

Risk management

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

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

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

The Board of Directors is responsible for overseeing the company’s risk management objectives, ensuring transparency, and holding the management team accountable. The Board makes sure that substantial business risks are recognized, gauged, and navigated to appropriate levels as per risk tolerance and appetite. The Board supervises the risk-management system and receives comprehensive quarterly risk reports. The Board of Directors plays a crucial role in the implementation of the Company’s risk management objectives. They ensure transparency across all levels within the organization regarding the risk-management policies and processes.

The objective of ERM

The objective of Enterprise Risk Management (ERM) is to safeguard and maximize value for stakeholders by promoting a comprehensive culture of risk management and assessment across all operational sectors of the business. ERM aligns with both national and international industry best practices, referencing the ISO 31000:2018 standard. It ensures that substantial business risks are recognized, gauged, and navigated to appropriate levels as per the company’s risk tolerance and appetite, facilitating transparent and accountable risk management at all levels within the organization. Additionally, integrating ESG and climate risk considerations into the ERM process ensures long-term sustainability and value creation for all stakeholders.

Importance of risk perception in ADNOC Distribution

For ADNOC Distribution, especially within the downstream retail fuel mobility sector, understanding and managing risk perception is of paramount importance. Risk perception refers to the subjective judgment that individuals or organizations make about the severity and probability of a risk. This understanding is crucial for several reasons:

Enhancing decision-making

Accurate risk perception allows for better-informed decisions. By understanding the various risks associated with the retail fuel mobility business, such as supply chain disruptions, environmental regulations, market volatility, and technological changes, ADNOC Distribution can make strategic decisions that mitigate these risks effectively.

Strengthening stakeholder confidence

Transparent communication of risk perception strengthens stakeholder confidence. When stakeholders, including customers, employees, and investors, are aware of how risks are perceived and managed, it builds trust and fosters a sense of security. This is particularly important in the fuel mobility business, where safety and reliability are paramount.

Promoting a risk-aware culture

Promoting a culture of risk awareness across all operational sectors helps in recognizing and addressing risks promptly. This cultural shift is essential for ADNOC Distribution’s downstream retail fuel mobility business to thrive in a competitive and dynamic market.

Facilitating proactive risk management

Understanding risk terminology — such as risk sources, potential events, causes, and consequences — enables a proactive approach to risk management. By identifying potential risks early, ADNOC Distribution can implement measures to prevent or mitigate their impact, ensuring continuous and safe operations.

Aligning with best practices

Aligning risk perception with industry best practices, such as those outlined in the ISO 31000:2018 standard, ensures that ADNOC Distribution’s risk management framework is robust and comprehensive. This alignment helps manage both anticipated and unanticipated risks in the ever-evolving fuel mobility landscape.

Risk perception plays a critical role in ADNOC Distribution’s downstream retail fuel mobility business. It enhances decision-making, strengthens stakeholder confidence, facilitates proactive risk management, aligns with best practices, and promotes a risk-aware culture. Understanding risk terminology and integrating it into the ERM process ensures long-term sustainability and value creation for all stakeholders.

Enterprise risk management governance

The primary aim of ADNOC Distribution’s enterprise risk management and governance procedures is to foster sustainable growth and enhance business performance. Our focus is on improving decision-making, strategic planning, and mitigating the highest priority risk areas, all aimed at increasing shareholder value.

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

The responsibilities and roles of various business units are integrated across all operational hierarchies to ensure risk assessment is linked with the process of managerial decision-making.

The ERM reporting structure contains elements like internal audit, crisis management, business continuity management, and strategic business planning.