with global leading practices and applicable legal and other requirements. Further, the company conducts comprehensive reviews and benchmarking studies of its policies supported by a third-party audit firm to enhance its policies to support domestic and international growth, and policies that would ensure better employee benefits and allowances.

## TRAINING AND EDUCATION<sup>52</sup>

ADNOC Distribution invests in the employees' professional growth through an abundant number of learning and development programs and opportunities.



52. 3-3 Management of material topics  
404-2 Programs for upgrading employee skills and transition assistance programs

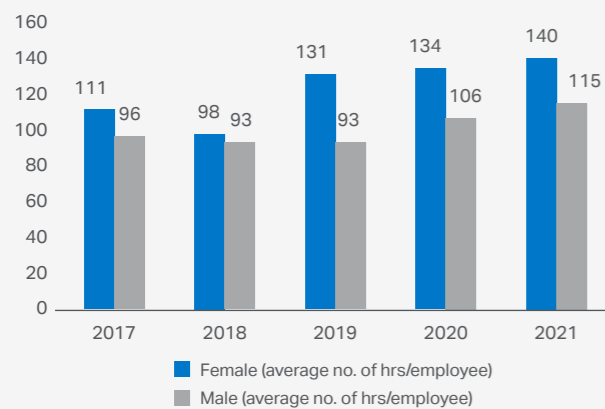


## PLATFORMS AND PROGRAMS

The company leverages on various training and education platforms. The SAP Success Factors PDP System enables the employees to set and achieve their personal development goals and objectives. Courses are documented on training calendars to allow individuals to develop skills and competencies through training programs, exposure in other work environments such as overseas assignments, reiteration of the Code of Conduct through e-Learning, and other function-specific training catering to their needs.

The 'Tomoooh' Leadership Training Program was launched in 2020 and has been extremely successful in the organization, and as a result is still being delivered. This was introduced in collaboration with Retail Group and Subject Matter Experts (SME). It is a 3-month intensive development program which includes a series of virtual classroom training on leadership management, interpersonal skills, finance, operations, human resources, sales, and marketing. The trainees are also given the chance to experience the program through on-site trainings across service stations in the UAE. This year, more than 300 high-potential UAE Nationals have been part of this leadership program.

Average Hours of Training Provided to Employees (by Gender)



The organization also keeps track of its employees' Personnel Development Plans (PDPs) and Performance Improvement Plans (PIPs). These systems ensure proper management and professional development of employees.

More efforts in learning and development for employees from the company include:

- Leadership Academy – to aid staff in applying managerial concepts in their line of work
- E-Learning Mobile Applications – to provide flexibility in pursuing professional development goals despite changes in work settings due to the COVID-19 global pandemic
- ADNOC Future Leaders (AFL) Program – a knowledge-sharing and talent development platform, through coaching, mentorship, and experiential learning.

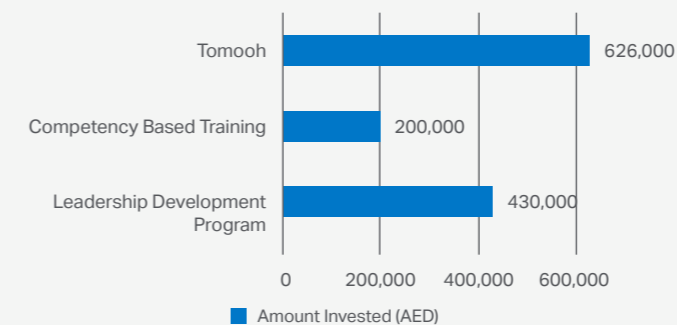


## 2021 HIGHLIGHTS<sup>53</sup>

In 2021, ADNOC Distribution conducted and delivered 686 courses and trainings across a diverse range of topics and subjects. ADNOC Distribution's commitment to its employees' professional growth and development is reflected by the increase of average training hours provided by the company compared to previous years. These trainings and courses aim to further develop their interpersonal skills and to prepare for leadership positions.

Integrated with the objectives set by the company, ADNOC Distribution offers specialized courses and certifications. It has maximized the usage of virtual platforms for COVID-19 awareness sessions and other e-Learning platforms for increased assimilation of knowledge and skills. There are also Function-Specific Courses and Training provided in alignment with an employee's learning needs, such as HSE Certifications and CIPS Courses for procurement. The organization invested in these various trainings as it is firm in employing resources who will support the achievement of business continuity and resilience goals.

Investment into Training and Development for Emiratis



ADNOC Distribution employees who have demonstrated remarkable performance in their roles are given special training programs to further develop their interpersonal and professional skills and eventually transition to leadership positions. Succession planning for leadership roles and positions remains a focus area for this year, and with robust succession planning, the company has identified 86 employees for this scheme, of which 56 are male and 10 are female employees. These efforts are with the company's goal in creating actions that would support the attainment of business continuity.



53. 404-1 Average hours of training per year per employee  
404-3 Percentage of employees receiving regular performance and career development reviews



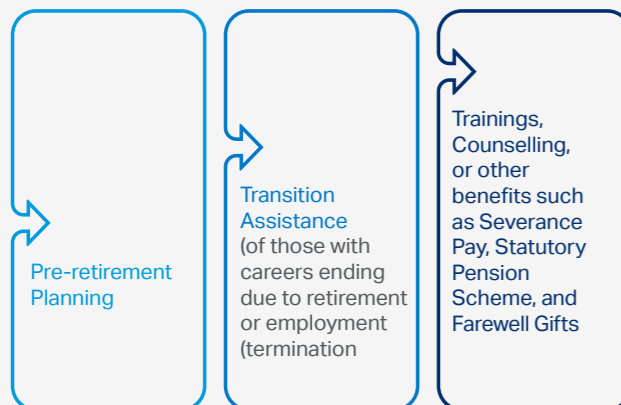
## TURNOVER<sup>54</sup>

ADNOC Distribution takes pride in its employees, they are our greatest asset and a key element in the success of our organization. The company ensures the proper management of employer-employee relations and governs the employee practices by our Code of Conduct and Human Capital Policy and Labor.

### PROMOTING CONTINUED EMPLOYABILITY

Part of completing the company's strategic directions is realizing the importance of maintaining exceptional employee performance and this includes maximizing talent acquisition and minimization of turnovers. ADNOC Distribution remains on its initiatives that would boost employee morale and retain best talents.

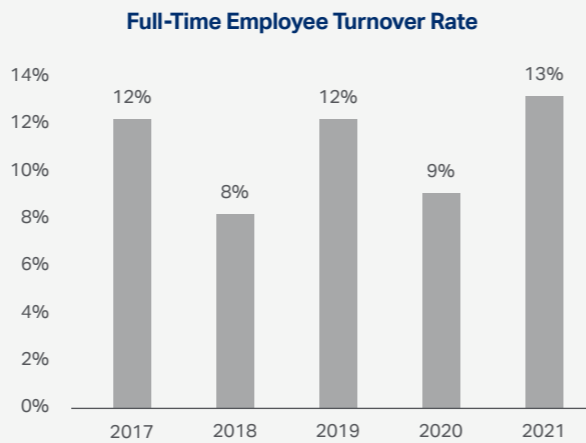
The company has launched a new program that will make the most of the vast experience of our retirees' by creating a pool of subject matter experts to support the business. Through this program, the company plans to utilize expertise and skills of retirees (both UAE Nationals and expatriates), to ensure business continuity and utilize their knowledge on future business development and mega projects. This program is an opportunity to leverage invaluable experience of our pioneers while maximizing in-country value, engaging ADNOC Group retirees and establishing a wide network of SMEs.



### FULL-TIME EMPLOYEE TURNOVER<sup>55</sup>

The continued global pandemic affected employee retention in 2021, with a portion of employees deciding to end their employment with ADNOC Distribution. This caused a slight increase in the percentage of employee turnovers in 2021 compared to previous years.

A notice period is applied for employees leaving the company voluntarily, termination due to disciplinary actions, early or forced retirement. The notification is channeled through a letter, indicating the notice period duration defined by an employee's grade category – ranging from a month to three months, and if the employee is required to work during their notice period or not. This approach provides employees transparency in communicating issues regarding employment and resignation. ADNOC Distribution has continuously worked on augmenting personnel-related programs, proper management communication plans to attract, retain, and develop the best talents.





# HEALTH, SAFETY, & SECURITY

## CUSTOMER HEALTH AND SAFETY<sup>56</sup>

ADNOC Distribution is committed to providing an exceptional experience for its customers in line with leading best practices including developing and providing safe products. The safety, wellbeing, and health of ADNOC Distribution's employees, contractors, and customers is a top priority for the organization, and is embedded across the organization's business operations and services, as well as corporate culture.

ADNOC Distribution's Health and Safety Management System (HSEMS) covers all services and operations across the value chain. ADNOC Distribution conducts an annual audit program to determine the effectiveness of HSEMS implementation across its operations, including its service stations. The organization tracks and assesses audit findings to implement practical corrective and preventative actions with HSEMS and leading best practices.

Safety Data Sheets (SDS) covering all products being sold have been provided by ADNOC Distribution

in line with leading practices and applicable regulatory requirements and standards and are made available to all ADNOC Distribution customers. Risk assessments related to the organization's products and services are conducted periodically to ensure they meet applicable HSE standards and regulatory requirements.

To promote customer health and safety, ADNOC Distribution develops and implements various public safety campaigns targeting its diverse customer segments (individuals, corporations, etc.). These campaigns are released in English and Arabic to ensure the safety messaging is effectively communicated to all customers. The organization utilizes various channels to promote these safety campaigns such as display boards and social media networks. ADNOC Distribution's employees across its service stations are also involved in ensuring customer-facing safety campaigns and messages are well-communicated to the organization's customers.

In 2021, ADNOC Distribution continued its work in the UAE's national campaign against COVID-19 by promoting public safety messages

including mask-wearing and regular disinfection of organizational assets including service stations. Moreover, the company continued successful customer safety initiatives by distributing sanitization kits, offering sanitization of customer cars, AED distribution and supply in service stations located in remote locations, as well as readily available PPE and multi-lingual health and safety guidelines at service stations.

ADNOC Distribution also ensures all food and beverages sold in the organization's convenience retail outlets (Oasis Stores) comply with Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) regulations and standards governing food safety.

Through these efforts, ADNOC Distribution remains to live up to its commitment in delivering excellent performance and ensuring high customer safety standards across all products and services. In 2021, ADNOC Distribution did not record any incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of its products and services.

## OCCUPATIONAL HEALTH AND SAFETY<sup>57</sup>

In ADNOC Distribution, we put safety as our top priority, and it is embedded in our core values. We have adopted ADNOC Group's HSE Management System (HSEMS) with a strategic goal and commitment to protecting our employees, contractors, and third parties through our programs, practices, and a working culture that promotes safety at every level of our organization. We seek quality of life and productivity by enhancing and protecting our peoples' physical and mental health and overall wellbeing. The HSE Management System is

composed of various performance indicators and procedures, and is regularly reviewed and updated, and continually improved to align with applicable legal and other requirements, and leading global practices. ADNOC Distribution's HSE Division oversees the management of Health & Safety topics across the organization's assets and operations, including service stations.

The ADNOC HSEMS is aligned with the common high-level framework structure, the requirements of ISO Standard 45001:2018 (Occupational Health & Safety) and ISO 14001:2015 (Environmental Management System). It applies the 'Plan-Do-Check-

Act' cycle (PDCA) similar to ISO to achieve continual improvement. The ADNOC HSE Management System is an integral part of the ADNOC Integrated Management System (IMS). ADNOC IMS Manual outlines the "context of the organization" and defines the ADNOC IMS framework for understanding and meeting the needs and expectations of interested parties.

The HSEMS covers depots, service stations, vehicle inspection centers, aviation filling facilities and project sites. Suppliers or services provided to different strategic partners are out of the scope of the company's HSE management system.

## EXCEPTIONAL HSE PERFORMANCE DESPITE OF CHALLENGES FACED DUE TO COVID 19 PANDEMIC



0

Fatalities



0

Catastrophic Incidents

56. 3-3 Management of material topics  
416-1: Assessment of the health and safety impacts of product and service categories  
416-2: Incidents of non-compliance concerning the health and safety impacts of products and services

57. 3-3 Management of material topics  
403-1 Occupational health and safety management system

## HEALTH AND SAFETY AT WORK

ADNOC Distribution ensures effective implementation and continual improvement of the HSEMS. ADNOC Distribution's HSE Policy Statement is communicated to all stakeholders, including employees and contractors, and implemented across the organizational boundary.

These strategies allow ADNOC Distribution's Executive Leadership Team to assess and make decisions on the efficiency of the procedures set by ADNOC Distribution on managing its safety and health performance. Health and safety performance data is regularly collected, assessed, and reported to ensure achievement of H&S objectives and targets. ADNOC Distribution's HSE Governance Framework documents the objectives and targets in terms of health and safety performance, and clearly defines the roles and responsibilities for health and safety management across the organization. ADNOC Distribution's HSE Governance Framework is aligned with the company's overarching Sustainability Strategy.

ADNOC Distribution ensures effective management of health and safety performance is performed through a robust process including:

- Developing a Five-Year HSE Business Plan and CAPEX Identification for all HSE Projects included in the plan.
- Cascading of HSE Performance of the company and contractors across sites.

- Continuous monitoring and reporting of improvement measures and compliance status to ADNOC Distribution's executive management.
- Timely and accurate submission of the Annual HSE Performance Report.
- Strictly follow ADNOC HSE Standards to control hazards and minimize risks

## HAZARD IDENTIFICATION AND RISK ASSESSMENT<sup>58</sup>

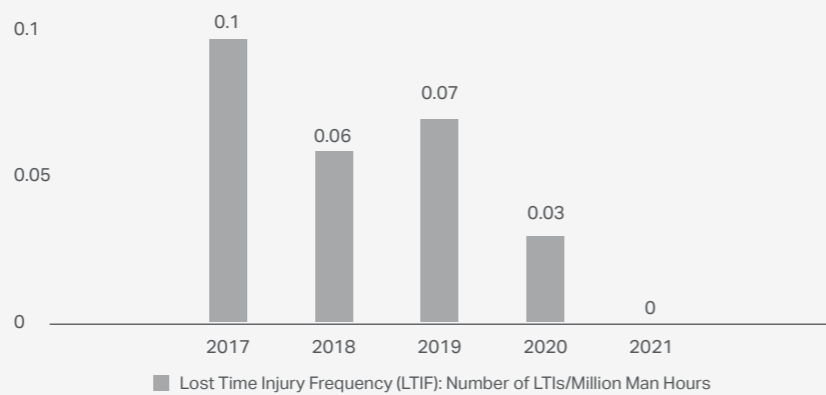
ADNOC Distribution identifies and evaluates its HSE risks based on a Risk Assessment Matrix. The company performs periodic inspections and reviews across the organization's assets and operations including service stations.

The company takes pride on using qualitative and quantitative risk assessment tools such as: QRA, HAZOP, HAZID, JSAs, and other leading international risk frameworks.

The organization's operations are monitored on a monthly basis by qualified and competent HSE Inspectors. The HSE inspectors perform monthly HSE inspections to ensure its compliance with the HSE standards and other requirements. Occupational Health Risk Assessments (OHRA) and occupational health identification (OHID) assessments have been conducted for all facilities and OHRA and OHID actions are verified on a quarterly basis. Critical HSE KPIs are reported & tracked on monthly basis. These HSE KPIs also include Occupational health, safety and process safety indicators.

If any incident occurred, it is investigated according the timeline set considering the severity of the incident. A Root Cause Analysis (RCA) is also performed to comprehensively identify the underlying causes and contributory factors. It is imperative to promptly respond to any incident with recommendations given to avoid recurrence of such happening.

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



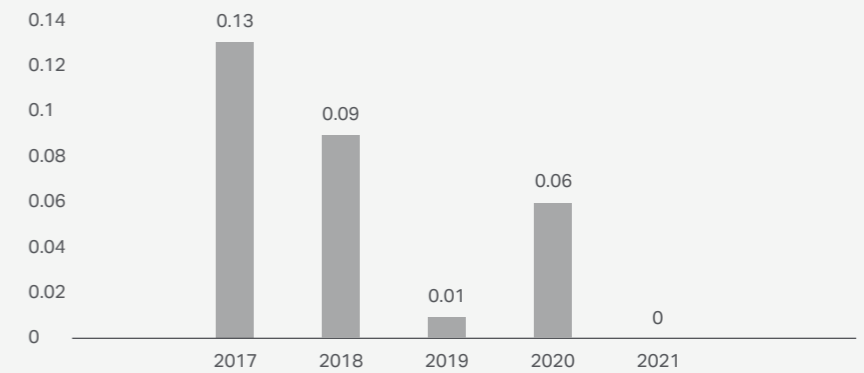
Man-hours data for Company employees which is used to calculate different KPIs originates from Organization's Human Capital system. For contractors, the data is collated through the monthly reports they submit. To ensure the immediate identification and implementation of health and safety risk and corrective actions, ADNOC Distribution employees can effectively report work-related health and safety hazards or any hazardous situation through the organization's One ERP System which is an SAP based system used for HSE incidents and observations reporting.

ADNOC Distribution did not record any recordable work-related injuries in 2021 due to its robust and

effective HSEMS. This is due to the organization's initiatives and programs across all sites and assets and continuous awareness campaigns and initiatives despite changes in working patterns due to COVID-19.

Moreover, the company has yet another year of zero employee fatalities as a result of work-related injuries. There were also zero recorded cases of ill-health among employees.

Rate of Recordable Work-Related Injuries



58. 403-2 Hazard identification, risk assessment, and incident investigation  
 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  
 403-8 Workers covered by an occupational health and safety management system  
 403-9 Type of injury, disease, lost days, absenteeism, work-related fatalities  
 403-10 Work-related ill health





### EMPLOYEE ASSISTANCE PROGRAM<sup>59</sup>

ADNOC Distribution provides all employees with health insurance allowing them access to extensive medical and healthcare services through a leading health insurance specialist in the UAE. The Employee Assistance Program was launched during the outbreak of COVID-19 to help employees cope with the adverse effects of the virus, and ICAS provides this service. The main objective is counseling to cope with anxiety and mental well-being, family and work pressure, managerial skills, legal advice, or even financial questions. This program is also available to employees' families with support in various languages.

### EMERGENCY PREPAREDNESS AND RESPONSE<sup>60</sup>

Part of the HSEMS of ADNOC Distribution is the framework for establishing emergency management. The Crisis Management and Emergency Response entails details on Emergency Response and Crisis Management, Oil Spill Response, Fire and Rescue Operations, and an Emergency Response Plan.

During the year, ADNOC Distribution strengthened its Pandemic response mechanisms by updating members and Pandemic wardens on the essential protocols structured in line with the current COVID requirements from the UAE Health Authorities and

NCEMA. The company also provided counseling, advice, and support for staff and close contacts who contracted COVID-19.

ADNOC Distribution also evaluated contractors and ensured their safe return after completion of required testing, maintained sanitized workplace through routine weekly deep cleaning. The company also investigated cases of clusters and focused on identifying potential clusters. ADNOC Distribution ensured that all frontline fuel attendants and staff working inside plants and depots are 100% vaccinated with a zero mortality from COVID-19 related death from contact at workplace.

### TRAINING AND AWARENESS ON HEALTH, SAFETY, AND ENVIRONMENT<sup>61</sup>

To ensure an effective implementation of HSE Management in the company, ADNOC Distribution regularly conducts surveys assessing employees' points of view with regards to their daily working health and safety. Regular coordination meetings as well as leadership site visits ensure employees provide feedback and share opportunities for improvement with regards to health and safety.

HSE Data is ensured to be accessible as this is a key element to the company's overall safety performance. HSE Awareness Materials and Standards can be

accessed on the intranet portal for all staff members. The HSE Department regularly provides printed materials for safety awareness campaigns. To further supplement these actions, teams are issued with HSE alerts to discuss lessons learned from any incidents that may have occurred across the organization. Critical HSE Issues are presented during the Executive Management Forum, attended by ADNOC Distribution's top management. All HSE training follows Training Matrix Guidelines, and the Learning and Development Department deliver such training. Training audiences are identified to ensure they are catered to the needed courses in their respective learning areas.

In 2021, there were 44 different HSE training courses delivered to over 5,900 ADNOC Distribution employees covering HSE subjects related to the company's operations and emergency response. These were done through various channels such as web-based, classroom, virtual, and on-the-job trainings.

### OIL SPILL RESPONSE<sup>62</sup>

ADNOC Distribution ensures spill kits are available at all terminals. During 2021, no major oil spill case occurred across ADNOC Distribution.



59. 403-3 Occupational health services  
 60. 403-5 Worker training on occupational health and safety  
 61. 403-4 Worker participation, consultation, and communication on occupational health and safety  
 403-5 Worker training on occupational health and safety  
 403-6 Promotion of worker health  
 62. 3-3 Management of material topics



# BUSINESS SUSTAINABILITY

## ANTI-CORRUPTION<sup>63</sup>

ADNOC Distribution has zero-tolerance for any form of fraud, bribery, and all other forms of corruption. Guided by the Code of Conduct which sets out the guidance in upholding transparency, consistency, and fairness across the organization, ADNOC Distribution has its existing policies that outline the procedures to maintain a culture of integrity and transparency in the company's activities. ADNOC Distribution's Codes, Policies, and Programs in countering fraud and corruption include:

			
<b>ANTI-BRIBERY AND CORRUPTION POLICY</b>	<b>CONFLICTS OF INTEREST POLICY</b>	<b>CODE OF CONDUCT</b>	<b>GIFTS AND ENTERTAINMENT POLICY</b>
			
<b>SUPPLIER CODE OF CONDUCT</b>	<b>TAKALLAM</b>	<b>ADNOC DISTRIBUTION COMPLIANCE POLICY</b>	<b>WHISTLE BLOWING POLICY</b>

01  
**100% ACHIEVED**  
completion rate for Code of Conduct training and Conflict of Interest Declaration for desk-based staff

02  
**REFRESHED**  
During 2021, ADNOC Distribution its policies on Anti-Bribery and Corruption, Gifts and Entertainment and Conflicts of Interest

03  
**LAUNCHED**  
e-learning on Gifts and Entertainment and Conflicts of Interest for all staff

In addition, the company also undertakes Integrity Due Diligence conducted on 3<sup>rd</sup> party transactions. As our M&A activities have accelerated in 2021, detailed due diligence is required to be performed.





## COUNTERING FRAUD AND CORRUPTION<sup>64</sup>

Corruption has many forms, and includes fraud, bribery, money laundering, conflicts of interest, and misappropriation of assets. ADNOC Distribution recognizes the importance of effective anti-corruption and bribery framework and policies. It is imperative for all employees to not engage in, encourage, agree to, ignore, assist, or be involved in any way in all forms of corruption. ADNOC Distribution has set four fundamentals in countering these risks.



### POLICIES

The company's measures to counter any form of corruption are supplemented with clear-cut compliance policies. Three of these - Anti-Bribery and Corruption Policy, Gifts and Entertainment Policy Conflicts of Interest Policy - were relaunched in the third quarter of 2021 to reflect best practices. These Policies are in line with the Code of Conduct and ADNOC Distribution's Compliance Policy. They outline the organization's zero tolerance on any form of corruption and presents the standards and rules to adhere to avoid potential breaches and non-compliance.



### COMMUNICATION

Policies, Programs, and best Practices about Anti-Corruption are cascaded thoroughly through various mediums: newsletters, group emails that remind employees of their obligations under the Anti-corruption policies and Code of Conduct. Emphasis is placed on any scenarios or issues that may lead to corruption and fraud.



### TRAININGS

Trainings are periodically carried out, or done in conjunction with relaunched policies on Anti-Bribery and Corruption Topics and campaigns. These are to reflect best practices and ensure the effectiveness of the policies.



### DISCIPLINARY

Failure to adhere to the policies will result in disciplinary action. Violations are investigated in accordance with ADNOC Distribution's Investigation Policy and the appropriate recommendations and strategic remediations are applied accordingly.

The company undertook a detailed risk assessment in relation to corruption risks across all its operations. This was conducted by an independent third-party consultant. The scope of risk assessment covered topics such as bribery, misrepresentation of information, manipulation and misuse of employees and customers data, kickbacks, leakage of confidential information, money-laundering etc.

100% of ADNOC Distributions operations were assessed for risks related to corruption in 2021. The results from the assessment of the controls to mitigate these risks and raise employee awareness about bribery and anti-corruption will help to prevent cases of non-compliance. Nevertheless, the company continues to undertake measures based on the results to improve the existing controls and mitigation measures.

## PERSONNEL TRAINING AND COMMUNICATION<sup>65</sup>

ADNOC Distribution highlights the importance of ethics within the workplace. The organization provides regular anti-corruption and bribery trainings and workshops across business units.

100% of the senior management members, including the Executive Leadership Team, have received training and communication on anti-corruption policies and procedures. In addition, all senior management who received specific training on gifts and entertainment and conflicts of interest have cascaded the message to their various divisions and teams.

100% of ADNOC Distribution employees have completed code of conduct training that covers topics on anti-bribery and corruption, including gifts and entertainment and conflicts of interest.

The company has its own Supplier and Partner Business Code of Ethics which suppliers must agree to before entering into business or partnership with ADNOC Distribution. The code of ethics lays out the expectations regarding anti-bribery and corruption that all suppliers and partners must adhere to.





## REPORTING MECHANISM<sup>66</sup>

Takallam is ADNOC Distribution's whistle blowing system, backed by the Whistle Blowing Policy. The company promotes transparency and openness in the workplace and encourages employees to report occurrences of unethical behavior like bribery, financial misconduct, and corruption. The Whistle Blowing Portal serves as a line for reporting with the assurance that there is confidentiality and protection from retaliation.

Apart from the Takallam, employees can also report directly to line managers or the compliance department. There is a register for Conflict of Interests and Gifts and Entertainment where declarations and reports can be made. The Compliance Department reviews these along with the Line Managers. The managers are responsible on managing any conflict of interest and the approval and confirmation to the disclosures made against gifts and entertainment.

In addition to this, the organization maintains an Insider List checked monthly by the compliance department. The list is regularly monitored to make sure it can capture all employees who are identified as Insiders. This is guided by the Insider Information Policy, with the Insider Dealing Committee that validates the efficiency of this policy.

Addressing cases against corruption and bribery helps the organization determine possible risk areas and promptly resolve these issues with targeted measures.

In 2021, ADNOC Distribution confirmed one non-material incident of corruption involving service station staff. The company used this incident as a basis for reflection to ensure that the policies, procedures and other mechanisms to manage anti-bribery and corruption are regularly reviewed and updated in line with best practices.

## FUTURE COMMITMENTS

ADNOC Distribution looks forward to the launching of various e-learning courses on Anti-Corruption and Bribery, including Gifts and Entertainment and Conflicts of Interest to all employees. Moreover, the company will also conduct targeted training on Integrity Due Diligence to specific groups across the organization in line with business needs. These training sessions are designed to raise awareness about potential risks and emphasize the importance of ethics within the workplace.

## DIGITIZATION AND INNOVATION<sup>67</sup>

With the recent developments in technology and looking at ongoing and future trends, ADNOC Distribution continues its efforts in safeguarding information systems and data assets. The company also strives to

develop new ways to engage with customers and create efficiencies through digital capabilities.

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.

During 2021 we have further strengthened our cybersecurity defensive posture by deploying leading edge vulnerability management solution in our environment. This combined with penetration testing and security assessments drove the ongoing prioritization and action steps to proactively address vulnerabilities and security weaknesses before it can be exploited. In coordination with ADNOC Group of Companies we have also improved the effectiveness of our security operations center which plays a critical role in 24/7 early alerting and event management.

To ensure preparedness for potential incidents we conducted multiple disaster recovery drills and further invested in our continuity robustness. Governance of our IT security and risks remains a cornerstone to ensure oversight of our cybersecurity strategy implementation, proactively protect our information assets and creating safe and resilient infrastructure which empowers the business to thrive.

## USING TECHNOLOGY TO DRIVE INNOVATIONS AND SUSTAINABLE PERFORMANCE

In 2021, ADNOC Distribution continued to invest in IT infrastructure and improvement of digitalization across operations. Digitization remains to be a core part of the organization's evolving customer experience, hence, the execution of major projects to improve network access control, upgrade of main datacenter network and security, and improvisation of service stations security architecture that would transform ADNOC Distribution into a leading customer-centric technology-enabled retail fuel service provider.

## ADNOC OASIS AUTONOMOUS STORE

In 2021, ADNOC Distribution unveiled 'ADNOC GO' with an enhanced ADNOC Oasis store customer experience. The first concept store was first launched at Sheikh Khalifa Energy Complex. Leveraging on the advanced technology and powered by Artificial Intelligence (AI), the store features state-of-the-art cashless and contactless payment system with store shelves equipped with electronic LED screens that digitally display prices, updated promotions and offers in real time, and weight sensors and AI cameras on shelves to help track the customer's shopping accurately. Payment can be made through multiple options, customers can tap in via bank card, Emirates ID, or through ADNOC wallet in mobile application. This digital transformation in ADNOC Oasis stores provides improved shopping experience and help accelerate ADNOC Distribution's digital capabilities as a key driver of efficiency, sustainable performance, and innovation.



## THE ENHANCED ADNOC OASIS STORE IS SET TO REVOLUTIONIZE HOW CONSUMERS SHOP, AS IT MAKES THE EXPERIENCE EASIER, FASTER, AND MORE CONVENIENT THAN EVER BEFORE

66. 205-3: Confirmed incidents of corruption and actions taken  
2-16 Communication of critical concerns  
2-25 Processes to remediate negative impacts  
2-26 Mechanisms for seeking advice and raising concerns  
67. 3-3 Management of material topics



## E-COMMERCE ADVANCEMENTS

The company is pleased with the continuous success in its e-Commerce journey that started in April 2020. The fourth quarter of 2021 showed great results with the completion of onboarding of 200 convenience stores in Talabat. We have also worked on improving our inventory offering with almost 3,000 SKUs in Talabat and Instashop, introducing new and broader menu offering with the launch of Barista and Bakery across up to 100 of its Talabat C-Stores. ADNOC Distribution is looking forward to activating new stores in the coming years. With the emerging trends in e-grocery and e-commerce in UAE, the company is committed to transforming more of our offerings to a higher standard and give our customers a holistic and seamless retail experience.



## CYBERSECURITY

Continuing to this trajectory in technological and digital advancements, the company launched on various initiatives to improve cyber security posture and ensure business continuity, including the Secure Remote Workplace Program and Security Awareness Campaign – a program that helps our employees be aware of the heightened security risks brought by the work from home setup. ADNOC Distribution strives to provide a strong foundation for securing all digital assets.

## ANTI-COMPETITIVE BEHAVIOUR

The majority of ADNOC Distribution's revenues are generated through its fuel retail business (~70% of total fuel volumes) and is regulated by the UAE's Ministry of Energy and Infrastructure. The UAE's Ministry of Energy and Infrastructure regulates prices of fuel products (gasoline and gasoil) at our retail fuel stations across the UAE. Fuel prices are set by the Ministry's Monthly Pricing Committee and are based on the Platts benchmark prices of fuel products and regulated level of margins.

All fuel operators in the UAE sell fuel products at prices stipulated and monitored by the UAE's Ministry of Energy and Infrastructure for the retail sector. Moreover, there are multiple governmental and regulatory approvals required to open any new retail fuel stations in the UAE. The UAE's regulators grant permission to open retail fuel stations based on land use, market

demand and supply, environmental considerations, among other relevant criteria. All fuel operators can open stations in any of the UAE's Emirates subject to obtaining the relevant government approvals.

Commercial business is competitive, and prices are set based on global and regional market dynamics. The UAE commercial fuel sector is very competitive with multiple players (including demand met by import of products) and thus there is limited room for anti-competitive behavior.

## RISK AND CRISIS MANAGEMENT<sup>68</sup>

ADNOC Distribution believes that proactive engagement of risk management is an integral part of its core business operations and has therefore established a risk management process that would control these risks in a structural and effective manner.

The company has an Enterprise Risk Management Policy which covers the organization's risk management objectives, governance structure, roles, and responsibilities of the Board of Directors, the audit committee, management team, ERM function and internal audit function. The ERM Policy document is in accordance with the ISO 31000:2018 standard.

The Board of Directors takes on numerous efforts to achieve the company's management objectives.

## ADNOC DISTRIBUTION BOARD OF DIRECTORS UNDERTAKE TO

- Have clear and open discussions on the risk management process, both internally and externally. As a transparent organization, ADNOC Distribution must ensure that all shareholders are aware and understand the risk-management policy and procedures established.
- Be responsible for overseeing and monitoring the risk-management system.
- Determine, manage, monitor, and report on risk, while holding the management team accountable for managing identified risks effectively.

## ADNOC DISTRIBUTION BOARD OF DIRECTORS

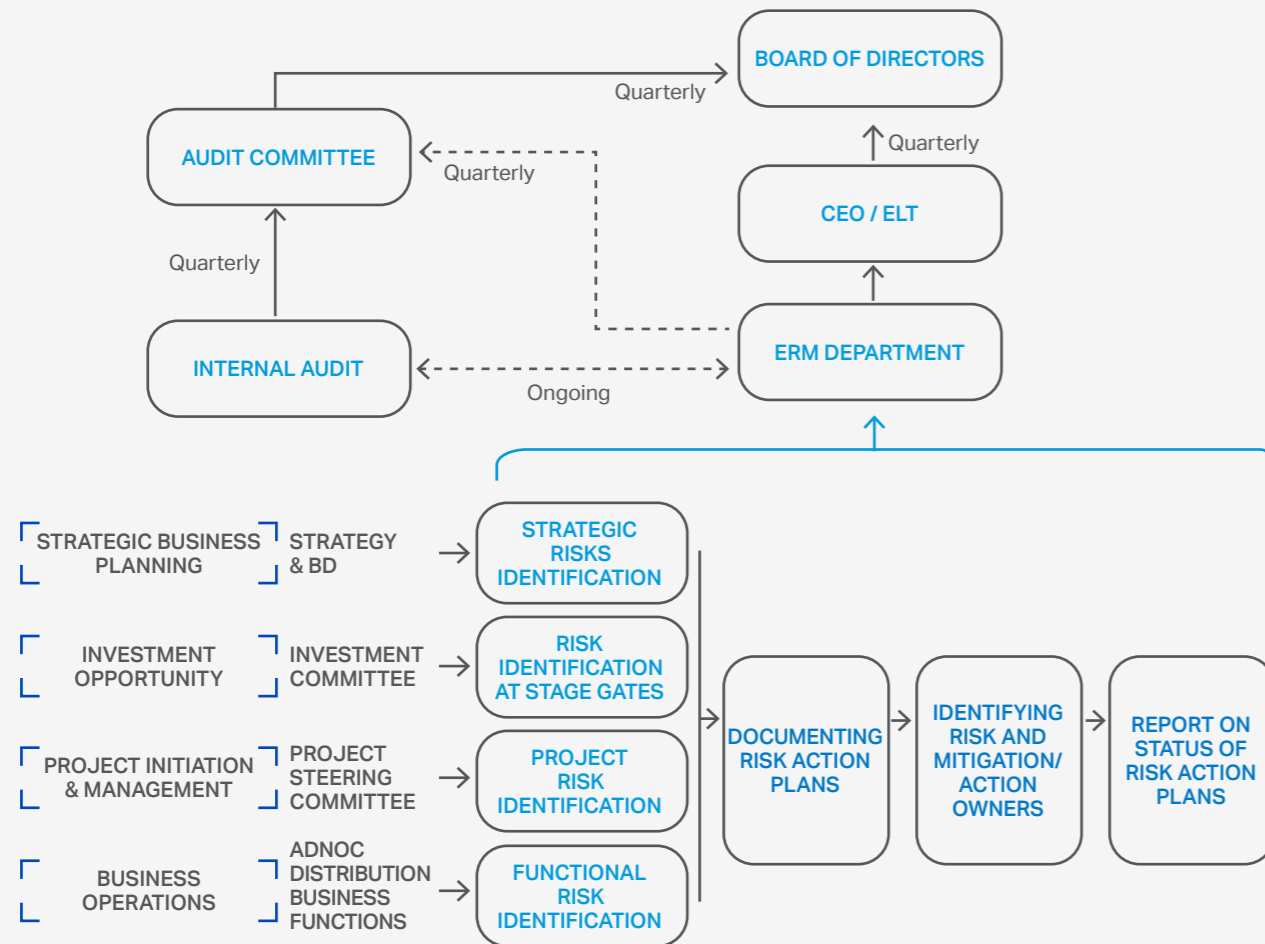
- Administers the process and integral components documented under the governance of risk-management policy and procedure.
- Has a clearly defined responsibility structure and integrate risk-management to the business core processes
- Ensures that significant business risks to which ADNOC Distribution is exposed are identified, assessed, and managed to acceptable levels based on risk tolerance approved by the Board.



## ENTERPRISE RISK MANAGEMENT GOVERNANCE AND PROCESS

Efficient Enterprise Risk Management (ERM) enables sustainable growth and business performance by improved decision making, planning, and concentrating on mitigating high priority risk areas to establish the optimal balance of risk and rewards. At the same time, the company pursues its objectives and ultimately enhances shareholder value.

The ERM Organization comprises the board of directors, Audit Committee, Chief Executive Officer (CEO), Executive Leadership Team (ELT), Internal Audit function, Risk Champions, Risk Owners, action owners, and Control Owners.



The Internal Audit team updates risk registers to the respective Internal Audit function every third quarter of the year. They communicate the key audit findings and write annual risk-based internal audit plan.

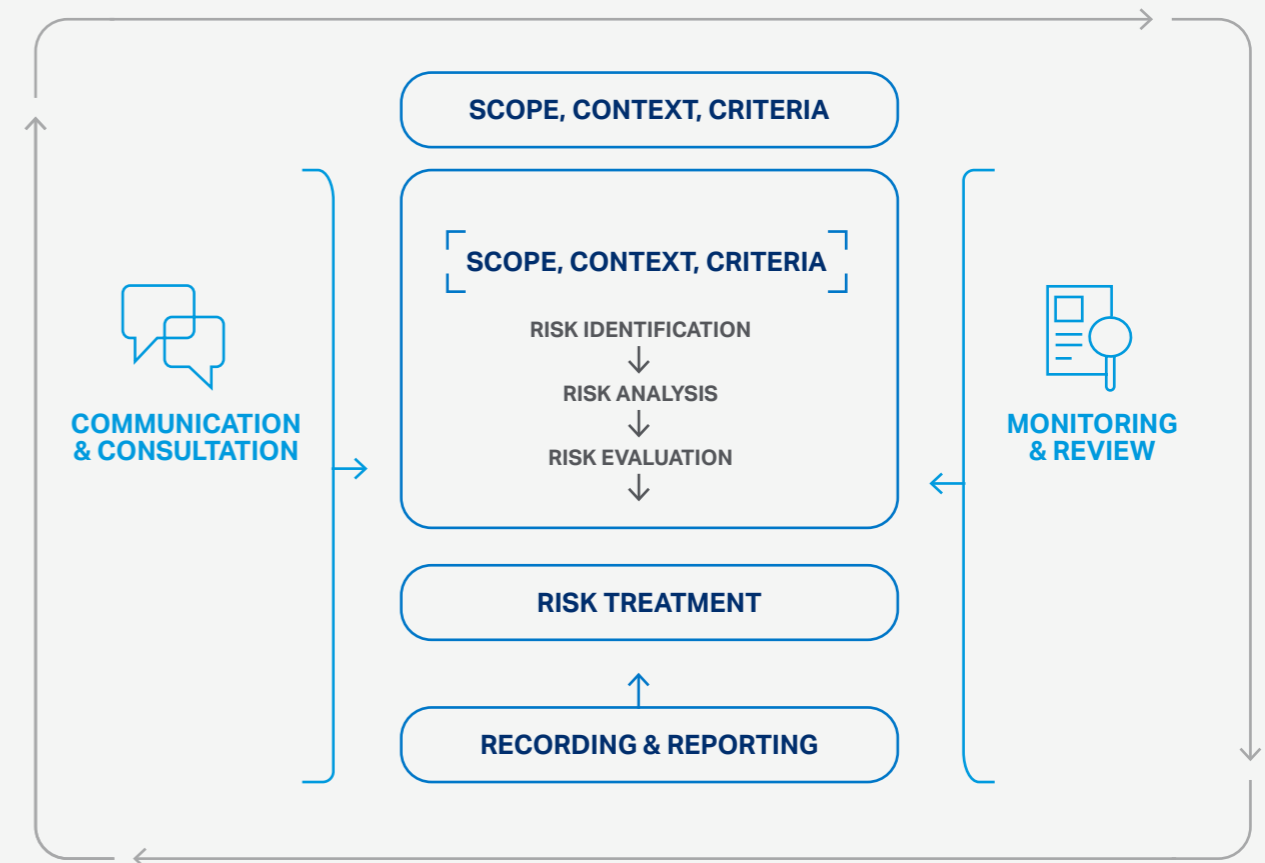
The Crisis Management conducts the Business Impact Analysis (BIA) Exercise and Business Continuity Management (BCM) which provides updated risk information and communicate any new 'High' or 'High-Medium' rated risks identified during the BIA Exercise.

The Strategic Business Planning team, on the other hand, identifies new risks emerging from Business Plans (that was finalized in the previous year). It also works on identifying any emerging risk from the dynamic business landscape, sectoral advancements, and peer group benchmarking – locally and internationally.

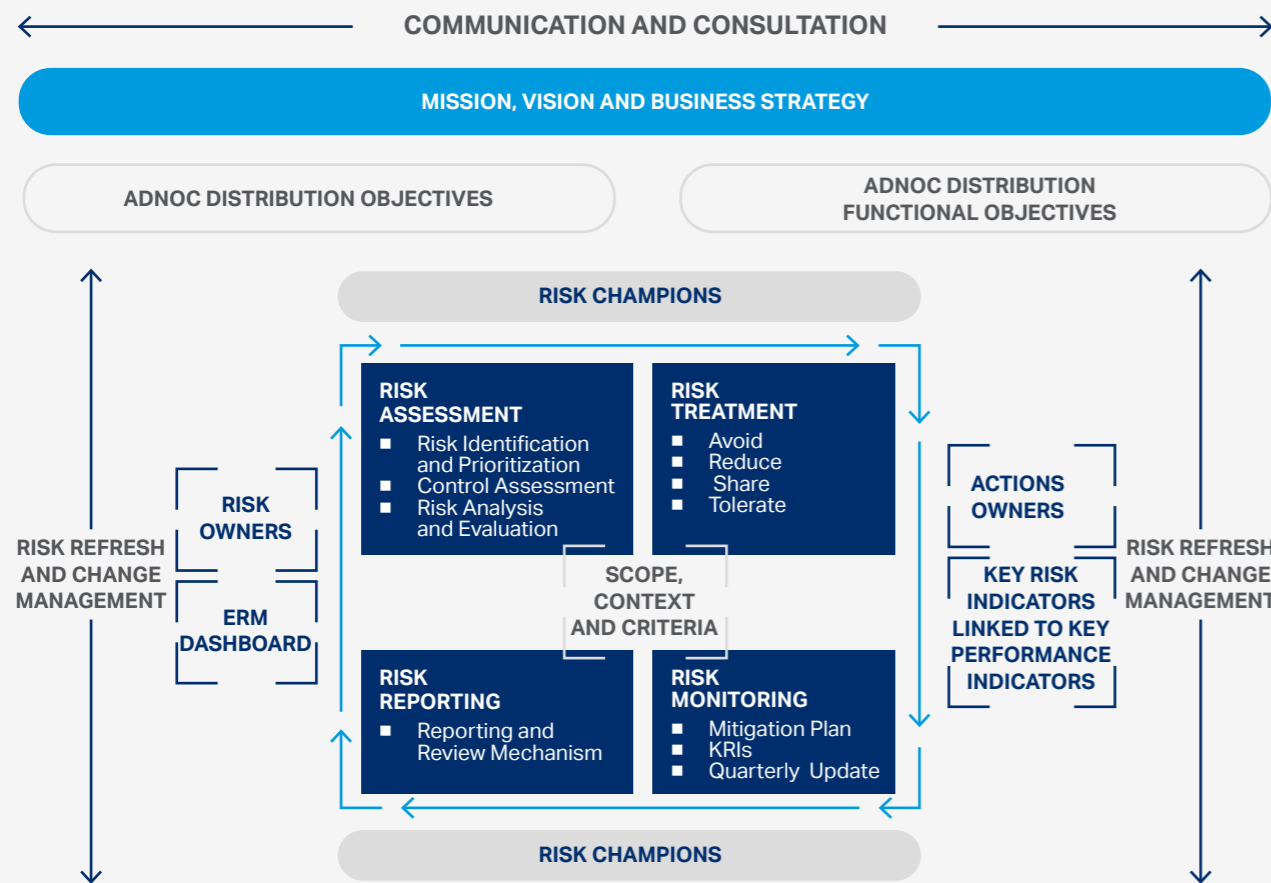
Three points sets the scope for the rest of the ERM Process: Scope, Internal, and External Context and Criteria. These three allow the company to work on the fit risk-management process by determining the internal and external contexts' relevance and impact(s).

The risk assessment follows an identification and evaluation of risks, existing state of current controls for identification of gaps and analysis, and evaluation of identified risks to enable the development of effective mitigation action and controls. On the other hand, risk analysis involves a detailed consideration of uncertainties, risk resources, consequences, likelihood, and events. This also includes the controls used to manage these risks and their effectiveness.

Upon analyzing, evaluating, and prioritizing the risks, responses can now be determined to mitigate risk to an acceptable level within reasonable costs. All risk responses shall be considered: Risk Treatment, Risk Transfer, Risk Tolerant, and Risk Termination. The risk owners shall authorize decisions on the risk responses, including the risk action plans.







Communication and consultation contribute to the organization's best practices in Risk Management. The transparent communication of risk information ensures the confidence and trust of stakeholders to the company. By having this efficient risk-management process, ADNOC Distribution elevates the probability of success while reducing the failure rate and ensuring business continuity.

**ADNOC DISTRIBUTION ALSO HAS ITS POLICIES AND PROCESS IN MITIGATING ENVIRONMENTAL RISKS; THESE ARE FURTHER DISCUSSED ON THE ENVIRONMENTAL COMPLIANCE AND RISK MANAGEMENT SECTION OF THIS REPORT.**

**NET ZERO AND DECARBONIZATION – INVESTING IN RENEWABLES AND CLEAN TECHNOLOGY<sup>69</sup>**

ADNOC Distribution plans to develop an ambitious yet attainable energy consumption target and mix to reflect its responsibility towards reaching a net-zero carbon emission future as it progresses further towards achieving its sustainability strategy.

As the UAE Energy Strategy 2050 seeks to increase the contribution of clean energy in the nation's total energy mix from 25% to 50% by 2050, and to reduce the carbon footprint of power generation by nearly 70 percent, the company has undertaken initiatives to reduce GHG Emissions and taking concrete steps to reduce its energy intensity through a systemic approach to energy management.

Part of the Sustainability Strategic Framework, ADNOC Distribution believes in utilizing solar energy to further contribute to decrease the energy consumption and reduce carbon emissions. As of 2021, it has installed solar photovoltaic panels on four service stations. This act alone helped save approximately 252 tons of CO<sub>2</sub> emissions.

The 'ADNOC On the Go' neighborhood stations are still being rolled out with a total of 44 stations opened as of 2021. These prove to be highly efficient in reducing GHG Emissions as it requires 50% less energy to run compared to the traditional ones.

The company also make the most of being the leading fuel retailer in the nation by promoting positive change. To support the reduction of GHG Emissions, it worked on converting public vehicles to CNG fuel. As of 2021, there are 31 service stations with CNG fueling capacity. This year, it fueled 26 Million Metric Standard Cubic Meters (MMSCM) of CNG to vehicles that reduced approximately 105 tons of CO<sub>2</sub> Emissions.

ADNOC Distribution will continue to work on its initiatives that will support key leadership mandates and directives, and in achieving common goals that would benefit the current and future generations.



# ESG PERFORMANCE DATA<sup>70</sup>

TYPE	2018	2019	2020	2021	Details for 2021
<b>ENVIRONMENT</b>					
<b>ENERGY CONSUMPTION</b>					
Total Electricity Consumption (GJ)	865,969	820,000	862,750	1,030,640	
Total Energy Consumption within the Organization (GJ)	1,106,491	1,073,150	1,113,250	1,305,109	
Energy Consumption from Solar Energy (GJ)	NA	1,548	1,768	2,014	
Diesel (L)	6,631,886	7,141,274	6,843,370	6,739,925	
Gasoline (L)	590,598	475,512	672,641	997,066	
<b>ENERGY INTENSITY</b>					
Energy intensity for the organization (GJ/million AED) – based on Revenue	48	50	69	62	
<b>EMISSIONS INTENSITY</b>					
Emissions intensity ratio for the organization (tCO <sub>2</sub> e/Million AED) – based on Revenue	8.9	9.1	8.1	7.2	
<b>GREENHOUSE GAS EMISSIONS</b>					
Direct GHG Emissions (tCO <sub>2</sub> e)	19,257	20,388	20,045	21,060	
Indirect GHG Emissions (tCO <sub>2</sub> e)	184,249	174,648	110,105	129,566	
NOx emissions (kg)	312,000	294,000	281,000	295,000	
SOx emissions (kg)	174,000	164,360	157,500	165,375	
Volatile Organic Compounds (kg)	54,785,000	15,098,142	13,670,000	15,012,586	
<b>WASTE GENERATED (SOLID WASTE)</b>					
Non-Hazardous Domestic Type Waste (Tons)	9,488	12,674	10,440	10,995	Landfill Recycled Collection was not done in 2020 because the contractor was not allowed to access ADNOC Distribution facilities due to COVID-19
Paper and cardboard (Tons)	1.0	1.6	N/A	0.52	
Waste Lube Oil (Tons)	N/A	1,100	1,506	1,537	Recycled
Expired Chemicals (Tons)	21	10	10	135	Sent to BeAAT

TYPE	2018	2019	2020	2021	Details for 2021
Metal Scrap (Tons)	N/A	N/A	N/A	25	Stored in scrapyard for auction
Tires (Number)	N/A	N/A	N/A	1,360	
Batteries (Number)	N/A	N/A	N/A	215	
<b>WASTE GENERATED (LIQUID WASTE)</b>					
LPG Cylinders Washing Water (m3)	2,212	1,720	1,506	2,330	Sent to authorized 3 <sup>rd</sup> Party Treatment Facility
Wastewater from car wash (m3)	1,125	1,409	1,355	221,013	Treated and Reused
Domestic Sewage (m3)	1,046,229	1,408,494	1,289,013	1,780,489	Discharged in Municipality Sewage System
<b>WATER</b>					
Water consumed from municipal supply (m3)	1,046,229	1,408,494	1,289,013	1,633,020	
Water discharged into municipality sewage (m3)	1,046,229	1,408,494	1,289,013	1,633,020	
Water recycled (m3)	1,125	1,409	1,355	221,013	
<b>ECONOMIC</b>					
<b>DIRECT VALUE GENERATED</b>					
Direct Economic Value Generated (Revenues) (AED million)	22,893	21,337	16,132	20,921	
Operating Costs (AED million)	18,512	19,984	11,018	16,462	
Employee Wages and Benefits (AED million)	1,834	1,603	1,772	1,423	
Payments to Providers of Capital (AED million)	1,675	2,113	2,691	2,756	
<b>WORKFORCE DIVERSITY AND DEVELOPMENT</b>					
<b>TOTAL EMPLOYEE COUNT (Permanent + Temporary)</b>					
Total Number of Employees	11,690	11,183	11,413	11,929	Includes permanent employees including employees on special contract, third party employees and trainees.  Also includes temporary employees. Number is based on headcount.



TYPE	2018	2019	2020	2021	Details for 2021
<b>NUMBER OF PERMANENT EMPLOYEES BY GENDER</b>					
Female	811	868	927	1,012	Number is based on headcount.
Male	10,879	10,315	10,464	10,865	Number is based on headcount.
<b>NUMBER OF TEMPORARY EMPLOYEES BY GENDER</b>					
Female	Nil	Nil	3	5	Number is based on headcount.
Male	Nil	Nil	19	47	Number is based on headcount.
<b>PART-TIME EMPLOYEES</b>					
Total enterprise headcount held by part-time employees	No part time employment in practice				
<b>WORKERS WHO ARE NOT EMPLOYEES</b>					
Workers who are not employees	607	552	633	526	Includes third party employees such as support, operational and technical staff. Number is based on headcount
Total enterprise headcount held by contractors and/ or consultants	17.7%	17.1%	16.2%	17.4%	Third party employee as a percentage of total staff excluding service stations but including UAE national at service stations
<b>NATIONAL EMPLOYEES AS A PERCENTAGE OF EMIRATIZABLE POSITIONS</b>					
Emiratization Rate	74.0%	73.0%	72.0%	67.2%	
<b>EMIRATI EMPLOYEES</b>					
Male	1,738	1,628	1,565	1,470	
Female	402	388	402	412	
<b>RATE OF NEW HIRES BY EMPLOYEE CATEGORY</b>					
In Senior Management positions	0.1%	0.1%	0.1%	0.1%	
In Middle Management positions	0.0%	0.1%	0.1%	0.1%	
In Professional, Operational, and Administrative positions	2.3%	8.7%	12.4%	15.6%	
<b>RATE OF NEW HIRES BY GENDER</b>					
Female Employees	0.1%	1.1%	1.1%	2.0%	
Male Employees	2.3%	7.8%	11.5%	13.8%	

TYPE	2018	2019	2020	2021	Details for 2021
<b>RATE OF NEW HIRES BY AGE GROUP</b>					
Age group of 18-30	1.8%	6.3%	9.4%	11.5%	
Age group of 31-50	0.5%	2.4%	3.1%	4.3%	
Age group of 51-60	0.1%	0.1%	0.0%	0.0%	
<b>MALE REPRESENTATION IN ADNOC DISTRIBUTION'S WORKFORCE</b>					
In ADNOC Distribution's workforce	87%	86%	85%	84%	
In entry and mid-level positions	87%	86%	85%	84%	
In Senior and Executive Level Positions	94%	100%	93%	93%	
<b>FEMALE REPRESENTATION IN ADNOC DISTRIBUTION'S WORKFORCE</b>					
In ADNOC Distribution's workforce	13%	14%	15%	16%	
In entry and mid-level positions	13%	14%	15%	16%	
In Senior and Executive Level Positions	6%	0%	7%	7%	
<b>AVERAGE HOURS OF TRAINING PER EMPLOYEE (BY GENDER)</b>					
Female	NA	NA	134	140	
Male	NA	NA	106	115	
<b>AVERAGE HOURS OF TRAINING PER EMPLOYEE (BY EMPLOYEE CATEGORY)</b>					
In Senior Management positions	978	84	105	115	
In Middle Management positions	103	119	129	142	
In Professional, Operational, and Administrative positions	93	94	96	114	
<b>EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEW</b>					
Female	NA	NA	63%	87%	
Male	NA	NA	79%	91%	
<b>TURNOVER</b>					
Total number of employees leaving employment during reporting period	1,025	1,436	1,141	1,117	People decided to end their employment contract due to COVID-19
<b>TURNOVER BY EMPLOYMENT CATEGORY</b>					
Senior Management Positions	0.0%	0.1%	0.1%	0.1%	
Middle Management	0.0%	0.3%	0.1%	0.2%	
Professional, operational, and administrative staff	8.7%	12.5%	9.7%	12.5%	
<b>TURNOVER BY GENDER</b>					
Female Employees	0.4%	0.5%	0.6%	1.5%	
Male Employees	8.7%	12.3%	9.2%	11.3%	
<b>TURNOVER BY AGE GROUP</b>					
Age group of 18-30	3.7%	3.8%	2.0%	3.3%	
Age group of 31-50	4.3%	7.9%	7.0%	8.8%	
Age group of 51+	0.8%	1.1%	0.9%	0.6%	

TYPE	2018	2019	2020	2021	Details for 2021
<b>PARENTAL LEAVE</b>					
Number of female employees entitled to parental leave	NA	NA	930	1,239	
Number of male employees entitled to parental leave	NA	NA	10,533	12,563	
<b>EMPLOYEES WHO TOOK PARENTAL LEAVE</b>					
Female	NA	NA	82	75	
Male	NA	NA	149	155	
<b>EMPLOYEES WHO TOOK PARENTAL LEAVE AND RETURNED TO WORK AFTER LEAVE ENDED</b>					
Female	NA	NA	82	75	
Male	NA	NA	149	155	
<b>EMPLOYEES WHO TOOK PARENTAL LEAVE AND RETURNED TO WORK AFTER LEAVE ENDED THAT STILL EMPLOYED 12 MONTHS AFTER</b>					
Female	NA	NA	82	66	
Male	NA	NA	149	146	
<b>SAFETY</b>					
<b>TOTAL NUMBER OF HOURS WORKED</b>					
Number of hours worked (million-man hours)	34.1	30.4	35.4	32.2	
Number of hours worked of workers not employees but work and/or workplace is controlled by the organization (million-man hours)	8.8	7.3	10.5	8.4	
<b>TOTAL NUMBER OF EMPLOYEE FATALITIES AS A RESULT OF WORK-RELATED INJURY</b>					
Number of Fatalities	0	0	0	0	
Lost Time Injury Frequency (LTIF) (million manhours)	0.06	0.07	0.03	0	
Rate of Recordable Work-Related Injuries	0.09	0.01	0.06	0	
Number of Recordable Work-Related Injuries	9	3	2	0	
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	
<b>TOTAL NUMBER OF EMPLOYEE FATALITIES AS A RESULT OF WORK-RELATED ILL HEALTH</b>					
Number of Fatalities	0	0	0	0	
<b>WORKERS COVERED BY OCCUPATIONAL HEALTH AND SAFETY SYSTEM</b>					
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	
Percentage of all workers (including those who are not, but workplaces are) covered by the OHS System	27%	22%	26%	18%	

TYPE	2018	2019	2020	2021	Details for 2021
<b>WORK-RELATED INJURIES FOR ALL WORKERS WHO ARE NOT EMPLOYEES BUT WHOSE WORK AND/OR WORKPLACE IS CONTROLLED BY THE ORGANIZATION</b>					
Number of Fatalities	0	0	0	0	
Rate of Recordable Work-Related Injuries	0	0	0	0	
Number of Recordable Work-Related Injuries	0	0	0	0	
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	
Number of Fatalities	0	0	0	0	
Rate of Recordable Work-Related Ill Health	0	0	0	0	
Number of Recordable Work-Related Ill Health	0	0	0	0	
<b>PRODUCTS AND SERVICES</b>					
Percentage of products and services for which health and safety impacts are assessed	100%	100%	100%	100%	
<b>BUSINESS SUSTAINABILITY</b>					
<b>BUSINESS PERFORMANCE</b>					
Revenue	22,893	21,337	16,132	20,921	(in AED millions)
Net Profit	2,128	2,218	2,432	2,252	(in AED millions)
Total assets	15,542	15,026	12,404	13,779	(in AED millions)
Total Equity	3,588	3,749	3,477	3,202	(in AED millions)



# LOOKING FORWARD

ADNOC Distribution remains committed to actively engaging and consulting with its stakeholders, internal and external, to identify, assess, and manage its material performance and impacts across **environmental, social, and governance** focus areas to maintain its position as the leading fuel distributor and convenience retail operator in the cities and communities it operates in.

Our goals continue to remain providing a safe and healthy working environment for our people across our assets and operations, empowering our workforce and equipping them with lifelong talent and professional development skills including our Emirati employees, and continually meeting our stakeholders' evolving needs and expectations, including customers, investors, and government authorities and entities.

Our additional strategic objectives are aligned to the global and national agenda on climate change and the transition towards a low-carbon economy. Both, the UAE, and Saudi Arabia have recently announced a Net Zero emissions target (by 2050, and 2060 respectively), and we committed to being proactive contributors to these essential and critical objectives.

**CLIMATE, EMISSIONS, AND ENERGY**

Align with global and national targets on Net Zero emissions

Update organizationwide emissions reductions targets

**LOCAL ENVIRONMENT**

Continue preserving the natural environment of the new communities we plan to expand to

Continually align our environmental practices with leading standards to mitigate any negative impacts

**ECONOMIC AND SOCIAL CONTRIBUTION**

Enhance the contribution of ADNOC Distribution towards local corporate social responsibility programs

Provide suitable employment for highly qualified, competent individuals from a wide range of backgrounds

**WORKFORCE DIVERSITY AND DEVELOPMENT**

Increase the number of Emiratis, and female employees in our organization

Develop new training and professional development programs catering to new innovative topics (e.g., alternative energy, AI)

**HEALTH, SAFETY, AND SECURITY**

Continue achieving our zero-fatality performance target across our operations

Adopt leading security practices and technologies to protect our digital and physical assets, including customer data

**BUSINESS SUSTAINABILITY**

Develop new product portfolios to ensure continued success of ADNOC Distribution services and operations

Ensure ADNOC Distribution Board of Directors receive sustainability training and development to ensure prioritization on ESG topics

**WITH CONTINUED GROWTH AND RAPID EXPANSION OF OUR ORGANIZATION, ADNOC DISTRIBUTION AIMS AT ENHANCING ITS ESG PERFORMANCE ACROSS ALL FOCUS AREAS TO ENSURE ITS GROWTH IS ACHIEVED IN A SUSTAINABLE MANNER WHILE MEETING OUR STAKEHOLDERS NEEDS.**



# GRI CONTENT INDEX

DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
<b>GRI 2: General Disclosures 2021</b>		
<b>The organization and its reporting practices</b>		
2-1 Organizational details	<a href="#">About ADNOC Distribution</a>	
2-2 Entities included in the organization's sustainability reporting	<a href="#">About this Report</a>	G7. Sustainability Reporting
2-3 Reporting period, frequency, and contact point	<a href="#">About this Report</a>	G8. Disclosure Practices
2-4 Restatements of information	No material restatements	
2-5 External assurance	ADNOC Distribution may seek to obtain the same for future reports, to enhance its data reliability and stakeholder confidence.	G9. External Assurance
<b>Activities and workers</b>		
2-6 Activities, value chain and other business relationships	<a href="#">Our Business</a>	
2-7 Employees	<a href="#">ESG Performance Data</a>	S5. Temporary Worker Ratio
2-8 Workers who are not employees	<a href="#">ESG Performance Data</a>	
<b>Governance</b>		
2-9 Governance structure and composition	<a href="#">Board of Directions 2021</a>	
2-10 Nomination and selection of the highest governance body	<a href="#">Board Committees</a>	
2-11 Chair of the highest governance body	<a href="#">Board of Directions 2021</a>	
2-12 Role of the highest governance body	<a href="#">Corporate Governance</a>	E8. Environmental Oversight G2. Board Independence
2-13 Delegation of responsibility for managing impacts	<a href="#">Governance on ESG agenda</a>	E9. Environmental Oversight
2-14 Role of the highest governance body in sustainability reporting	<a href="#">Governance on ESG agenda</a>	E8. Environmental Oversight
2-15 Conflicts of interest	<a href="#">Conflict of interest policy</a>	
2-16 Communication of critical concerns	<a href="#">Reporting Mechanism</a>	
2-17 Collective knowledge of the highest governance body	<a href="#">Our Corporate Governance</a>	
2-18 Evaluation of the performance of the highest governance body	<a href="#">Our Corporate Governance</a>	
2-19 Remuneration policies	<a href="#">Sustainability-related Compensation and Incentive Schemes</a>	G3. Incentivized Pay
2-20 Process to determine remuneration	<a href="#">Committees</a>	

DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
2-21 Annual total compensation ratio	<a href="#">Closing the gap</a>	S1. CEO Pay Ratio
Business Ethics and Integrity	<a href="#">Business Ethics and Code of Conduct</a>	G5. Ethics & Prevention of Corruption
Data Privacy Policy and Systems	<a href="#">Data Privacy Policy &amp; Systems</a>	G6. Data Privacy
<b>Strategy, policies, and practices</b>		
2-22 Statement on sustainable development strategy	<a href="#">Our Sustainability Strategic Framework</a>	
2-23 Policy commitments	<a href="#">Governance driven by our Core Values</a>	
2-24 Embedding policy commitments	<a href="#">Governance driven by our Core Values</a>  ADNOC Distribution regularly conducts awareness trainings, sends frequent emails, ensures availability of policy documents internally.	
2-25 Processes to remediate negative impacts	<a href="#">Reporting Mechanism</a>	
2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Reporting Mechanism</a>	
2-27 Compliance with laws and regulations	<a href="#">Compliance Investigations Policy</a>	
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)	
Human Rights	ADNOC Distribution abides by all Human Rights regulations as mandated by UAE	S10. Human Rights
<b>Stakeholder engagement</b>		
2-29 Approach to stakeholder engagement	<a href="#">Stakeholder engagement</a>	
2-30 Collective bargaining agreements	NA	
<b>GRI 3: Material Topics 2021</b>		
3-1 Process to determine material topics	<a href="#">Materiality assessment methodology</a>	
3-2 List of material topics	<a href="#">Materiality assessment methodology</a>  ADNOC Distribution conducted a materiality assessment exercise in 2021 and identified new material topics to be included in the report.	



DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
<b>ECONOMIC PERFORMANCE</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Economic Performance</a>	
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1 Direct economic value generated and distributed	<a href="#">Financial Performance</a>	
201-2 Financial implications and other risks and opportunities due to climate change	<a href="#">Sustainable Growth</a>	
<b>PROCUREMENT PRACTICES</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Procurement Practices</a>	G4. Supplier Code of Conduct
GRI 204: PROCUREMENT PRACTICES 2016		
204-1: Proportion of spending on local suppliers	<a href="#">Procurement Practices</a>	
<b>ANTI-CORRUPTION</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Countering Fraud and Corruption</a>	G4. Supplier Code of Conduct G5. Ethics & Prevention of Corruption
GRI 205: ANTI-CORRUPTION 2016		
205-1: Operations assessed for risks related to corruption	<a href="#">Countering Fraud and Corruption</a>	
205-2: Communication and training about anti-corruption policies and procedures	<a href="#">Personnel Training and Communication</a> <a href="#">Supplier and Partner Compliance</a>	
205-3: Confirmed incidents of corruption and actions taken	<a href="#">Countering Fraud and Corruption</a>	
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Anti-Competitive Behavior</a>	
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016		
206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Nil	
<b>ENERGY</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Energy Management</a>	E7. Environmental Operations

DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
GRI 302: ENERGY 2016		
302-1 Energy consumption within the organization	<a href="#">Energy Management</a> During the year, we updated our Scope 1 conversion factors as compared to those used for 2018-2020.	E3. Energy Usage E5. Energy Mix
302-3 Energy Intensity	<a href="#">Energy Management</a>	E4. Energy Intensity
<b>WATER &amp; EFFLUENTS</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Water Management</a>	
GRI 303: WATER & EFFLUENTS 2018		
303-1 Interactions with water as a shared resource	<a href="#">Water Management</a>	
303-2 Management of water discharge related impacts	<a href="#">Water Management</a>	E6. Water Usage E7. Environmental Operations
303-4 Water Discharge	<a href="#">Water Management</a>	
303-5 Water Consumption	<a href="#">Water Management</a>	E6. Water Usage
<b>BIODIVERSITY</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Biodiversity</a>	
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	<a href="#">Biodiversity</a>	
<b>EMISSIONS</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Managing emissions</a>	
GRI 305: EMISSIONS 2016		
305-1 Direct (Scope 1) GHG emissions	<a href="#">Managing emissions</a>	E1. GHG Emissions
305-2 Energy indirect (Scope 2) GHG emissions	<a href="#">Managing emissions</a>	E1. GHG Emissions
305-4 GHG emissions intensity	<a href="#">Managing emissions</a>	E2. Emission Intensity
305-6: Emissions of ozone-depleting substances	<a href="#">Managing emissions</a>	
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">Managing emissions</a>	

DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
<b>WASTE</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Waste Management</a>	
GRI 305: WASTE 2020		
306-1: Waste generation and significant waste-related impacts	<a href="#">Waste Management</a>	
306-2: Management of significant waste related impacts	<a href="#">Waste Management</a>	
306-3: Waste generated	<a href="#">Waste Management</a>	
<b>ENVIRONMENTAL COMPLIANCE</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	During the year, we have had 0 incidents/ fines for cases of non-compliance with environmental laws and regulations	E7. Environmental Operations
<b>RENEWABLES/CLEAN TECH</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Net Zero and Decarbonization – Investing in renewables and clean technology</a>	
<b>SPILLS</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Oil Spill Response</a>	
<b>CLIMATE RISK MITIGATION</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Climate Risk Mitigation</a>	E10. Climate Risk Mitigation
<b>EMPLOYMENT</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Turnover</a>	
GRI 401: EMPLOYMENT 2016		
401-1: Total Turnover with Breakdown - Direct employees	<a href="#">Turnover</a>	S3. Employee Turnover
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Occupational Health and Safety</a>	S8. Global Health & Safety
GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018		
403-1 Occupational health and safety management system	<a href="#">Occupational Health and Safety</a>	

DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
403-2 Hazard identification, risk assessment, and incident investigation	<a href="#">Occupational Health and Safety</a>	
403-3 Occupational health services	<a href="#">Occupational Health and Safety</a>	
403-4 Worker participation, consultation, and communication on occupational health and safety	<a href="#">Occupational Health and Safety</a>	
403-5 Worker training on occupational health and safety	<a href="#">Occupational Health and Safety</a>	
403-6 Promotion of worker health	<a href="#">Occupational Health and Safety</a>	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Occupational Health and Safety</a>	
403-8 Workers covered by an occupational health and safety management system	<a href="#">Occupational Health and Safety</a>	
403-9 Type of injury, disease, lost days, absenteeism, work-related fatalities	<a href="#">Occupational Health and Safety</a>	S7. Injury Rate
403-10 Work-related ill health	<a href="#">Occupational Health and Safety</a>	
<b>TRAINING &amp; EDUCATION</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Training and Education</a>	
GRI 404: TRAINING & EDUCATION 2016		
404-1 Average hours of training per year per employee	<a href="#">Training and Education</a>	
404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Training and Education</a>	
404-3 Percentage of employees receiving regular performance and career development reviews	<a href="#">Training and Education</a>	
<b>DIVERSITY &amp; EQUAL OPPORTUNITIES</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Diversity and Equal Opportunity</a>	S1. CEO Pay Ratio
		S2. Gender Pay Ratio
GRI 405: DIVERSITY & EQUAL OPPORTUNITIES 2016		
405-1 Diversity of governance bodies and employees	<a href="#">Diversity and Equal Opportunity</a>	S4. Gender Diversity
		G1. Board Diversity



DISCLOSURE	PAGE NUMBER(S), LINK, AND/OR DIRECT ANSWER	ALIGNMENT WITH ADX ESG DISCLOSURE GUIDANCE
<b>LOCAL COMMUNITIES</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Local community impact and investment</a>	
GRI 413: LOCAL COMMUNITIES 2016		
413-1 Operations with local community engagement, impact assessments, and development program	<a href="#">Local community impact and investment</a>	S12. Community Investment
<b>CUSTOMER HEALTH AND SAFETY</b>		
GRI 3 Material Topics 2021		
3-3 Management of material topics	<a href="#">Customer Health and Safety</a>	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016		
416-1: Assessment of the health and safety impacts of product and service categories	<a href="#">Customer Health and Safety</a>	
416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	<a href="#">Customer Health and Safety</a>	
<b>NATIONALIZATION</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Nationalization</a>	S11. Nationalization
<b>EMPLOYEE ENGAGEMENT</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Employee Engagement</a>	
<b>RISK AND CRISIS MANAGEMENT</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Risk and Crisis Management</a>	
<b>BUSINESS ETHICS AND INTEGRITY</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Governance driven by our Core Values</a>	
<b>BOARD OVERVIEW</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Corporate Governance</a>	
<b>DIGITIZATION</b>		
Material Topics 2021		
3-3 Management of material topics	<a href="#">Digitization and Innovation</a>	



# ABBREVIATIONS

ADNOC	Abu Dhabi National Oil Company
ADX	Abu Dhabi Securities Exchange
AED	Emirates dirham
AFL	ADNOC Future Leaders
API	American Petroleum Institute
BIA	Business Impact Analysis
BOQ	Bill of Quantities
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFCs	Chlorofluorocarbons
CNG	Compressed Natural Gas
CO <sub>2</sub>	Carbon dioxide
CSR	Corporate Social Responsibility
Dr	Doctor
EAD	Environment Agency Abu Dhabi
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ELT	Executive Leadership Team
Eng	Engineer
ENVID	Environmental Impact Identification
EPA	Environmental Protection Agency
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EV	Electric Vehicles
FY	Fiscal Year
GAC	General Authority for Competition
GCC	Gulf Cooperation Council
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
H.E.	His Excellency
HSBC	Hong Kong and Shanghai Banking Corporation
HSE	Health, Safety and Environmental
HSEIA	Health, Safety and Environmental Impact Assessment
HSEMS	Health, Safety and Environment Management System
IASH	International Association for Stability, Handling and Use of Liquid Fuels
IATA	International Air Transport Association
ICV	IN-COUNTRY VALUE
IDD	Integrity Due Diligence

IP	Improvement Plans
ISO	International Organization for Standardization
IT	Information Systems & Technology
JIG	Joint Inspection Group
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
MENA	Middle East and North Africa
MMSCM	Metric Standard Cubic Meters
MOCCA	Ministry of Climate Change and Environment
MoIAT	Ministry of Industry and Advanced Technology
Mr.	Mister
MSCI	Morgan Stanley Capital International
NCEMA	National Emergency Crisis and Disaster Management Authority
Nox	Nitrogen oxide
OHID	Occupational health identification
OHRA	Occupational Health Risk Assessments
OPEX	Operating Expenses
PDCA	Plan-Do-Check-Act
PDPs	Personnel Development Plans
PMO	Performance Management Office
PV	Photovoltaic
RCA	Root Cause Analysis
SASB	Sustainable Accounting Standards Board
SDS	Safety Data Sheets
SEHA	Abu Dhabi Health Services Co
SME	Subject Matter Experts
Sox	Sulfur oxide
UAE	United Arab Emirates
UN SDGs	United Nations Sustainability Development Goals
USA	United States of America
VOC	Volatile organic component
WFE	World Federation of Exchanges



the 1990s, the number of people in the UK who are employed in the public sector has increased from 10.5 million to 12.5 million (12.5% of the population).

There are a number of reasons for this increase. One is that the public sector has become a more important part of the economy. Another is that the public sector has become a more important part of the labour market. A third is that the public sector has become a more important part of the social structure.

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