

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REVIEW

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SUSTAINABILITY APPROACH & STRATEGIC FRAMEWORK

ADNOC Distribution's Sustainability Strategy Framework is based on the ADNOC Group's sustainability strategy and builds on the shared legacy of responsible lower-carbon energy provision to ensure it creates lasting and sustainable value for the UAE, its people and its business. Sustainability sits at the core of ADNOC Distribution's strategy which is instrumental to ensure it is embedded throughout the company. The Company is committed to integrating best-in-class Health, Safety & Environment standards across its operations, giving back to communities, supporting sustainable economic development and investing in cleaner new energies. The company has set short, medium and long-term goals and objectives to achieve its sustainability commitments.

ADNOC Distribution's comprehensive sustainability goals contribute to the UAE's strategic vision and align with ADNOC's long-standing commitment to environmental and social stewardship.

SIX PILLARS OF SUSTAINABILITY AT ADNOC DISTRIBUTION



ADNOC Distribution's Sustainability Strategic Framework is classified under six pillars spread across ESG domains and aligns with eight UN SDGs adopted through the framework:

IMPACT SDGS:



ENVIRONMENT

Climate, Emissions & Energy

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



Local Environment

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



SOCIAL

Economic & Social Contribution

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



Workforce Diversity & Development

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

Health, Security & Safety

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

GOVERNANCE

Business Sustainability

Adopt Best Practices for Business Sustainability.

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



This report includes a brief description of ADNOC Distribution’s alignment and contribution to national and global ESG priorities and its 2023 ESG performance and initiatives. For full details, please refer to ADNOC Distribution 2023 Environmental, Social and Governance Report, which will be published on the Company’s website.

SUSTAINABILITY ACHIEVEMENTS IN 2023

Q1 2023



January

Announced a **Decarbonization roadmap**, to reduce GHG emissions intensity by 25% by 2030



January

Converted an existing 5-year USD 1.5bn loan into a **sustainability linked financing**

Q2 2023



May

Partnership with Emerge to install PV solar panels across Dubai stations, as part of the Company's phased approach to UAE-wide PV solar rollout



June

Launched "e-COOL LL" engine coolant tailored for EVs to fulfil growing customers' needs

Q3 2023

July

Introduced Reverse Vending Machine recycling service at select locations across Abu Dhabi

August

100% of Company's heavy fleet use biofuel

September

Was awarded the WELL Health Safety Rating for 500+ service stations in UAE

Q4 2023

October

Promoted local crafts and products in association with Al-Ghadeer Crafts in its C-store

November

Launched the first high speed hydrogen refueling stations in the Middle East in collaboration with ADNOC and Masdar

December

Launched "Adopt a Mangrove" initiative, permitting customers to adopt a mangrove through the ADNOC App using reward points

GOVERNANCE ON ESG^{1 2}

To track and evaluate key indicators within the Framework, ADNOC Distribution developed an Organizational Performance Scorecard. The Company included key Environmental, Social, and Governance (ESG) KPIs, such as lowering GHG emissions, health and safety performance, employee engagement, Emiratisation, and in-country value contribution into its 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.³ The following governance structures oversee and measure the Company's progress on its ESG objectives:

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. The Board ensures that sustainability goals and targets remain mutually beneficial while also serving important local, national, regional, and international directives. The Board of Directors is ultimately responsible for approving the company's sustainability strategy and monitoring its implementation.

Chief Executive Officer of ADNOC Distribution is responsible for developing and implementing a company-wide Sustainability Strategy, as well as reporting on the progress of key initiatives in the economic, environmental, and social areas. CEO has delegated some of these responsibilities to key executive management team members to assist in driving the Company's sustainability strategy as well as in the implementation, tracking, and reporting of key initiatives.

ADNOC Distribution has established a corporate-level Sustainability Committee comprising members from the Executive Management. The Sustainability Committee has been set up to support implementing sustainability initiatives. The members meet monthly or as required and engage with the different business units to ensure that the Sustainability Strategy Framework is understood across the organization and supports various initiatives under each pillar of the Framework. It also seeks to develop proactive systems in integrating sustainability across the value chain and assists in identifying, evaluating, and monitoring all aspects, from strategies to 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 topics are also included as a standing agenda item in the Board of Directors' quarterly meetings and in the Executive Committee monthly meetings, to review the sustainability performance and progress initiatives.

Furthermore, in 2023, a new Chief Strategy, Transformation and Sustainability Officer has been appointed to drive, coordinate, and monitor the implementation of the sustainability initiatives and to foster a culture of sustainability within the Company and amongst all its stakeholders.

1. ADX ESG Guide: E8. Environmental Oversight - Management

2. ADX ESG Guide: E9 Environmental Oversight - Board

3. ADX ESG Guide: G3 Incentivized Pay

CORPORATE GOVERNANCE

ADNOC Distribution is guided by its corporate governance principles to drive best practices and fulfill its commitments to the shareholders.

The Company strongly supports having a robust governance framework to satisfy the requirements and interests of its stakeholders and communities, as well as to create value for its shareholders.

ADNOC Distribution operates a corporate governance framework that fulfils all applicable laws and regulations while complying with international best practices. This Framework was designed, and is being operated, in line with the Company's cultural values to ensure the sustainability of the business and to help it achieve its future goals - as dictated by the Company's vision and mission statements. Ensuring that governance processes and procedures are undertaken properly helps to contribute to long-term sustainable success. Accordingly, the Company is taking this opportunity to remind stakeholders of the comprehensive corporate governance framework that has been adopted and under which the Company operates.

COMPANY COMMITMENT

ADNOC Distribution is committed to having a corporate governance framework that is compliant with all corporate governance requirements that are 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.



CORPORATE GOVERNANCE FRAMEWORK

The Company's Board is responsible for the implementation and oversight of its corporate governance framework. The Board complies with the corporate governance requirements applicable to public joint stock companies listed on the Abu Dhabi Securities Exchange, as set out in the Governance Rules and Corporate Discipline Standards issued on February 2, 2020 pursuant to UAE Securities and Commodities Authority Resolution No. 3/Chairman of 2020 and its amendments (the Corporate Governance Rules).

The Company reports to its shareholders and to the Securities and Commodities Authority (SCA) on its compliance with the Corporate Governance Rules.

Pursuant to the Company's Articles of Association, each shareholder has the right to attend the meetings of the general assembly, and such shareholder shall have a number of votes equivalent to the number of his/her shares (i.e. one vote per share).

The Corporate Governance Rules require that one-third of the Board must comprise non-executive independent directors in accordance with the criteria set out in the Corporate Governance Rules.

ADNOC Distribution's Board of Directors comprises seven directors, elected at the Annual General Meeting on March 16, 2021. All directors are independent non-executive directors, within the meaning of the Resolution No. (3/R.M) of 2020 of the Securities

and Commodities Authority of the United Arab Emirates (the SCA and the Corporate Governance Rules). Pursuant to the Articles of Association, each director serves a three-year term, after which a director may be elected to a successive term or terms. The general assembly elects the Board members by secret cumulative voting.⁴

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

Board Diversity⁵

On March 16, 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. Currently, the Company has only one female member of the Board of Directors, which is in compliance with SCA's Corporate Governance Rules.

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 the appointment of directors is a matter reserved for the shareholders of ADNOC Distribution.

Directors' Remuneration

In 2023, our shareholders approved a total remuneration of AED 23.55 million, which was paid to the members of our Board of Directors for 2022. The proposal for remuneration for the Board of Directors for 2023 is under consideration. This will be presented to the Company's shareholders for approval at its upcoming annual General Assembly meeting scheduled for March 2024.

Board and Board Committees Annual Performance Evaluation

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

4. ADX ESG Guide: G2. Board Independence

5. ADX ESG Guide: G1 Board Diversity

To assist the Board in the discharge of its duties, the Board has established the following committees: the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Insider Dealing Committee.

AUDIT COMMITTEE

Our Audit Committee assists the Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including:

- Reviewing and monitoring** the integrity of our annual and interim financial statements
- Reviewing and monitoring** the extent of the non-audit work undertaken by external auditors
- Advising** on the appointment of external auditors
- Overseeing** the relationship with our external auditors
- Reviewing** the effectiveness of the external audit process
- Reviewing** the effectiveness of our internal control review function

The Audit Committee makes recommendations to the Board of Directors, which retains ultimate responsibility for reviewing and approving our annual report and financial accounts.

The Audit Committee gives due consideration to the applicable laws and regulations of the UAE, SCA and the ADX, including the provisions of the Corporate Governance Rules.

The Corporate Governance Rules, reflected in the Audit Committee Charter, require that the Audit Committee comprise at least three members who are non-executive directors and that at least two of the members must be independent. One of the independent members must be appointed as chairman of the Committee. In addition, all members

must have knowledge in financial and accounting matters and at least one member shall have practical experience in accounting or finance and shall have a university degree or professional certificate in accounting or finance or another relevant field. The current members of the Audit Committee are H.E. Ahmed Jasim AlZaabi (Chairman), H.E. Ahmed Al Kuttab and Mr. Abdulaziz Alhajri.

The Audit Committee has taken appropriate steps to ensure that ADNOC Distribution’s external auditors are independent of ADNOC Distribution as required by the Corporate Governance Rules. The Audit Committee has also obtained written confirmation from its auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

The Audit Committee’s responsibilities in relation to the Audit & Assurance function include the review and approval of the overall audit strategies and annual audit work plan, budget, and overseeing the Internal Audit programs and performance. In addition, the Audit Committee ensures that Audit & Assurance has full and unrestricted access to all required sources of information relevant to the performance of its work.

As part of his role as the Chairman of the Audit Committee, H.E. Ahmed Jasim AlZaabi is responsible for ensuring the Committee’s overall effectiveness and that the Committee properly complies with all of its stated objectives.

The Audit Committee met four times during 2023.

NOMINATION AND REMUNERATION COMMITTEE

Our Nomination and Remuneration Committee assists the Board of Directors in discharging its responsibilities relating to the composition and make-up of the Board of Directors and any committees of the Board of Directors.

It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board of Directors and committees of the Board of Directors and, in particular, for monitoring the independent status of the independent non-executive directors.

It is also responsible for periodically reviewing the Board of Directors' structure and identifying potential candidates to be appointed as directors or committee members as the need may arise.

In addition, the Nomination and Remuneration Committee assists the Board of Directors in determining its responsibilities in relation to

remuneration, including making recommendations to the Board of Directors on ADNOC Distribution's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of our remuneration policy and determining the individual remuneration and benefits package of our senior management.

The Corporate Governance Rules, reflected in the Nomination and Remuneration Committee Charter, require the Nomination and Remuneration Committee to be comprised of at least three non-executive directors, at least two of whom must be independent. The chairman of the Nomination and Remuneration Committee must be

chosen from among the independent Committee members. The current members of the Nomination and Remuneration Committee are Ms. Mariam Ghobash (Chairwoman), H.E. Ahmed Al Kuttab, Mr. Khaled Salmeen, and Mrs. Ayesha Al Hammadi.

As part of her role as the Chairwoman of the Nomination and Remuneration Committee, Ms. Mariam Ghobash is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all of its stated objectives.

In 2023, the Nomination and Remuneration Committee met once and in addition considered a number of matters by circulation.

EXECUTIVE COMMITTEE

The Executive Committee assists the Board in the discharge of its duties, acting on behalf of the Board during the intervals between scheduled Board meetings so that matters that require Board approval during such intervals can be dealt with in a timely and efficient manner.

Additionally, the Executive Committee provides recommendations to the Board on matters that require Board approval.

Our Executive Committee consists of six members, three of whom are independent non-executive directors. The current members of the Executive Committee are Mr. Khaled Salmeen (Chairman), Ms. Mariam Ghobash, Mr. Abdulaziz Alhajri, Mr. Khaled Al Zaabi, Mrs. Fatema Mohamed Al Nuaimi and Ms. Hanan Balalaa.

As part of his role as the Chairman of the Executive Committee, Mr. Khaled Salmeen is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all its stated objectives.

In 2023, the Executive Committee met nine times.

INSIDER DEALING COMMITTEE

Our Insider Dealing Committee oversees compliance with the Insider Dealing Policy and our Share Dealing Code (established by our Insider Dealing Policy).

Pursuant to our Share Dealing Code, all directors, officers and other employees who are in possession of inside information are prohibited from dealing in ADNOC Distribution's shares during certain periods and must seek approval from the Insider Dealing Committee to purchase, sell or otherwise deal in our shares during other periods.

In order to grant approval, the Insider Dealing Committee must be satisfied that the individual seeking to deal in ADNOC Distribution's shares is not, at that time, in possession of inside information.

The Insider Dealing Committee is comprised of three members who are appointed by the Board of Directors.

Currently, the members of the Committee are Mr. Ben Hennessy, our General Counsel who chairs the Committee, Mr. Wayne Beifus our Chief Financial Officer and Mr. Athmane Benzerroug, our Chief Strategy, Transformation & Sustainability Officer.

The Insider Dealing Committee met twice in 2023 to, among other things: (a) review and discuss the Share Dealing Code and how it is to be applied; and (b) consider requests from members of staff to deal in our shares.

For more information about the Company's corporate governance framework, please refer to the 2023 Corporate Governance Report.



BOARD OF DIRECTORS

H.E. Dr. Sultan Ahmed Al Jaber has served as Minister of Industry and Advanced Technology since July 2020 as the COP28 President-Designate, as a member of the Supreme Council for Financial and Economic Affairs since December 2020, as UAE Cabinet Member since March 2013, as Minister of State from March 2013 up to July 2020, as Chairman of the National Media Council from 2016 up to July 2020, as the UAE's special envoy for Climate Change since November 2020, as Group Chief Executive Officer of ADNOC since February 2016 and additionally Managing Director of ADNOC since February 2021. From January 2014 to February 2016, he served as Chief Executive Officer, Energy, of Mubadala Development Company.

H.E. Dr. Al Jaber is also Chairman of several ADNOC Group companies, Chairman of Masdar, Chairman of Emirates Development Bank, Chairman of FAB Misr and Chairman of the Board of Trustees of Mohammed bin Zayed University of Artificial Intelligence, as well as a member of the Board of Directors of Advanced Technology Research Council, Mubadala Investment Company, Emirates Global Aluminum, Emirates Investment Authority and First Abu Dhabi Bank.

H.E. Dr. Al Jaber holds a PhD in business and economics from Coventry University in the United Kingdom, an MBA from the California State University, and a Bachelor in Chemical Engineering from the University of Southern California, USA.

H.E. DR. SULTAN AHMED AL JABER CHAIRMAN





H.E. Ahmed Jasim AlZaabi

Deputy Chairman

Chairman of the Audit Committee

H.E. Ahmed Jasim AlZaabi currently serves as the Chairman of Abu Dhabi Department of Economic Development and a member of Abu Dhabi Executive Council since January 2023 and as Chairman of Abu Dhabi Global Market (ADGM) since October 2021. He previously served as Group Chief Financial Officer of ADNOC from December 2019 to December 2021. In addition to this, HE Ahmed is currently the Chairman of Hub 71 and Khalifa Fund for Enterprise Development and a board member of ADNOC Drilling, ADNOC L&S, Emirates Investment Authority, Burjeel Holdings, Al Jazira Investment Company and Astra Tech. In the past, HE Ahmed has also served as a member of the Board of Directors of a number of banks and financial institutions including the Abu Dhabi Securities Exchange (ADX) Union National Bank (UNB) and the Abu Dhabi Retirement Pensions & Benefits Fund (ADRPBF).

H.E. AlZaabi holds a Master's degree in Economics Science with Honors from the University of Aberdeen, UK.



H.E. Ahmed Tamim Al Kuttab

Director

Member of the Nomination and Remuneration Committee

Member of the Audit Committee

H.E. Ahmed Tamim Al Kuttab has served as Chairman of Abu Dhabi Department of Government Enablement and as member of Abu Dhabi Executive Council since January 2023. He previously served as Director of the Executive Office of ADNOC. H.E. Al Kuttab also serves as a member of the Board of the Advanced Technology Research Council, Khalifa University, Bayanat.AI, Emirates Development Bank, and the National Defence College.

H.E. Al Kuttab holds a Master's degree of Business Administration (MBA) from the University of Oxford (UK) and a BSc (Finance) from George Mason University, USA.



H.E Mohamed Hassan Alsuwaidi

Director

H.E. Mohamed Alsuwaidi has served as the UAE Minister of Investment and as a member of the UAE Cabinet since July 2023, and as the Managing Director and Chief Executive Officer of ADQ since May 2019. Previously he served as the Director of Metals and Mining of Mubadala Investment Company from 2007 to 2019. H.E. Alsuwaidi is Chairman of the Board of Directors of TAQA, the Deputy Chairman of Abu Dhabi Future Energy Company (Masdar) and Second Vice Chairman of Aldar Properties. H.E. is also a member of the Board of Directors of Emirates Investment Authority, Abu Dhabi Pension Fund, Advanced Technology Research Council, Emirates Nuclear Energy Corporation, and Al Dahra Holding.

H.E. Alsuwaidi holds a BSc Degree in Accounting from the United Arab Emirates University, UAE.



Khaled Salmeen

Director

Chairman of the Executive Committee
Member of the Nomination and Remuneration Committee

Mr. Khaled Salmeen has served as ADNOC's Executive Director of Downstream Industry, Marketing and Trading (DM&T) since January 2021, having previously served as ADNOC's Executive Director of Marketing, Sales & Trading (MS&T) since February 2019. He previously also served as Chief Executive Officer of the Khalifa Industrial Zone (KIZAD), Chairman of Abu Dhabi Terminals, and Chief Operating Officer of National Central Cooling Company (Tabreed). He also served as Director of ADNOC's Transformation Project Management Office from 2016 to 2017. Mr. Salmeen currently serves as a member of the Board of Directors of a number of ADNOC Group companies. He is also Chairman of TA'ZIZ and Chairman of ADNOC Trading.

Mr. Salmeen holds a BSc in Engineering from Colorado School of Mines, Colorado, USA, an Executive MBA from INSEAD and a Project Management Professional (PMP) from the Project Management Institute (PMI) and Harvard Business School, USA.



Mariam Saeed Ghobash

Director

Chairwoman of the Nomination and Remuneration Committee
Member of the Executive Committee

Ms. Mariam Saeed Ghobash served as Director of Global Special Situations Department of Abu Dhabi Investment Council from 2009 to June 2021.

Ms. Ghobash is a member of the Board of Directors of Telecommunications Group Company "Etisalat", Emirates Development Bank and Gulf Capital.

She previously served as Vice-Chairperson of Aldar Properties and Invest AD and was a member of the Board of Directors of National Bank of Abu Dhabi, Al Hilal Bank, Abu Dhabi National Takaful Co. "Watania" and Zayed University.

Ms. Ghobash holds a BSc in Economics from the University of Pennsylvania, Philadelphia, USA.



Abdulaziz Abdulla Alhajri

Director

Member of the Executive Committee
Member of the Audit Committee

Mr. Abdulaziz Abdulla Alhajri has served as Executive Advisor of ADNOC since January 2021. He previously served as Executive Director, Downstream Directorate of ADNOC from May 2016 until December 2020.

From October 2007 to May 2016, he was Chief Executive Officer of Abu Dhabi Polymers Company (Borouge), a joint venture of ADNOC and Borealis. He also serves on several ADNOC Group company boards of directors.

Mr. Alhajri holds a BSc in Chemical Engineering from the University of Texas, USA.

SENIOR MANAGEMENT TEAM

Eng. Bader Al Lamki was appointed Chief Executive Officer in May 2021. He is responsible for managing the Company's overall operations, as well as developing and implementing long-term regional and international growth strategies. He brings more than 20 years of diversified experience in the oil and gas, clean energy, and utilities sectors.

Previously, Eng. Al Lamki held the role of the Chief Executive Officer at National Central Cooling Company PJSC (Tabreed) from April 2019 to May 2021, leading the company's operations and growth ambitions in the UAE and internationally.

Eng. Al Lamki has extensive experience with some of the UAE's biggest energy companies, including with ADNOC operating company ADMA-OPCO, where he successfully

led a strategic development initiative to increase the company's daily oil production. He also worked with Masdar Clean Energy, where he was responsible for business growth activities, including bidding, acquisitions and green field project development, including having an instrumental role in building the company's international renewable energy portfolio, with projects spanning across 25 countries. Earlier in his career, Eng. Al Lamki gained experience with a number of renowned organizations, including French oil major Total, where he advised on oil and gas projects in Africa.

Eng. Al Lamki holds a BSc degree in Chemical Engineering from the United Arab Emirates University.

BADER SAIED AL LAMKI
CHIEF EXECUTIVE OFFICER





Wayne Beifus
Chief Financial Officer

Mr. Wayne Beifus is the Chief Financial Officer of ADNOC Distribution. He has over three decades of experience in finance, strategy, and business transformation, with senior leadership roles in global FMCG and retail companies. He joined ADNOC Distribution in June 2022, after serving as the Chief Financial Officer of Walgreens Boots Alliance – International Retail, one of the world’s largest pharmacy-led health and beauty retailers. Previously, he worked for British American Tobacco, where he held various CFO positions across Asia, Europe and Africa. He is a registered Chartered Accountant in Australia and South Africa and holds dual Bachelors’ degrees in Commerce and Accounting Science from the University of South Africa.



Athmane Benzerroug
Chief Strategy, Transformation & Sustainability Officer

Mr. Athmane Benzerroug was appointed as the Chief Strategy, Transformation and Sustainability Officer in April 2023. He is responsible for driving ADNOC Distribution’s growth strategy, transformation initiatives and sustainability agenda. He is also contributing value to the Investor Relations function with his experience and insights. Previously, Mr. Benzerroug served as the Chief Investor Relations Officer from September 2018 to March 2023. Prior to joining ADNOC Distribution, Mr. Benzerroug served 10 years at Deutsche Bank as a Director focusing on industrials, Real Estate, and Retail. He has 20 years of experience in investment banking and equity capital markets leading major IPOs in Europe, the Middle East, and Turkey. Previously, Mr. Benzerroug was responsible for European Infrastructure at Natixis Securities in Paris. Mr. Benzerroug holds an MSc in Banking and Finance from the University of Paris Nanterre University (formerly Paris-X), France.



Klaas Mantel
Chief Operating Officer

Mr. Klaas Mantel joined ADNOC Distribution as Chief Operating Officer in September 2023. Prior to joining ADNOC Distribution Klaas was a leader in McKinsey & Company’s Global Mobility Retail practice, based in Japan. He has served major Retail, Downstream Oil & Gas and FMCG companies Globally on business transformation and Energy transition-related topics with a focus on electric vehicle charging strategy and infrastructure deployment. He has over 25 years of experience across the energy industry, the majority of which was with Shell in various senior Operational, Marketing and Business Development positions across Europe, Africa and Asia, including Global head of Convenience Retail. Mr. Mantel holds a Master’s degree in Economics from the University of Amsterdam, and obtained the INSEAD Certificate in Corporate Governance.



Saeed Nasser Al Ahabbi
Chief Shared Services & Technical Officer

Eng. Saeed Nasser Al Ahabbi was appointed Chief Shared Services & Technical Officer in April 2023. Recently, he served as Chief Business & Commercial Support Officer from June 2019 to March 2023. Prior to joining ADNOC Distribution, Mr. Al Ahabbi served in various leadership positions at ADNOC since 2007, including Vice President, Civil Projects, since 2011.

Mr. Al Ahabbi holds a BSc in Civil & Environmental Engineering from the United Arab Emirates University and an MBA from the American University, United Arab Emirates.



Ahmed Abdel-Karim
Chief Marketing Officer

Mr. Ahmed Abdel-Karim joined ADNOC Distribution as Chief Marketing Officer in October 2022. He brings over 20 years of marketing and commercial expertise between PepsiCo and HSBC. He has diverse experience in setting new marketing standards and global best practices across developed, developing, and emerging markets, where he has worked across the UK, Europe, the Middle East, and Africa.

Mr. Ahmed is passionate about customer-centricity and disruptive strategies that transform businesses. His areas of expertise span B2C and B2B Marketing, Brand Management, Customer Experience, Insights and Analytics, Loyalty and Digital. His work has been recognized with several prestigious industry awards across the UK and the Middle East Africa regions. His passion for building agile cultures and to realize full human potential motivated him to gain certification as Neurolinguistic Programming and Life Coach Practitioner.

Mr. Ahmed holds a Bachelor of Economics with High Honors from the American University in Cairo with continued executive education certifications from top business schools.



Ben Hennessy
General Counsel

Mr. Ben Hennessy joined ADNOC Distribution in October 2019 as General Counsel and is responsible for Legal, Governance and Compliance across the organization. He has served as an international lawyer for 20 years, including at global law firm DLA Piper and integrated energy company BP PLC, where he led legal teams supporting BP's downstream marketing businesses.

Mr. Hennessy is a qualified solicitor in England & Wales and holds an LPC from the University of Law, London and a BA from the University of Newcastle, UK.



Mohamed Omar
Vice President, Human Capital

Mr. Mohammed Omar is an Experienced Human Capital Professional with 21 years of robust experience in multinational companies in the Oil & Gas, Banking, Maritime, Utilities, Logistics and Supply Chain sectors.

Since July 2019, Mr. Omar is leading the Human Capital function at ADNOC Distribution, responsible for designing, developing, implementing and managing Human Resources strategies and programs that facilitate the attainment of business goals. Before joining ADNOC Distribution, Mr. Omar served as Director of Recruitment and Human Capital Services at DP World.

Mr. Omar holds a Bachelor's of Business Administration from the University of Sharjah, UAE.

EXTERNAL AUDITOR

ADNOC Distribution abides by the applicable Laws in the UAE in the appointment of the auditor.

The auditor's appointment shall be made annually by requesting audit service offers from at least four auditors. The auditor may be reappointed for a further (3) three consecutive years, provided that the quality of the audit services and the efficiency of the audit team is being assessed by the Company, letters of independency are submitted and confidentiality is pledged. In addition, the observations in the Abu Dhabi Accounting Authority reports are taken into account as well as any other matter that may affect the decision to reappoint the auditor. It is prohibited to appoint an auditor for a period not exceeding (4) four consecutive years. It is also prohibited to appoint an auditor or responsible partner until (4) four years have elapsed after the last audit services provided by any of them to the Company.

Pursuant to the Company's Articles of Association, the Company shall have one or more Auditor(s) appointed by the General Assembly for a renewable term of one (1) year upon nomination by the Board of Directors. The fees of the Auditor shall be determined by the General Assembly. The Auditor shall monitor the financial accounts for the year for which he was appointed.

The responsibility of ADNOC Distribution's external audit of annual accounts was entrusted to Grant Thornton UAE for 2023. Grant Thornton UAE has been ADNOC Distribution's external auditor since the start of 2021.

Grant Thornton is a global network with member firms in over 145 countries. It is one of the largest professional services firms in the UAE, offering a broad portfolio of tax, audit, and advisory services. Grant Thornton's dedicated UAE Team includes subject matter experts in Oil & Gas, Financial Services and Government Sector, to mention a few and has been operating in the UAE for 55 years.

Details of the fees paid to Grant Thornton, UAE for the 2023 auditing services are provided in the table below:

Number of years served as an external auditor for ADNOC Distribution	3 years (2021 is the first year as ADNOC Distribution's external auditors)
Partner name	Mr. Samer Hijazi
Number of years the Partner served as the Company's external audit partner	3 years
Total fees for auditing the financial statements of 2023 (in AED) including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting	AED 766,930
<ul style="list-style-type: none"> ■ Fee for auditing the Annual financial statements ■ Fee for quarterly review of the financial statements ■ Other relevant audit services in relations to the annual audit of the Company's departmental financial statements and the provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting 	<ul style="list-style-type: none"> AED 225,000 AED 279,000 AED 262,930
Fees and costs of other private services other than auditing the financial statements for 2023 (AED)	None
Details and nature of other services provided (if any)	Not applicable
Statement of the other services performed by an external auditor other than ADNOC Distribution's auditor in 2023 (if any)	Not applicable

GOVERNANCE DRIVEN BY CORE VALUES⁶

Code of Conduct

Our Code of Conduct demonstrates ADNOC Distribution's commitment to compliance and ethical behavior in all that it does. Our Code of Conduct (a) sets out the minimum standard of conduct that we expect from anyone working for or on behalf of ADNOC Distribution; and (b) provides a set of basic rules and standards that are designed to ensure that our business is conducted in an ethical and compliant manner and in accordance with our core values.

Core Values

WE ARE...



Collaborative



Respectful



Progressive



Responsible



Efficient

Dividend Policy

Our Dividend Policy sets out the clear and transparent criteria and method for the distribution of our profits such that the distribution of our profits serves the interests of both ADNOC Distribution and its 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 and/or annual dividends to shareholders from operating profits and/or accumulated profits of the Company. The Company currently intends to pay a dividend twice each fiscal year, with an initial interim payment in October of that year and a second payment in April of the following year.



6. ADX ESG Guide: G5 Ethics & Prevention of Corruption

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 with other ADNOC group companies.

However, for so 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.

Insider Dealing Policy

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

Accordingly, we have implemented an Insider Dealing Policy 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 an Insider Dealing Committee to oversee the ongoing implementation of this policy.

Anti-Bribery and 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 Corruption Policy sets forth our requirements to ensure that none of our employees or representatives engage in any of these activities.

Compliance Investigations Policy

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 to avoid engaging in certain activities that may hinder or interfere with an investigation.

Conflicts of Interest Policy

We understand that our employees, officers and directors will engage in legitimate social, financial and business activities outside the scope of their work for us. Our Conflicts of Interest Policy sets forth our requirements for the avoidance and management of conflicts of interest that may arise as a result of these other activities, including the avoidance of situations that merely have the appearance of a conflict of interest. Under this policy, conflicts of interest must be promptly disclosed so that the appropriate course of action can be taken in order to protect ADNOC Distribution's interests.

Whistleblowing Policy

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.

Gender Diversity Policy

We are committed to advancing gender diversity and equality across the organization and are constantly working to recruit 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, our Gender Diversity Policy has been designed to both Board-level appointments and the company-wide approach to gender diversity. In addition, the Company will continue to ensure that its female employees obtain access to all necessary training and development in order to achieve their full potential in line with the standards of high performance we expect from all our employees - both men and women alike.

NON-DISCRIMINATION⁷

ADNOC Distribution maintains a zero-tolerance approach to any form of discrimination or harassment at the workplace, and actively promotes and maintains a core value of non-discrimination across its business activities and services, covering all stakeholders, including employees, customers, and suppliers. The Company's policies, processes, and activities regarding non-discrimination are guided by its core value of 'WE ARE RESPECTFUL' and direct towards promoting equality and embracing diversity.

HUMAN RIGHTS POLICY⁸

At ADNOC Distribution, we are committed to respecting human rights values in line with the United Nations Global Compact on human rights, labor, environment and anti-corruption. Acting with integrity is essential to how we conduct our business, and complements our core company values of being Collaborative, Respectful, Responsible, Efficient and Progressive. These Values inspire the way we

do business, inform our behavior and conduct and guide our decision-making. We expect our suppliers, contractors, business partners and other stakeholders to share our commitment to human rights and to adhere to our ADNOC Distribution Supplier and Partner Code of Ethics. We have an anonymous reporting system to raise integrity related concerns called Takallam (which means "to speak" in Arabic). Takallam is managed by an independent third party to ensure complete confidentiality and effective reporting within ADNOC Distribution. We review and update our human rights policy statement periodically and provide training and awareness programs for our employees and relevant stakeholders.

FAIR LABOR PRACTICES⁹

The UAE Federal Labor Law strictly prohibits any form of forced, compulsory or child labor in the country. At ADNOC Distribution, we abide by all laws of the government and ensure that no such violations occur across any of our workplaces.



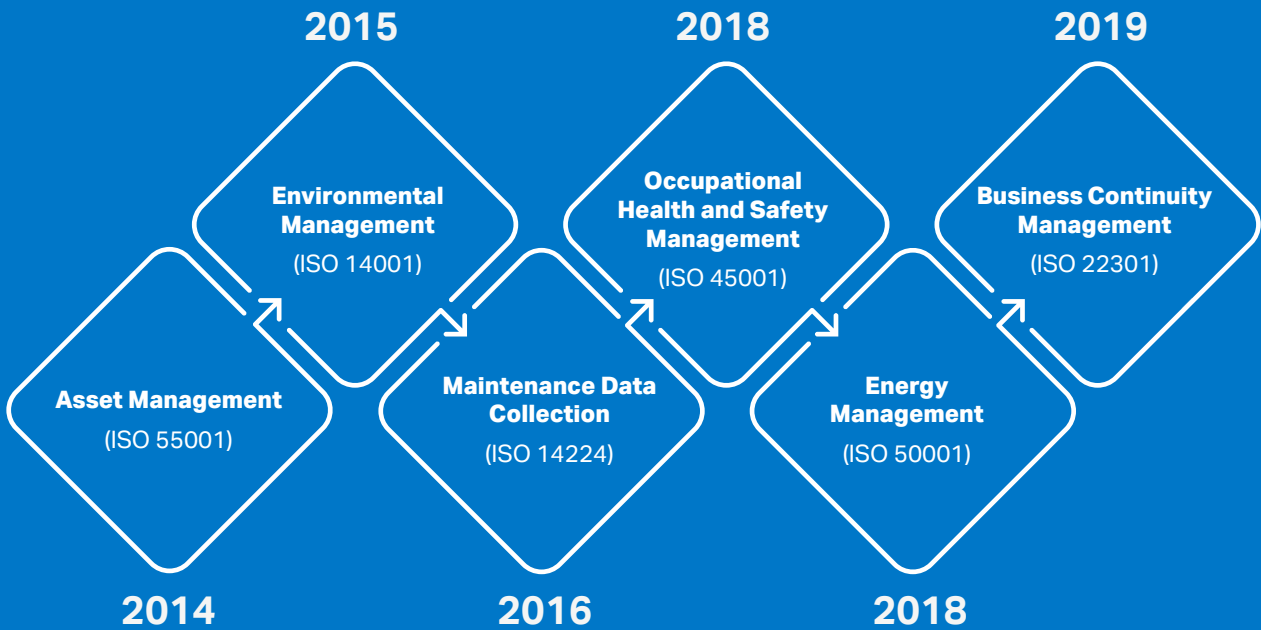
7. ADX ESG Guide: S6 Non-discrimination

8. ADX ESG Guide: S10 Human Rights

9. ADX ESG Guide: S9 Child & Forced Labour

ISO CERTIFICATIONS

ADNOC Distribution is committed to operational excellence. In 2023 the Company further enhanced executional excellence via robust roll-out of Integrated Management System (IMS) and pursued obtaining 6 International Organization of Standards (ISO) certifications, covering environmental management, maintenance data collection, business continuity management, occupational health and safety management, energy management, and asset management.





H₂GO

مما نحو تحقيق الصياد المناخي



H₂GO
TOGETHER TOWARDS NET ZERO



H₂GO



IT SECURITY AND DATA PRIVACY¹⁰

ADNOC Distribution's strategy is to provide enterprise infrastructure and services with necessary controls to protect our physical and virtual workplace in terms of confidentiality, integrity, availability, and privacy of data. This is achieved with a dual approach of strengthening our security posture and preparedness to manage potential incidents. The Company abides by several policies and initiatives to manage data privacy and cybersecurity issues and believes that its customers have a right to know how their information is gathered, analyzed, and used responsibly. The Privacy Policy of the Company set out the basis on which any personal data is collected, or provided, and will be processed to ensure it is protected and processed in a fair, transparent, and lawful way. The Company utilizes Information Security Management System (ISMS) accredited with ISO 27001:2013 Information Security credentials and is fully committed to the objectives of UAE's Personal Data Protection Law.

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

information and comply with the PPDL requirements.

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

Governance of IT security and risks remains a cornerstone to ensure oversight of the Company's cybersecurity strategy implementation, proactive protection of information assets and establishment of safe and resilient infrastructure which empowers the business to thrive.



10. ADX ESG Guide: G6 IT security and data privacy ADX ESG Guide: G4 Supplier Code of Conduct

ENTERPRISE RISK MANAGEMENT

Proactive engagement of risk management is a key component of the Company's core business activities. By identifying, understanding, and managing risks in accordance with a defined risk management policy and set of procedures, the risk management process identifies and mitigates exposure to uncertainty wherever possible, while increasing exposure to opportunities.

The ERM Policy defines the risk management objectives, governance structure, and roles and responsibilities of the Board of Directors, audit committee, management team, ERM function, and internal audit function in accordance with the ISO 31000 standard.

In pursuing the Company's risk management objectives, the Board of Directors undertakes to:

- Ensure that ADNOC Distribution is a transparent organization where awareness and understanding of the risk-management policy and procedures are established at the appropriate levels of the organization
- Be responsible for overseeing and monitoring the risk-management system
- Identify, manage, monitor, and report on risk, holding the management team accountable for managing identified risks effectively

To ensure the risk-management process is effective, the Board:

- Identifies risks using an objective-driven process to assess the impact that risks would have on achieving the Company's objectives by embedding risk management into all decision-making processes.
- Ensures that significant business risks to which ADNOC Distribution is exposed are systematically identified, assessed, and managed to acceptable levels based on risk tolerance and appetite levels as approved by the Board
- Has a clearly defined responsibility structure

By implementing an iterative risk management process in accordance with ISO 31000:2018, the Company can increase the likelihood of success while decreasing the failure rate and uncertainties by considering potential benefits and risk factors for the organization.

ENTERPRISE RISK MANAGEMENT GOVERNANCE

The primary goal of the Company's enterprise risk management and governance processes is to enable sustainable growth and business performance through improved decision making, planning, and a focus on mitigating high priority risk areas in order to increase shareholder value. In this context, the Company employs an Enterprise Risk Management Governance Structure with clearly defined roles and responsibilities.

The Scope, Internal and External Context and Risk Criteria defines the basic parameters within which risks will be managed at the Company and sets the scope for the rest of the ERM Process.

Communication and consultation are critical components of effective risk management practices. Communicating risk information to stakeholders helps to maintain confidence and trust while also developing a shared understanding of the Company's risks.



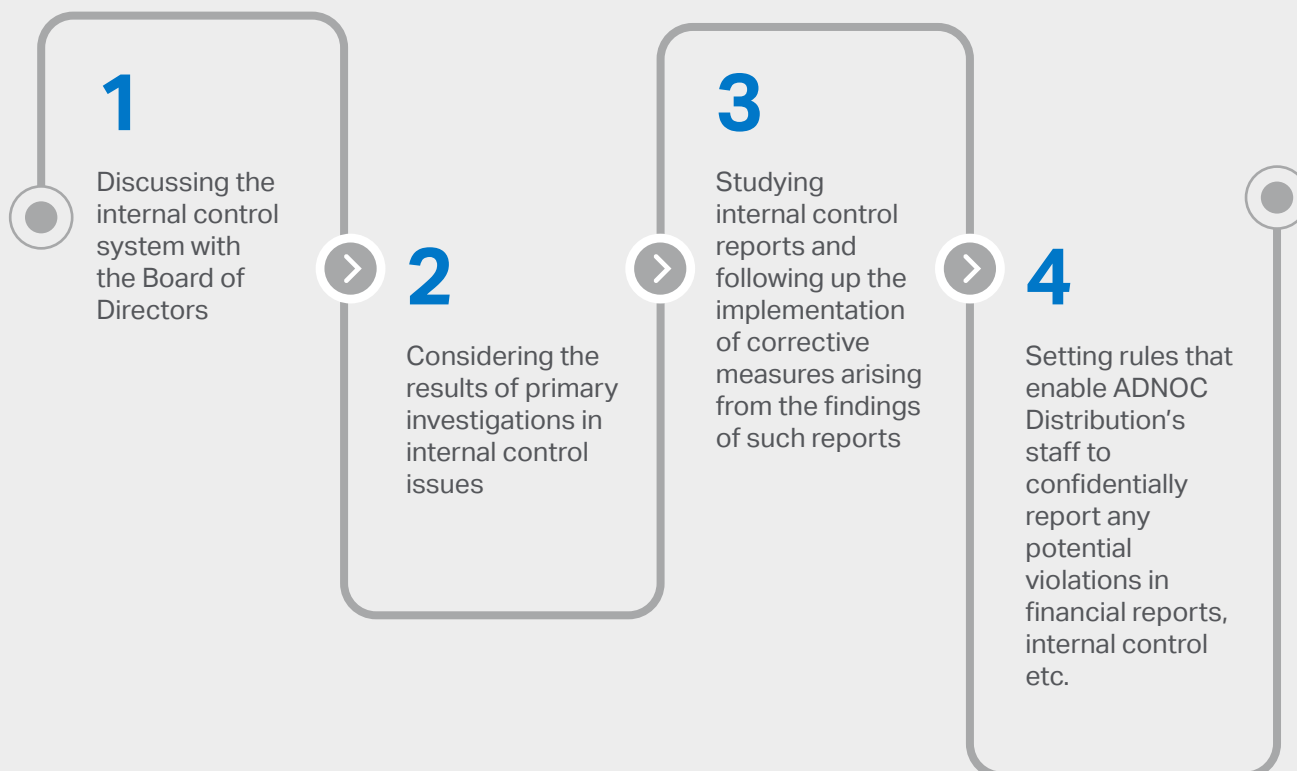
INTERNAL CONTROL SYSTEM

The Company has established and maintains an internal control framework that provides our executive management and Board of Directors with reliable assurances on the health of our internal controls. These controls are designed to ensure that we are able to:

- Continually meet the operational and financial objectives of the Company;
- Properly manage risks;
- Ensure the validity and transparency of the information we provide to our stakeholders; and
- Comply with applicable laws and regulations.

Our compliance and control function is, among other things, responsible for ensuring that the Company conducts its business in full compliance with all relevant laws and regulations, as well as professional standards, accepted business practices and internal standards.

Our compliance and control function performs a number of tasks that are designed to ensure that our internal control system is effectively implemented and managed. These include:



PEOPLE OF ADNOC DISTRIBUTION

At ADNOC Distribution, we firmly believe that our people are not just our greatest asset; they are the very essence of our identity and the driving force behind our vision, mission, and unparalleled success. As the UAE's premier fuel and convenience store retailer, our commitment to nurturing a diverse, talented, and vibrant workforce is at the heart of our business strategy. This section of our Annual Report delves into the pivotal role our human capital strategy plays in sustaining our growth, innovation, and leadership in the industry.

EMBRACING DIVERSITY: THE CORNERSTONE OF OUR SUCCESS¹¹

Emiratization and Global Talent Acquisition

In 2023, ADNOC Distribution continued to lead the way in fostering a culture of inclusivity and diversity. Our proactive approach to talent acquisition, both locally and globally, has significantly enriched our workforce, bringing together the brightest minds from 75 nationalities to propel our operations forward.



62.5%
Emiratization rate

62.5% nationalization rate in jobs eligible for Emiratization



13,198
Employee

A global family of 13,198 employees from 75 nationalities, underscoring our vision to be an international talent hub

11. ADX ESG Guide: S11 Nationalization

GENDER DIVERSITY AND INCLUSION



Our commitment to gender diversity has catalyzed a wave of innovation, productivity, and creativity across the organization. By actively promoting women into leadership and critical roles, we are not just advocating for equality; we are leveraging diverse perspectives to drive superior business outcomes.

Through our proactive approach, we have increased the number of females in leadership roles from previous years and continue making conscious efforts, driven by our Gender Balance Committee, to maintain the momentum of this trend while pursuing our longer-term sustainability targets in this area.

STRATEGIC TALENT RECRUITMENT



Our Human Capital (HC) function is pivotal in securing our competitive edge through strategic talent recruitment. In 2023, our international and local recruitment drives were instrumental in diversifying and strengthening our team. These efforts include our successful international recruitment campaign in India and Nepal leading to the

selection of over 5,000 suitable candidates. Furthermore, a well-received local recruitment drive included seven campaigns with a selection of over 900 candidates. Ultimately, our total hiring in 2023 saw 2,079 new talents recruited, including 1,822 employees in the core service station business.

SUCCESSION PLANNING AND PEOPLE DEVELOPMENT



Our strategic emphasis on succession planning and people development ensures the continuity and stability of our leadership and operations. In 2023, our comprehensive training programs and succession planning initiatives have set new benchmarks for excellence. This has resulted in 100% succession rate for critical leadership roles. Of which, 75% of critical leadership roles being filled through our internal succession pipeline, with 170+

development-driven internal mobility movements across the organization. Further, through our extensive training program, over 640 development courses delivered, amounting to more than 109,400 person-hours of training. This included innovative programs focusing on leadership, communication, finance, and specialized workshops for our core business on customer experience and service excellence, 100% HSE, inclusivity and hygiene awareness.

PERFORMANCE AND REWARDS



Rewarding and recognizing and rewarding our employees' contributions is central to our philosophy. Our performance-driven culture is complemented by a strategic total rewards and recognitions framework that motivates excellence and innovation, and contributes significantly to our overall employee value proposition. This framework includes a systematic approach and design of fixed pay, variable pay-for-performance schemes like short- and long-term incentives plans and sales incentives schemes for core business frontliners, a

variety of supplementary benefits, as well as Tamayaz, our comprehensive corporate recognition platform.

With that in mind, in 2023, over 80% of frontline employees received sales incentives in recognition of their performance throughout the year and more than 2,000 recognitions through Tamayaz program were awarded. Additionally, ADNOC Distribution was honored with the 2023 GCC GOV HR Award for Innovation with our sales incentives schemes for core business frontliners.



PAY RATIOS^{12 13}



The Company has taken ambitious strides to provide wages based on an employee's skillset rather than gender and provide fair opportunities to employees irrespective of gender. It has also sought to reduce the compensation gap between top management and other employees. 2023 saw a change in the gender pay ratio as well as the CEO Pay ratio.

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

COMMITTED TO EMPLOYEE WELL-BEING

Our strategic approach to employee wellbeing culminated in our 100X Your Wellbeing program, which was first established in 2022. Through this holistic program we ensure a relentless focus on social, mental and spiritual, financial and physical health and wellbeing of our employees. Our 100X Your Wellbeing program was recognized with a GCC GOV HR Award for its innovative approach and successful execution. In 2023, the program delivered more than 40 different initiatives with around 25,000 people participations. The crucial ingredient to this success is our employees, and we ensure that we enable people to give transparent feedback to drive continuous improvement of our program and overall employee value proposition. As a result, we saw an impressive

increase in our employee engagement and experience results in 2023, and observed a significant decrease in employee turnover, reflecting our success in fostering a supportive and engaging work environment.

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

KPI	2023
Gender Diversity at ADNOC Distribution¹⁴	
Total enterprise headcount held by men (%)	90.00%
Total enterprise headcount held by women (%)	10.00%
Entry- and mid-level positions held by men (%)	90.30%
Entry- and mid-level positions held by women (%)	9.70%
Senior- and executive level positions held by men (%)	93.88%
Senior- and executive level positions held by women (%)	6.12%
Temporary Worker Ratio in 2023¹⁵	
Total enterprise headcount held by part-time employees %	Not Applicable
Total enterprise headcount held by contractors and/or consultants %	4.06%
Annual Employees Turnover¹⁶	
Year-over-year change for full-time employees %	0.6%
Year-over-year change for part-time employees %	Not Applicable
Year-over-year change for contractors/ consultants %	-5.3%

12. ADX ESG Guide: S1 CEO Pay Ratio

13. ADG ESG Guide: S2 Gender Pay Ratio

14. ADX ESG Guide: S4 Gender Diversity

15. ADX ESG Guide: S5 Temporary Worker Ratio

16. ADX ESG Guide: S3 Employee Turnover

CORPORATE SOCIAL RESPONSIBILITY¹⁷

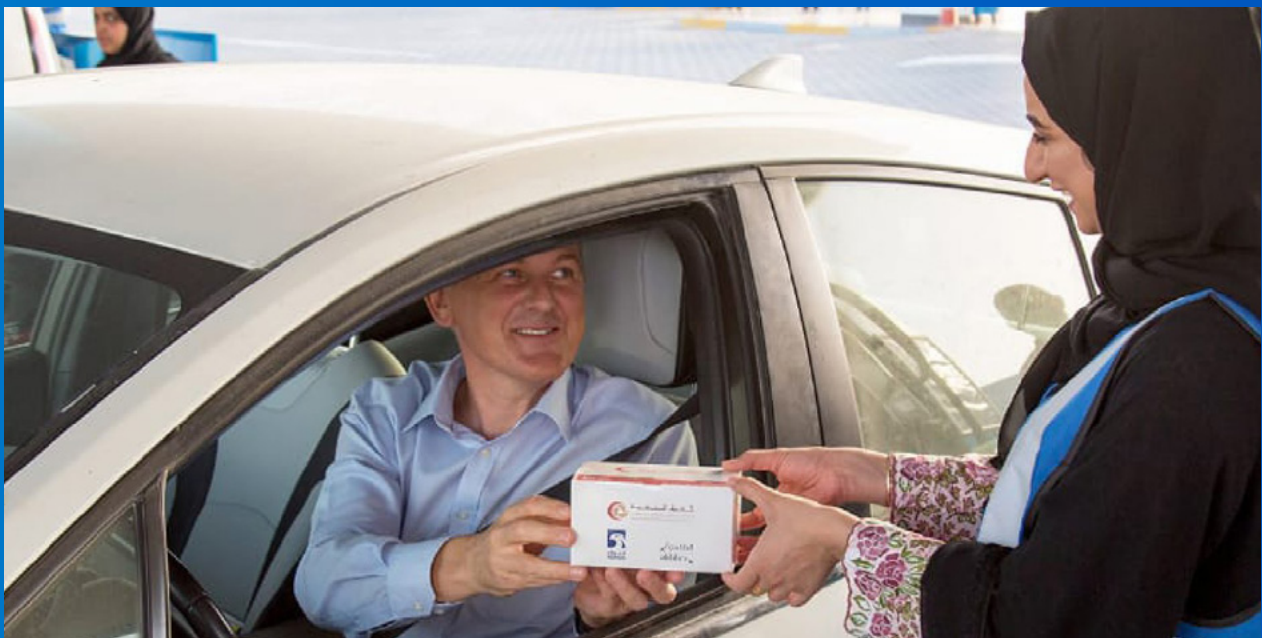
ADNOC DISTRIBUTION CONTINUES TO SUPPORT CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE COMMUNITIES IN WHICH IT OPERATES THROUGH LONG-STANDING CREDIBLE PARTNERSHIPS WITH CHARITIES, LOCAL SMES, HEALTHCARE ASSOCIATIONS AND GOVERNMENT DEPARTMENTS.

Building on our performance and business goals, we have embedded corporate social responsibility into our DNA. Additionally, we have implemented several operational policies dedicated to strengthening our contributions as a socially responsible company while meeting stakeholder and employee expectations as well as developed a CSR charter to govern corporate social responsibility.

In continuing to support and invest in people; our contributions to the UAE's national Emiratization agenda exceeded the Company's target (>62%). Through our diversity and inclusion programme we have 15% females in leadership positions, and have driven our skills development with over 109,400 training manhours.



CSR Initiative Examples



BREAKING FAST WITH LOCAL COMMUNITIES DURING RAMADAN

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

17. ADX ESG Guide: S12 Community Investment

~ AED 2,544,000 Our total expenditure on social development and related sponsorship projects for 2023.



RAISING AWARENESS OF BREAST CANCER CARE

ADNOC Distribution supported Pink Caravan for another year, working in partnership with Friends of Cancer Patients Group to raise awareness and provide critical breast cancer screening during October, Breast Cancer Awareness Month. We helped support this great cause by securing locations outside our headquarters in Abu Dhabi and in front of famous landmarks across the UAE and provided volunteers to enable mobile screening centers to offer free consultations and health screenings to the public.



ENGAGING CUSTOMERS IN ENVIRONMENTAL PROTECTION

ADNOC Distribution launched its sustainability roadmap in line with the "UAE Year of Sustainability". In line with this commitment, we launched reverse vending machines at 40 ADNOC service stations across Abu Dhabi and integrated an option on the ADNOC Distribution app to "Adopt a Mangrove", extending sustainability efforts to our customers.



EMPOWERING LOCAL BUSINESSES

For the third consecutive year ADNOC Distribution supported the Emirates' Red Crescent project, Al Ghadeer UAE Crafts, which offers women from different nationalities vocational training to create culturally-inspired products and help them earn a sustainable living. We expanded the inclusion of craft stands across our ADNOC Oasis stores.



INVESTING IN COMMUNITIES THROUGH CHARITABLE CONTRIBUTIONS

Through an ongoing partnership with the Emirates' Red Crescent, ADNOC Distribution helped raise critical awareness and donations for the Reach Campaign which helps treat river blindness disease – a devastating medical condition affecting millions of people around the world which can be easily treated. Customers can now contribute towards raising vital funds via the ADNOC Distribution app.

PROCUREMENT PRACTICES¹⁸

ADNOC Distribution's procurement processes are a centralized function that supports the Company's business lines.



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, detailed IDD activities were performed.

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.

IN-COUNTRY VALUE

ADNOC Distribution follows ADNOC's Corporate Procurement initiative, which emphasizes the selection of local suppliers and contribution to In-Country Value (ICV) with the aim of creating additional employment opportunities for Emiratis in the private sector and supporting the UAE GDP diversification through sourcing more goods and services within the UAE.

In 2023, the Company has achieved an In-Country Value to c.70% of total spend during the year. The Company will continue to identify opportunities to further increase spending on local suppliers and to enhance the ICV contribution.

18. ADX ESG Guide: G4 Supplier Code of Conduct

HEALTH AND SAFETY^{19 20}

ADNOC Distribution’s utmost priority is safety, which is embedded in the Company’s core values.

To protect our employees, contractors, and third parties, we have adopted ADNOC HSE Management System HSEMS, which has a strategic goal and commitment to navigate our programs, practices, and a working culture that promotes safety at each organization’s level. We pursue quality of life and productivity by escalating and defending our people’s physical and mental health and overall wellbeing.

ADNOC HSEMS comprised 78 HSE Standards composing HSE governance, Occupational Health, Environment, Operational Safety, Risk Management, Crisis Management, and Emergency Response. Compliance with these standards is being verified by the Internal Audit and Assurance function periodically. ADNOC Distribution has ISO 9001:2015 (Quality Management Systems), and also obtained ISO Standard 45001:2018 on Occupational Health and Safety (OHS) and ISO 14001:2015 on Environmental Management System (EMS).

ADNOC Distribution is certified with



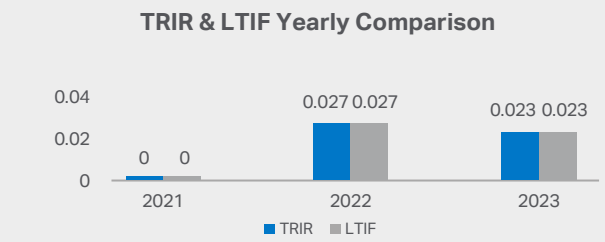
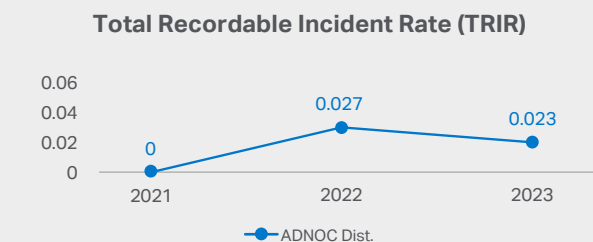
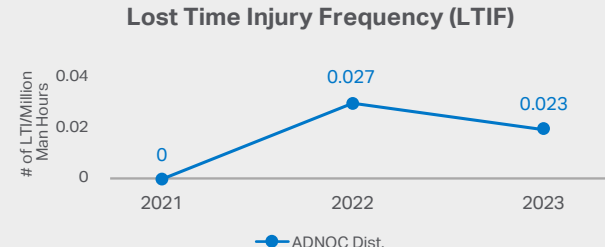
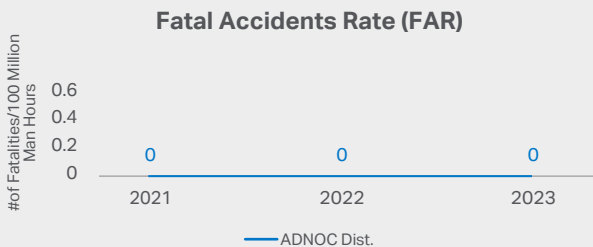
ISO 45001:2018
on Occupational Health Safety Management (OHSM)



ISO 14001:2015
on Environmental Management System (EMS)

A skilled team of investigators review all the recordable injuries. Root causes are identified, and recommendations are devised to avoid recurrence. To strengthen the incident investigators team, specialized training sessions are arranged. Annual Environmental & Occupational Health monitoring is in place at our depots and terminals as part of the Company’s Environmental due diligence strategy.

HSE PERFORMANCE IN 2023



19. ADX ESG Guide: S7 Injury Rate

20. ADX ESG Guide: S8 Global Health and Safety

2023 HIGHLIGHTS

● **203 Contractor HSE** Performance Evaluation Audits, **36 HSE** Management System Audits, **27 camp** welfare audits and **43 HSE** Assurance Program Audits were conducted.

● The **HSE Recognition Program** for Contractors was launched.

● The Integrated Management System Project has been completed and we have been awarded **six ISO Certifications** (Environment MS, Occupational Health & Safety MS, Business Continuity MS, Energy MS, Asset Management MS, and Maintenance reliability MS).

● **109,945** safety observations have been reported by ADD employees and **14,582** safety observations were reported by contractors. The criticality and severity of the observations were analyzed by the HSE Task Force Committee and awareness sessions for the top 04 high risk rated safety observations was conducted.



● **112 emergency drills** conducted in service stations, terminals and depots

● **Business Continuity** Playbooks were developed for ADNOC Distribution sites.

● Reverse waste winding machine were installed at **40 Service stations.**

● Biofuel was introduced in the company fleet to reduce the **GHG emissions** associated with **Diesel consumption.**

● **COP28 Security Exercise** in partnership with ADNOC Security and Abu Dhabi police to verify the emergency preparedness measures are in place.





ADNOC Distribution Becomes the **FIRST FUEL RETAILER** in the **MENA REGION** to **ACHIEVE** the **WELL HEALTH-SAFETY RATING** for more than **500 SERVICE STATIONS** across the UAE

In 2023, ADNOC Distribution earned the WELL Health–Safety Rating for over 500 service stations across the UAE. The milestone achievement, awarded by the International WELL Building Institute (IWBI), recognizes the company’s efforts and commitment to the health and safety of its workforce and customers and communities where it operates.

The WELL Health-Safety Rating for Facility Operations and Management is an evidence-based, third-party verified rating for all new and existing building and facility types focusing on operational policies, maintenance protocols, stakeholder engagement and emergency plans. The third-party review process ensures integrity and consistency across various core areas, including air and water quality management, cleaning procedures, emergency preparedness, health resources and stakeholder management. The WELL Health-Safety rating was developed by the IWBI, a global organization focused on advancing health and wellbeing in buildings, organizations and communities.

PROTECTING ENVIRONMENT^{21 22}

ADNOC Distribution's business operations and services are underpinned by a commitment to generate a positive impact on the communities and geographies in which the Company operates.

ADNOC Distribution 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 enhances the energy performance of our business operations and services, in line with leading standards and mitigates any negative environmental impact.

ADNOC Distribution works closely with its partners and suppliers to manage its resource consumption in a responsible manner, including the use of energy and water, and management of waste throughout its operations. Ensuring adequate environmental oversight is essential to the Company's approach, including management-level discussions on sustainability, including certified environmental operations, development of climate risk mitigation tools and recycling measures. Overall environmental performance is supported by key performance indicators (KPIs) related to energy, emissions, water, and waste.

DECARBONIZATION ROADMAP

In 2023, ADNOC Distribution developed its decarbonization strategy underpinned by active work to mitigate the impact on climate. In January 2023, the decarbonization roadmap was announced with a target to reduce the Company's carbon footprint 25% by 2030, by identifying a set of tangible initiatives.

21. ADX ESG Guide: E10 Climate Risk Mitigation

22. ADX ESG Guide: E7 Environmental Operations

ENERGY MANAGEMENT^{23 24 25}

As the UAE’s leading mobility retailer, the Company is developing more efficient energy solutions and products, facilitating the global energy transition to cleaner energy sources (such as electric vehicles), and lowering its organizational energy intensity levels. The Company follows all relevant national visions and strategies, including UAE Energy Strategy 2050, in its energy efficiency policies, programs, and initiatives, as well as its strategic approach to energy management.

ADNOC Distribution carries out strategic and operational clean energy initiatives to reduce its reliance on conventional energy sources and increase the use of clean energy sources, such as solar energy and carry out energy optimization initiatives. This will support the Company to reach its target of 25% reduction in GHG emission intensity by 2030 and helps the company to meet local, national, and international targets such as UAE’s Net-Zero by 2050 strategic initiative and lower its energy costs.

Energy Mix

ADNOC Distribution is working on adopting a sustainable energy mix for its fleet of vehicles and using renewable energy in its service stations, in addition to rolling out lower-carbon products for its customers. The approach to a balanced transition underlines ADNOC Distribution’s commitment to driving sustainable growth through constant innovation in new energy solutions.

Increasing the consumption of clean energy sources is a critical pillar in the Company’s strategic energy objectives to enhance ADNOC Distribution’s energy mix by including clean energy sources. To this end, the Company has converted an existing term loan of \$1.5 billion into a Sustainability Linked Loan (SLL), demonstrating its determination to align its funding objectives with the Corporate Sustainability Strategy. One of the KPIs linked to this loan is the renewable energy sources for own consumption (MWh consumption per year), reinforcing the Company’s commitment to increasing the share of renewal and clean energy in its energy mix.

The Company aims to increase the share of renewable energy usage for its operations by installing solar PVs across more service stations, further reducing the Company’s grid electricity energy consumption, and contributing to a reduction in carbon emissions. ADNOC Distribution also aims to optimize energy by identifying Energy Conservation Opportunities (ECOs) at its facilities and retrofitting existing building services.

In 2023, ADNOC Distribution has partnered with Emerge to install solar panels at its service stations in Dubai as part of its phased-out approach to solarize its service stations across the UAE. At the end of 2023, the Company has solar photovoltaic panels (PV) installed on 31 of its service stations, of which 26 were installed in 2023. The Company aims to install more solar panels on ADNOC Distribution’s stations in 2024 and beyond to increase power sourced by clean energy and contribute to the reduction of emissions.

Below are ADNOC Distribution’s Energy data for 2023:

Energy Usage	Total amount of energy directly consumed	GJ	357,985
	Total amount of energy indirectly consumed	GJ	1,015,492
Energy Intensity	Energy Intensity based on revenue	GJ/Million AED	39.7
Clean Energy	Total amount of energy generated from renewable energy (solar)	GJ	2,369

Energy Management Systems

An Energy Management System is maintained by ADNOC Distribution to ensure optimization of energy consumption in line with these requirements. The energy performance of the Company is managed 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.



23. ADX ESG Guide: E3 Energy Usage
 24. ADX ESG Guide: E4 Energy Intensity
 25. ADX ESG Guide: E5 Energy Mix

GREEN HOUSE GAS EMISSIONS^{26 27}

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

In 2023, the Company launched its decarbonization roadmap with an objective to achieve a 25% reduction

in its GHG emission intensity by 2030, demonstrating its commitment to decarbonizing its operations. The Company started the implementation of a set of initiatives to reduce its Scope 1 and 2 emissions, including the use of biofuel in its vehicles: today the Company has 100% of its UAE heavy fleet powered with biofuel. The Company also partnered with Emerge to install photovoltaic solar panels across service stations in Dubai as part of a phased approach to solarizing our stations in the wider UAE.

Below are ADNOC Distribution GHG Emission data for 2023:

GHG Emissions	Total amount in CO ₂ equivalents, for Scope 1	tCO ₂ e	25,359
	Total amount, in CO ₂ equivalents, for Scope 2 (if applicable)	tCO ₂ e	123,241
Emissions Intensity	Total GHG emissions per output scaling factor	tCO ₂ e/Million AED	4.3

WASTE

ADNOC Distribution follows the waste management guidelines created and included in the HSE Management System of ADNOC Group. It also complies with all necessary legal standards for waste management. The Company 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. ADNOC Distribution hired a third-party service provider to conduct its environmental assessments and determine the waste produced by its customers to assess the environmental impact resulting from waste generated. ADNOC Distribution is registered with Tadweer's BOLISATY system, where all waste and related data is tracked from source to destination (place of disposal).

Moreover, the Company keeps track of the compliance levels of its contractors by conducting audits and monitoring through Tadweer's BOLISATY monitoring portal. "Reduce, Reuse, and Recycle" is the hierarchy followed by ADNOC Distribution for waste disposal. The business keeps track of its inventory levels and disposes of solid waste and expired chemicals, including firefighting foam, through external third-party contractors who adhere to all relevant legal waste disposal regulations. Additionally, the business periodically audits a list of chosen contractors to ensure compliance. Hazardous solid waste is delivered to Central Environmental Protection Facility BeAAT's treatment facility, while non-hazardous domestic waste is disposed of in landfills. In addition to recycling used lube oils, the Company also recycles solid waste, including paper, cardboard, plastic and metals through third-party.

WATER²⁸

ADNOC Distribution is committed to adopting water saving initiatives. This includes installing aerator water savers across all washrooms and mosque ablution areas in ADNOC service stations, offices, and sites.

The Company also uses treated recycled water to operate its car washing docks, which accounts for 80% of the total water used in this operation. The total water consumed in 2023 was 1,792,265 m³.

26. ADX ESG Guide: E1 GHG Emissions

27. ADX ESG Guide: E2 Emissions Intensity

28. ADX ESG Guide: E6 Water Usage

ESG INDEX

ADNOC Distribution Alignment with ADX ESG Guide

ADX Guidelines	Disclosure	Section	Page Number(s)	ADX Alignment
	ESG Disclosures			
ENVIRONMENTAL	E1 GHG Emissions	GHG Emissions	95	Scope 1 & 2 Emissions
	E2 Emissions Intensity	GHG Emissions	95	Yes
	E3 Energy Usage	Energy Management	94	Yes
	E4 Energy Intensity	Energy Management	94	Yes
	E5 Energy Mix	Energy Management	94	Yes
	E6 Water Usage	Water	95	Yes
	E7 Environmental Operations	Protecting Environment	93	Yes
	E8 Environmental Oversight – Management	Governance on ESG	61	Yes
	E9 Environmental Oversight – Board	Governance on ESG	61	Yes
	E10 Climate Risk Mitigation	Protecting Environment	93	Yes
SOCIAL	S1 CEO Pay Ratio	Pay Ratios	85	Yes
	S2 Gender Pay Ratio	Pay Ratios	85	Yes
	S3 Employee Turnover	People of ADNOC Distribution	85	Yes
	S4 Gender Diversity	Gender Diversity Policy, People of ADNOC Distribution	85	Yes
	S5 Temporary Worker Ratio	People of ADNOC Distribution	85	Yes
	S6 Non-discrimination	Non-Discrimination	77	Yes
	S7 Injury Rate	Health and Safety	89	Yes
	S8 Global Health and Safety	Health and Safety	89	Yes
	S9 Child & Forced Labour	Fair Labor Practices	77	Yes
	S10 Human Rights	Human Rights	77	Yes
	S11 Nationalization	People of ADNOC Distribution	83	Yes
	S12 Community Investment	Corporate Social Responsibility	86	Yes

ADX Guidelines	Disclosure	Section	Page Number(s)	ADX Alignment
GOVERNANCE	G1 Board Diversity	Board Diversity	63	Yes
	G2 Board Independence	Corporate Governance framework	63	Yes
	G3 Incentivized Pay	Governance on ESG	61	Yes
	G4 Supplier Code of Conduct	Procurement Practices	88	Yes
	G5 Ethics & Prevention of Corruption	Code of Conduct	75	Yes
	G6 Data Privacy	IT Security and Data Privacy	80	Yes
	G7 Sustainability Reporting			Yes – Annual ESG Report
	G8 Disclosure Practices			Yes
	G9 External Assurance			Yes – Seek to obtain assurance for 2023 ESG report

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ADNOC Distribution, as the Abu Dhabi Accountability Authority (ADAA) subject entity, must adhere to the requirements of the Abu Dhabi Accountability Authority. ADAA Subject Entities are those entities in which the Abu Dhabi Government's interest is equal to or greater than 25% inclusive of their subsidiaries, companies, and projects.

ADNOC Distribution started its internal controls over financial reporting (ICFR) framework implementation journey in 2018 using the Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). When ICFR was introduced, ADAA enforced Resolution No. 1 of 2017 on all ADAA Subject entities from 2018 onwards. Resolution No. 1 of 2017 has now been superseded with Resolution No. 88 of 2021, dated August 31, 2021.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's ICFR is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of external financial statements in accordance with the generally accepted accounting principles.

ADNOC Distribution maintains a comprehensive internal control system to safeguard assets, ensure accuracy and reliability in financial reporting, and comply with applicable laws and regulations. Our internal control system is an integral part of our overall risk management framework,

contributing to achieving our strategic objectives. The audit committee on a biannual basis reviews the internal control system to ensure it remains compliant and resilient.

Internal controls over financial reporting, no matter how well designed, have inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

The Company's management has assessed the effectiveness of the Company's ICFR reporting as of December 31, 2023. In making this assessment, the Company used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control-Integrated Framework (2013)."

These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included extensive documenting, evaluating, and testing the design and operating effectiveness of internal controls over financial reporting.

Based on the Company's processes and assessment, as described above, management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

