

ESG governance^{1 2}

At ADNOC Distribution, we recognize that strong corporate governance is fundamental to achieving our environmental, social, and governance (ESG) commitments. We have established a structured governance model that ensures ESG is embedded across our business strategy, operations, and decision-making processes.



Board and Executive oversight

The Board of Directors plays a pivotal role in overseeing ADNOC Distribution’s sustainability strategy. It is responsible for approving our ESG vision, policies, and goals, ensuring alignment with both shareholder interests and broader national and international sustainability directives. The Company’s Board of Directors approves the Code of Conduct, which outlines ADNOC Distribution’s values. It also approves the Vision, Mission, Strategies, Policies, and Goals of the Company.

Regular training sessions on the Code of Conduct are conducted by the organization for its stakeholders which includes mandatory training for all employees and suppliers to abide by the Code of Conduct, and they are also required to affirm their adherence to it on a yearly basis.³

Sustainability is a standing agenda item in the Board’s quarterly meetings.

Additionally, the Board involves in approving the Company’s sustainability strategy, oversight, improvement and monitoring its implementation.

To further strengthen our governance framework, in 2024, the Executive Committee of the Board formed a dedicated ESG Subcommittee. This Subcommittee, chaired by an Independent Non-Executive Director, advises the Board on ESG-related matters and ensures the effective implementation of our ESG strategy.



100%

Employees

are provided awareness and training on Code of conduct

¹ ADX ESG Guide: E8. Environmental Oversight - Management
² ADX ESG Guide: E9 Environmental Oversight – Board
³ ADX ESG Guide: G5 Ethics & Prevention of Corruption



Executive leadership and management accountability

The Chief Executive Officer (CEO) is accountable for ADNOC Distribution’s sustainability strategy, ensuring its integration across all business functions. The CEO has delegated specific responsibilities to senior executive leadership, empowering them to drive ESG initiatives and oversee their implementation.

Our Corporate Sustainability Committee, composed of senior leaders from various functions, plays a critical role in executing our sustainability agenda. Meeting regularly, the Committee ensures that ESG principles are embedded in our business operations, performance management, and risk assessment frameworks. It also develops proactive systems to integrate sustainability across our value chain, identifying risks and opportunities that would affect the sustainable performance of the Company, while aligning with [ADNOC's 2030 Sustainability Strategy](#) and the [Abu Dhabi Economic Vision 2030](#), and other ESG guidelines and requirements moving forward. The Committee acts as a proactive system to integrate sustainability across the value chain, and assists in identifying, evaluating, and monitoring all aspects of our sustainability efforts, from strategies to material risks, that would affect the performance of the Company, as set by our ESG Subcommittee.

Our Chief Strategy, Transformation, and Sustainability Officer is responsible for coordinating and monitoring sustainability initiatives across the Company, fostering a culture of ESG excellence among employees and other stakeholders.

Integration of ESG into business strategy

We have embedded ESG considerations into our corporate governance model, ensuring that sustainability-related issues are factored into business strategy, risk management, and performance evaluation. Our Corporate Performance Scorecard tracks key ESG indicators such as greenhouse gas (GHG) emissions reduction, energy intensity, health and safety performance, employee engagement, Emiratization, customer satisfaction and in-country value contribution.

Each business line is accountable for implementing ESG priorities, with dedicated corporate functions such as HSE, Human Capital, Risk Management, and Compliance providing strategic oversight and advisory support.

Sustainability related compensation and Incentive scheme⁴

Based on the Corporate Performance Scorecard’s rating, variable compensation of executive management is determined by the remuneration Committee of ADNOC Distribution’s Board of Directors.

Commitment to transparency and continuous improvement

We recognize that sustainability governance must continuously evolve to meet changing stakeholder expectations, regulatory requirements, and emerging ESG risks. To ensure transparency, we actively engage with investors, regulators, and ESG rating agencies, incorporating feedback into our strategy and governance processes.

By reinforcing our sustainability governance framework, ADNOC Distribution remains committed to delivering long-term value for shareholders, advancing national sustainability goals, and driving positive environmental and social impact.

⁴ ADX ESG Guide: G3 Incentivized Pay

