25 years of inspiring energy

Annual Review 2017

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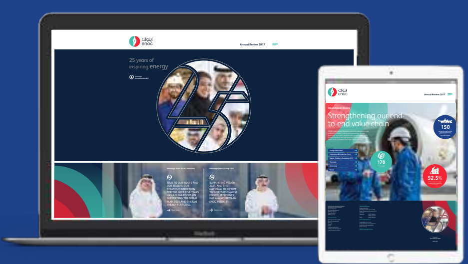
enoc

Contents



For further information,
please visit: www.enoc.com

ENOC is a leading integrated international energy player, operating across the energy sector value chain.

As a wholly-owned entity of the Government of Dubai, ENOC owns and operates assets in the fields of exploration and production, supply and operations, terminals, fuel retail, aviation fuel and petroleum products for commercial and industrial use – the Group is integral to the Emirate's success.

ENOC's general business operations include automotive services, non-fuel food and beverage retail, and fabrication services. Servicing thousands of customers in over 60 markets, the Group employs a workforce of over 11,000 employees and is deploying its world-class customer service, latest innovations and technologies, and best practices to empower the UAE's social and economic development.

H.H. Sheikh Khalifa bin Zayed Al Nahyan

President of the UAE
and Ruler of Abu Dhabi

H.H. Sheikh Mohammed bin Rashid Al Maktoum

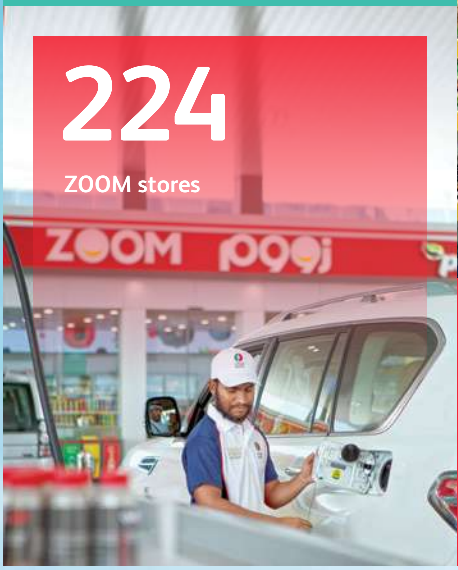
Vice President and Prime Minister
of the UAE and Ruler of Dubai

H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum
Crown Prince of Dubai

H.H. Sheikh Hamdan bin Rashid Al Maktoum
Deputy Ruler of Dubai
and UAE Minister of Finance

83,952

83,952 barrels daily crude production



224

ZOOM stores

120m

120 million customers served in 2017

675,000 MT annual MTBE capacity

11,300

Over 11,300 employees

Enhancing value Group-wide

Our 2017 results show a positive upward trend, and demonstrate the value of a broad-based strategy designed to deliver value at every touch point of our operation.

1,055m

1,055 million US gallons of jet fuel sales volume

120

Fuel stations

140k

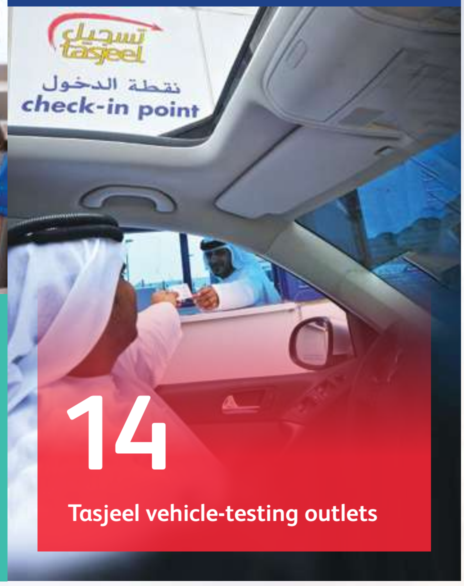
ENOC's refinery has daily capacity to process 140,000 barrels of refined fuel products

395m

Commercial diesel sales volume

6.6m

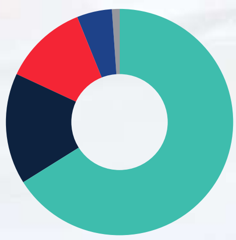
6.6 million cubic metres storage capacity



14

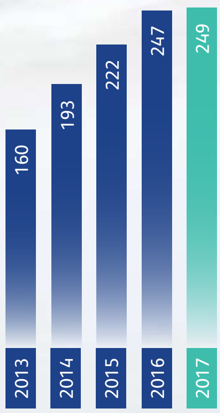
Tasjeel vehicle-testing outlets

FY17 Revenues
US$16,415 million

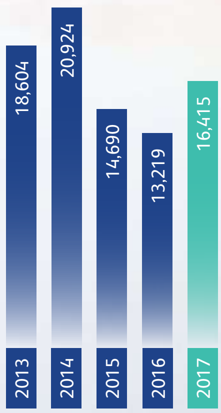


- STP 67%
- Marketing 15%
- Retail 12%
- E&P 5%
- Terminals 1%

Sales volume
(million barrels)



Revenue
(US$ in millions)



Fulfilling energy needs is a strategic cornerstone for growth

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TRUE TO OUR ROOTS AND OUR BELIEFS, OUR STRATEGIC DIRECTION FOR THE NEXT FIVE YEARS HAS A CLEAR FOCUS ON SUPPORTING THE DUBAI PLAN 2021 AND THE UAE ENERGY PLAN 2050.

ENOC has long played an integral role in Dubai's success. As we mark the 25th anniversary of our organisation's formation, we can look back on a history that amounts to much more than just supplying fuel.

Above all, for a quarter of a century, we have created value by helping to power the economy of Dubai and the UAE, supporting communities, and contributing to the nation's global image and reputation as a leader on multiple fronts.

True to our roots and our beliefs, our strategic direction for the next five years has a clear focus on supporting the Dubai Plan 2021 and the UAE Energy Plan 2050. This roadmap to the future will guide our efforts to constantly enhance local energy capacity and supply.

The BP Energy Outlook forecasts a 49 percent increase in the Middle East's energy consumption by 2035, and the United Nations projects that by 2030 the UAE's population alone will rise by 18 percent to more than 11 million. Responding successfully to such shifts in the socio-economic environment will demand ingenuity, flexibility, and speed – qualities that ENOC possesses in full measure. Over the past five years, we have achieved rolling average growth of 9 percent, and our new strategy seeks not only to maintain this trend, but also to keep ahead of the demand curve.

Naturally, supplying Dubai's energy needs is the first priority of the strategy. Secondly, we will continue to pursue integrated international expansion to enhance our organisation's presence in key geographies. The third key focus is to create added value throughout our entire value chain, from upstream to finished product and point of sale.

That our interests are so intertwined with those of Dubai gives a very sound footing for achieving our goals. The Emirate's economy is the most diverse in the region and is expected to maintain healthy growth over the next few years. ENOC is perfectly placed to benefit from the many opportunities that our home market will undoubtedly generate.

We have always received unwavering support from the Dubai and UAE governments, and we look forward to reciprocating in kind as our industry and our Group pass through a time of unprecedented transition.

H.E. Saeed Mohammed Al Tayer
Vice Chairman

H.H. Sheikh Hamdan Bin Rashid Al Maktoum
Deputy Ruler of Dubai and UAE Minister of Finance

Chairman

As Minister of Finance, H.H. Sheikh Hamdan Bin Rashid Al Maktoum has overseen much of the economic and infrastructural development of Dubai and the UAE.

Sheikh Hamdan has been in charge of an array of key governmental industrial enterprises, including Dubai Natural Gas Company (DUGAS) and Dubai Cable Company (DUCAB). His Highness is also the benefactor and patron of the Sheikh Hamdan Bin Rashid Al Maktoum Award for Medical Excellence, instituted to reward achievement in medical sciences.

Under the guidance and oversight of its Board, and under the Chairmanship of Sheikh Hamdan, ENOC has grown to become a leading integrated global oil and gas player, making significant contributions to Dubai's continued drive towards economic diversification and sustainable development. Sheikh Hamdan received his early education in the UAE, completing his higher studies at the Bell School of Languages in Cambridge, UK.

1 H.E. Saeed Mohammed Al Tayer
Vice Chairman

H.E. Saeed Mohammed Ahmed Al Tayer has over 31 years of experience in the fields of telecommunications, energy, water, infrastructure, oil, gas and industry.

Under his leadership since 1992, Dubai Electricity and Water Authority (DEWA) has achieved unprecedented success, becoming a world-class utility company. Through his own initiatives, he has established several successful companies including Emirates Central Cooling Systems Corporation (EMPOWER), among many others.

His Excellency Al Tayer is a member of the Dubai Executive Council and Strategic Affairs Council. He is Vice Chairman of the Dubai Supreme Council of Energy (DSCE), Chairman of the Dubai Smart City Office, Vice Chairman of Emirates Global Aluminium (EGA), Vice Chairman of Emirates National Oil Company (ENOC), Vice Chairman of Dragon Oil Company, Chairman of the UAE Water Aid (SUQIA) Board of Trustees, and Chairman of the World Green Economy Organization (WGEO). In addition, he is a member, vice chairman, or chairman of various high-level committees and councils in the Emirate of Dubai.

2 H.E. Abdulrahman Al Saleh
Board Member

Member of the Investment and Finance Committee

H.E. Abdulrahman Al Saleh is Director General of the Department of Finance of the Emirate of Dubai. He is also a member of the Executive Council of Dubai; the Strategic Affairs Council of Dubai; Dubai's Supreme Fiscal Committee; and a Board member of Dubai World, and Federal Tax Authority. He is also the Chairman of Dubai Financial Support Fund (DFSF).

Before joining the Department of Finance, His Excellency Al Saleh spent four years as Senior Executive Director for Corporate Affairs at Dubai Customs. He has also held many finance and accounting positions in government departments at local and federal levels, chairing or sitting on the board of various bodies such as the Executive Credit Policy Committee, the Task Force for Indirect Taxation, and the High Committee for the Regulation of the Audit Profession in the UAE.

H.E. Al Saleh is a Fellow of the Chartered Institute of Management Accountants (CIMA) in the UK, and holds an Executive MBA from the American University of Sharjah.

3 Hussain Hassan Mirza Al Sayegh
Board Member

Chairman of the Audit Committee

Mr Hussain Al Sayegh heads the investment affairs of the Office of H.H. Sheikh Hamdan Bin Rashid Al Maktoum, and has more than 40 years of local and international experience in diverse sectors, primarily key diplomatic positions. Companies under his charge cover a wide spectrum of commercial, educational, leisure and charitable organisations.

He currently serves on the boards of Emirates NBD, National Bank of Fujairah, and Mawarid Finance. He is also Chairman of Jotun UAE and Jotun Powder Coatings UAE, and Deputy Chairman of Oilfields Supply Center and Al-Nasr Leisureland. Previous appointments include being a Board member of Emirates Financial Services, Dubai Islamic Bank, and Deyaar Development.

Mr Al Sayegh holds a Master's degree in International Relations from the University of Southern California (UK Programme).

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4 Ahmad Sharaf

Board Member

Chairman of the Investment and Finance Committee and member of the Audit Committee

Mr Ahmad Sharaf has extensive experience in the upstream oil and gas industry, having spent 15 years with ConocoPhillips in a number of international operations as General Manager and Director, Business Development, Middle East.

He is Chairman of Dubai Mercantile Exchange and Chief Executive of Dutco Energy, a privately held exploration and production company with operating interests across North America. He was previously Chief Executive of Tatweer, and Chief Strategy Officer at Dubai Holding. His membership of non-profit boards includes the Board of Visitors at Duke University's Fuqua School of Business in the USA.

Mr Sharaf holds BSc and MSc degrees in Petroleum Engineering from the Colorado School of Mines, USA. He also has an MBA from Duke University's Fuqua School of Business.

5 Dr Abdulrahman A. Al Awar

Board Member

Chairman of the Nomination and Remuneration Committee

Dr Al Awar has a PhD in Geology and Geological Engineering from the Colorado School of Mines, USA. He started his career in Dubai Petroleum Company in 1996.

He has over 20 years of experience in executive roles in public and private sectors, and across various industries spanning oil and gas, as well as banking. He served previously as Executive Vice President of Business Development – New Smelters in Dubai Aluminium Company (DUBAL). The Business Development division was responsible for developing multi-billion-dollar smelter projects in the UAE and the region. In addition, he held senior positions in Mubadala, Dolphin Energy, HSBC and Dubai Petroleum Company. He has also served as Director General of the National Human Resource Development and Employment Authority (TANMIA).

Dr Al Awar is the Director General of the Federal Authority for Government Human Resources (FAHR). He also serves as a Board member of Emirates National Oil Company (ENOC) and Dragon Oil (Holding) Limited. He is Chairman of the Nomination and Remuneration Committee; and a member of the Investment and Finance and Audit committees. In addition, he is a board member of the University of Dubai, the Mohammed Bin Rashid School of Government, the National Defence College Supreme Council, and the UAE Gender Balance Council.

6 Ahmad Al Muhairbi

Board Member

Member of the Nomination and Remuneration Committee and member of the Investment and Finance Committee

Mr Ahmad Al Muhairbi has been Secretary General of the Dubai Supreme Council of Energy since 2012. He is also a member of the Dubai Regulatory and Supervisory Bureau for Electricity and Water, and a board member of the Etihad Energy Services Company, a fully owned subsidiary of DEWA. As a board member of the World Green Economy Organization (WGEO), he is an advocate for energy diversification and a low-carbon growth path for Dubai and the wider region.

With more than 25 years of experience in the oil and gas industry, Mr Al Muhairbi has held senior positions with Abu Dhabi National Oil Company (ADNOC), ARCO Dubai, Margham Dubai Establishment and Dubai Supply Authority. He has comprehensive knowledge of well technology, specialising in operational and technical recommendations for field development and drilling plans. He also has extensive experience in the management of gas storage for power generation.

Mr Al Muhairbi is a graduate of the University of Texas in Austin, USA. He holds a BSc in Petroleum Engineering.

Executive Management

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1 H.E. Saif Humaid Al Falasi

Group Chief Executive Officer

H.E. Saif Humaid Al Falasi spearheads ENOC's strategy and operational excellence locally and internationally, in alignment with the vision and plans of the Government of Dubai. A veteran of the energy industry with over 35 years of expertise, his wealth of experience and industry knowledge span a wide range of specialties including project management and petroleum asset evaluation operations.

He joined ENOC in 2008 as Group General Manager. In 2011, he was appointed Executive Director for Environment, Health, Safety and Quality (EHSQ) and the Corporate Affairs Directorate. Prior to that, he worked with Abu Dhabi National Oil Company (ADNOC) for 25 years, and was a board member of National Marine Services.

His Excellency Al Falasi is Chairman of Gulf Energy Maritime and a board member of the Supreme Council of Energy and the Green Energy Council.

He holds a BSc in Petroleum Engineering from Louisiana Tech University, USA. In 2014, he was awarded a Fellowship of the UK Energy Institute, recognising his leadership of the ENOC Energy and Resource Management Programme.

2 Ali Rashid Al-Jarwan

Managing Director, Exploration and Production and CEO of Dragon Oil

Mr Ali Al-Jarwan has more than 37 years of experience in oil exploration and production, and has held a number of senior management roles in the Abu Dhabi National Oil Company (ADNOC) group of companies – Abu Dhabi Company for Onshore Oil Operations (ADCO), as well as Abu Dhabi Marine Operating Company (ADMA-OPCO) and Zakum Development Company (ZADCO). Mr Al-Jarwan served as CEO of Abu Dhabi Marine Operating Company (ADMA-OPCO) from 2006 to 2016.

He has received several industry honours, including the Society of Petroleum Engineers (SPE) distinguished membership; two innovation awards from BP Middle East; ADNOC's 2010 Health, Safety and Environment Man of the Year Award; and several SPE recognition awards – the latest being Honourable Member.

Mr Al-Jarwan has a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma in the USA. He is an associate of Cranfield School of Management in the UK, and the International Institute for Management Development (IMD) in Switzerland.

3 Tayyeb Al Mulla

Managing Director, Supply, Trading and Processing

Mr Tayyeb Al Mulla is an oil industry veteran, having spent 35 years in a diverse array of roles. His experience includes refining, trading, supply and logistics; sourcing of feedstock; sales and marketing of aviation fuel, lubes, and chemicals; administration; and general management.

He began his career in 1980 with Abu Dhabi National Oil Company (ADNOC); moved to Emirates Petroleum Products Company (EPPCO) in Dubai; and became Chief Executive of International Refining and Marketing at Emirates National Oil Company (ENOC) in 1992. He has been a Director at Gulf Energy Maritime since 2008 and serves on the board of 19 companies in the ENOC Group.

Mr Al Mulla graduated from Valparaiso University in the US with a Bachelor's degree in Business Administration.

4 Yusr Hussain Sultan Al Junaidy

Managing Director, Horizon Terminals

Mr Yusr Hussain Sultan Al Junaidy played an instrumental role in establishing Horizon Terminals as the organisation's first Managing Director in 2003, and he has overseen extensive organic growth of this ENOC subsidiary over the years. He has more than two decades of experience with ENOC Group, working across various divisions including planning, business development, shipping, gas, and terminals.

A graduate of Ottawa University in Canada with a Bachelor of Science in Biochemistry and a Bachelor of Arts in Economics, Mr Al Junaidy also holds an MBA from Boston University's Graduate School of Management.

5 Zaid Alqufaidi

Managing Director, ENOC Retail

In his current role, Mr Zaid Alqufaidi is responsible for the strategic development of ENOC Group's retail business stream. A veteran of the Group and a seasoned oil and gas industry professional, he comes to this role with extensive experience across the energy value chain in marketing, aviation, terminal operations and supply.

Mr Alqufaidi has held numerous managerial positions and has played an instrumental role in the development of Emirates Petroleum Products Company (EPPCO)'s retail network. He has also contributed immensely to bridging the gap between the ENOC and EPPCO brands during the formation of the Group's identity as ENOC Group. Some of Mr Alqufaidi's notable achievements include overseeing the construction of 70 EPPCO gas stations, oil terminal storage facilities, and the establishment of Tasjeel, during his tenure as Commercial Marketing Manager – a position he assumed in 1998.

Prior to his current role, he held the position of Managing Director of ENOC Marketing. He was also Chief Executive Officer for EPPCO Group of Companies in 2010, and Manager of Terminals, Distribution and Aviation Operations in 2000.

Mr Alqufaidi started his career at EPPCO in 1989 as an engineer with the Operations Department. He was then promoted to Operations and Supply Coordinator in 1992. He is an Engineering graduate from the University of Central Florida in the USA.

6 Burhan Al Hashemi

Managing Director, ENOC Marketing

Mr Burhan Al Hashemi is responsible for the management and operation of petroleum products within ENOC's marketing business segment, including aviation fuel, gas marketing, industrial fuel and lubricants. He is an actively involved board member for Emirates Petroleum Products Company (EPPCO) Aviation, EPPCO Projects, United Gulf Aircraft Fuelling Company (UGAFCO) in the Kingdom of Saudi Arabia, and is Chairman of Horn Fuel Trading Limited (HFTL).

Mr Al Hashemi has 30 years of experience in business management and operations, with 20 of these years in the oil and gas industry.

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He joined EPPCO as an Assistant Lubricants Plant Manager in 1999, and subsequently became Sales and Marketing Manager, after which he was promoted to General Manager of EPPCO Lubricants. Rising through the ranks, he was appointed Chief Operating Officer of Retail, then Managing Director of ENOC Retail in 2011, before assuming his current position as Managing Director of ENOC Marketing in 2016. Prior to ENOC, Mr Al Hashemi also held multiple positions at Dubai Aluminium Company (DUBAL), where he worked for over 10 years.

A graduate in Electrical and Electronics Engineering from Huddersfield University in the UK, Mr Al Hashemi also holds a Master of Business Administration degree from Bradford University in the UK. He completed an Advanced Management and Leadership Programme at the University of Oxford, and became a member of the Board Directors Institute (BDI) after successfully completing the Institute Board of Directors Course.

7 Mohammad Sharaf

Group Chief Financial Officer

In his capacity as Group Chief Financial Officer, Mr Mohammad Sharaf spearheads the Group's Strategy and Finance functions through key departments including Strategic Planning and Portfolio Management, Economics and Research, Investment and Corporate Solutions, Financial System and Governance, Management Reporting and Financial Planning, External Reporting and Taxation, as well as Treasury and Insurance.

A senior financial executive with more than 27 years of experience, in his previous roles Mr Sharaf led the finance functions in Emirates Aluminium Company (EMAL), a company of Emirates Global Aluminium (EGA), and Thuraya, a US $1.3 billion satellite telecommunications company operating in Europe, Africa, Middle East, Asia and Australia. Earlier in his career, he served in Dubai Police's finance affairs division.

During his tenure with EMAL, Mr Sharaf played an instrumental role in managing the financial aspects of key projects including EMAL Phase II, Al Taweelah Alumina and Guinea Alumina. He also implemented additional performance measurement and management tools to maintain EMAL's positive financial performance.

Mr Sharaf holds a Bachelor's degree in Accounting from the United Arab Emirates University.

8 Dr Eng. Waddah Ghanem Al Hashmi

Executive Director, EHSSQ and Corporate Affairs

Dr Waddah Ghanem Al Hashmi is a highly experienced engineering professional with in-depth expertise in Environment, Health and Safety (EHS), risk management and sustainability matters. He is responsible for overseeing the development and implementation of best practices and standards for EHS Assurance, Business Excellence and Quality, Sustainability, Security and Risk Management, Wellness and Social Affairs, as well as Legal Affairs.

Over the past 18 years, he has advanced from EHS Supervisor at ENOC Group's refinery in Jebel Ali, to Assistant EHS Advisor, then to an EHS Compliance function before becoming Director of EHSQ Compliance for the Group in January 2010. In 2015, he was appointed Executive Director, EHSSQ and Corporate Affairs of ENOC Group.

Dr Al Hashmi is the Vice-Chairman of the Board of Directors of Dubai Carbon. He is also the Chairman of the ENOC Wellness and Social Activities Programme Committee for the Group. In addition to these leadership roles, he also chairs and is a member of various organisational committees such as the Energy and Resource Management Technical Committee and the Marine EHS Committee.

He graduated with Honours from the University of Wales College Cardiff's School of Engineering with a Bachelor of Engineering in Environmental Engineering. He holds two Diplomas in Environmental Management and Safety Management from the UK; an MSc in Environmental Sciences from the UAE University; and an Executive MBA from the University of Bradford in the UK. He also completed his doctoral research through the University of Bradford, focusing on Corporate Governance and Leadership.

He is a Fellow of the Energy Institute (FEI), an Associate Fellow of the UK Institution of Chemical Engineers, a member of the American Society of Safety Engineers (ASSE), and a member of the UK Institute of Directors (IoD).

9 Hesham Ali Mustafa

Executive Director, Shared Services Centre, Group HR and New Business Development

Mr Hesham Ali Mustafa is responsible for running ENOC Group's core multi-functional Segment through strategic management and operational development, delivering significant value to ENOC Group and internal customers through skilled governance, service excellence and cost control measures, while spearheading the Group's New Business Development role.

His role is to ensure business partner satisfaction through sustained continuous improvement measures, and to apply innovative approaches whilst directing ENOC's core support and governance functions, which encompass Group Human Resources, Information Technology, Procurement, Financial Services, Engineering and Project Management, Corporate Real Estate and New Business Development, to benefit the bottom line.

Mr Mustafa is a Civil Engineer with over 19 years of experience in the energy sector, 17 years of which have been in the Oil and Gas industry within multiple functions, with varied responsibilities spanning project management, plant operations, EHS, marketing and sales, business development, international business, corporate strategy, as well as finance and investments.

He began his career with Dubai Electricity and Water Authority (DEWA) in 1997, then joined ENOC Processing Company Ltd. (EPCL) in 2001 as Project Manager. After this he moved to manage ENOC's gas business and international business development, before successfully steering ENOC's Group Strategy and New Business Development segment as the Executive Director. His forte is enhancing growth through implementation of innovative business development initiatives and process improvement ideas while setting a culture of excellence.

Mr Mustafa's latest achievements include development of the 2017-21 ENOC Group Strategy, which included new Vision and Mission statements, Group and Segment strategic goals, and the five-year growth strategy targets. This was followed by implementation of new initiatives such as the Integrated Strategy, Planning and Budgeting Process, Portfolio Management, and the improved Performance Management System, ensuring organisational alignment, effective strategy execution and proactive performance monitoring.

Integrated energy partner

Over the past 30 years, ENOC Group has evolved from a local oil and gas player to a diversified and integrated international operator with industry-leading operations across all major aspects of the energy sector value chain.

The Group operates two business arms – energy operations and general services. The energy business comprises Exploration and Production, Supply Trading and Processing (STP), Terminals, Fuel Retail, Aviation, and Products.

Beyond oil and gas operations, ENOC has established a solid presence in related fields and subsidiary enterprises. Current activities include convenience store franchises, added value services, and automotive and fabrication services.

In total, the Group has more than 30 related subsidiaries involved in refining, lubricant blending, storage, aviation, and retail. It serves tens of thousands of customers across 60 markets, with a workforce of over 11,300 employees.

Providing world-class customer service, implementing the latest innovations and technologies, and consistently applying best practice are key strands in ENOC's commitment to the UAE's social and economic development. Since its inception, ENOC has made a significant contribution to Dubai's continued drive towards economic diversification and sustainable development.

Vision

To be an innovative energy partner, delivering sustainable value and industry-leading performance.

Mission

We deliver world-class sustainable and integrated energy solutions. We do so by striving for excellence in operations, innovation and happiness of our employees, customers, and partners.

Strategic goals

- Serve the growing energy needs of Dubai and contribute to the achievement of Dubai Plan 2021.
- Build world-class capabilities to profitably and sustainably grow domestically and internationally.
- Foster operational excellence, governance and world-class EHS standards.
- Develop the 'One ENOC' culture: integrated as one team along the value chain.
- Maximise happiness and value delivered to employees, customers and partners.

30+

More than 30 related subsidiaries involved in refining, lubricant blending, storage, aviation, and retail.

ENOC Group

Business Segments

- Exploration & Production (Dragon Oil)
- STP
  - Refinery
  - Trading
  - Petrochemicals processing
- Terminals (HTL)
  - Storage
  - Distribution
- Marketing
  - Lubricants
  - Aviation
  - Gas (EMGAS)
  - EIPM
- Retail
  - Fuel Retail
  - Automotive
  - C-Store (ZOOM)
  - F&B
  - Property Rental

Corporate Segments

- Group Strategy & Finance
- EHSSQ & CA
- Shared Services, GHR & NBD
- Directorate of Internal Audit & Business Ethics
- Management & Regulatory Affairs

60+

Presence in more than 60 countries.

100%

ENOC is the national oil company of the Emirate of Dubai. Effectively 100 percent owned by the Government of Dubai through Investment Corporation of Dubai (ICD).

Global footprint


United Kingdom


Iraq


Saudi Arabia


Morocco


Algeria


Tunisia

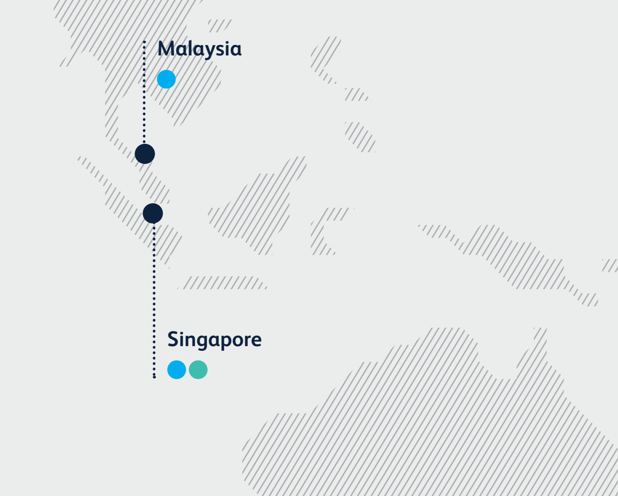

Egypt


Djibouti

Turkmenistan

Afghanistan

United Arab Emirates



Achieving sustainable development

ENOC HAS ON-THE-GROUND OPERATIONS IN OVER 10 COUNTRIES AND AN EXTENDED PRESENCE IN 60+ COUNTRIES ACROSS THE GLOBE.

- Exploration & Production
- Supply, Trading & Processing
- Terminals
- Marketing
- Retail

Somalia

Singapore

Malaysia

Focusing on delivering value throughout our entire value chain

Over the past 30 years, ENOC has evolved from a local oil and gas player to a global operator across various aspects of the energy sector value chain. Now serving thousands of customers across 60 markets, ENOC is deploying talent and technology to diversify its offerings to achieve sustainable development.

1971

Oliver Prospecting and Mining Company (now Dragon Oil) is established.

1974

CALGAS Bottling Company is established.

Dubai Shipping Company begins transporting LPG to Bahrain.

1976

CYLINGAS, the first LPG cylinder factory in the GCC region, begins its operations.

1977

DUGAS (Dubai Natural Gas Company) is established and begins construction of a 100 MMscfd gas plant.

1980

DUGAS begins commercial production of LPG and condensate.

Emirates Bunkering and Bitumen Company (EBBCO) is established.

1981

CALGAS becomes wholly-owned by the Government of Dubai, and is renamed Emirates Gas (EMGAS).

1984

DUGAS' second onshore gas plant is completed with a capacity of 135 MMscfd.

The DUGAS-DEWA 24-inch pipeline is completed, and the 12-inch fuel gas pipeline from Jebel Ali to the Fateh Field is commissioned.

1988

EBBCO is renamed Emirates Petroleum Products Company (EPPCO).

1989

DUGAS' Margham-Jebel Ali pipeline is completed.

Emirates Terminals is formed to establish a chemical storage terminal in Jebel Ali.

1991

ENOC's Retail segment launches convenience stores, later branded 'ZOOM'.

1993

ENOC is formed through the transfer of four wholly or majority-owned Government of Dubai companies.

1995

DUGAS' 500,000 MT methyl tertiary butyl ether (MTBE) facility becomes operational.

1996

EPPCO International becomes an ENOC joint venture with Chevron and its storage terminal at Jebel Ali is established.

ENOC enters the aviation fuel market.

1997

EPPCO Projects begins marketing ENOC and Caltex branded lubricants.

Emirates Terminals (now known as Horizon Jebel Ali Terminals) is acquired by ENOC.

1998

ENOC acquires 46 percent of Dragon Oil.

ENOC's Snake Pipeline is inaugurated, supplying aviation fuel to Dubai International Terminal.

1999

ENOC's shareholding in Dragon Oil increases to 69.4 percent and the organisation's headquarters are moved to Dubai.

ENOC becomes the first Middle Eastern oil company to establish an international presence, starting trading operations in Singapore.

ENOC Processing Company's petroleum refinery (120,000 barrels per stream day) is commissioned.

Vopak Horizon Fujairah's terminal is established, a joint venture between ENOC, Vopak, IPG, and the Government of Fujairah.

Tasjeel is established, a joint venture between EPPCO and Dubai Police for vehicle registration and testing.

Dragon Oil signs a Production Sharing Agreement with the Government of Turkmenistan to redevelop the Cheleken Contract Area in the Caspian Sea.

2000

DUGAS ownership is transferred to ENOC by the Government of Dubai.

ENOC Singapore and ENOC UK are established.

The ENOC fuel retail network is launched.

2001

ENOC Marketing (previously known as ENOC International Sales) is formed to take over aviation fuel marketing from EPPCO Projects.

ENOC Supply and Trading is incorporated to handle the group's supply requirements and for commodity oil trading.

2002

ENOC acquires a 35 percent stake in Arabtank Terminals with a capacity of 19,300 m^3 (now 288,000 m^3).

2003

ENOC incorporates Horizon Terminals to consolidate all terminal assets.

2004

Major shipping assets are transferred to Gulf Energy Maritime (GEM).

2005

ENOC acquires remaining shares in EPPCO from Chevron.

2006

Horizon Singapore Terminals is commissioned, with a capacity of 573,000 m³ (now 1,243,000 m³).

Horizon Djibouti Terminals is commissioned, with a capacity of 271,000 m³ (now 371,000 m³).

Horizon Taeyoung Korea Terminal is acquired, with a capacity of 99,000 m³ (now 232,000 m³).

2007

ENOC's Snake Pipeline (supplying aviation fuel to Dubai International Terminal) undergoes a major upgrade.

2009

ENOC Lubricants and Grease Manufacturing Plant begins operations.

2010

ENOC's refining unit upgrade project is completed, with the installation of a hydrotreater and reformer unit.

ENOC's Retail segment opens the first 'green' gas station in the Middle East.

2011

Dragon Oil signs a farm-in agreement for the Bargou Exploration Permit, offshore Tunisia.

2012

Horizon commissions a new terminal in Tangier, Morocco with a capacity of 533,000 m³.

Vopak Horizon Fujairah terminal is expanded.

Dragon Oil, in a consortium of companies, wins new exploration blocks in Iraq and Afghanistan.

2013

Fujairah Distribution Terminal is completed with a capacity of 246,000 m³.

ENOC's lubricant blending plant is expanded to a capacity of 147,000 MT.

ENOC acquires two medium-range Panamax vessels.

ENOC Retail enters the Saudi fuel retail market.

Dragon Oil wins the East Zeit Bay exploration block in the Gulf of Suez, Egypt.

2014

Construction of the Jebel Ali facility is completed, comprising 141,000 m³ of Jet A1 tankage capacity and a 60 km pipeline connecting Jebel Ali to Dubai International Airport.

The debottlenecking project at DUGAS is completed.

Dragon Oil wins two perimeters in Algeria and makes two oil discoveries in Iraq.

2015

ENOC acquires the remaining 46 percent of Dragon Oil.

ENOC purchases a lube blending facility (annual capacity 250 MT) in Jebel Ali.

2016

Horizon divests its interest in Horizon Taeyoung Korea Terminals.

ENOC's Jebel Ali refinery announces an expansion valued at more than US $1 billion.

Upon completion in 2019, the refinery will produce 210,000 barrels per day.

2017

ENOC launches Biodiesel5 in the UAE.

ENOC announces Dragon Oil new Board of Directors.

ENOC publishes first Sustainability Performance Report.

ENOC opens 6th service station in KSA.

ENOC Group announces plans to power all future service stations in UAE with solar energy.

72m

vehicles refuelled

83%

customer satisfaction achieved in 2017

84,000
barrels of oil produced per day

20m
net financial gain of US $20 million in five years

Business review

A record year, financially and operationally

In 2017, we created enhanced value across the Group, with an increase in revenues, fuel and sales volumes, as well as customer satisfaction.

Record-breaking year sets new goals

There is much cause for satisfaction with our performance in 2017 – financially, operationally, and strategically. Revenue reached US $16.41 billion, up 24.3 percent from 2016 despite depressed global oil prices, although there were signs of a recovery towards the end of the year.

Group fuel sales volume of 249 million barrels was also a new high, maintaining our five-year compound annual growth of more than 9.25 percent. Growth in third-party trading volume followed the same trend, reaching 170 million barrels, yet another annual record. Upstream operations produced 84,000 barrels of oil per day, and we began work on the 16.2 km Falcon pipeline expansion from Jebel Ali to Al Maktoum International Airport in Dubai South that will carry close to 20 million litres of fuel every day when completed in 2020.

Rapid expansion of our retail network is continuing, and we are on course to achieve our target of 178 stations by 2020, up from 111 in 2016. The network sold close to 3.1 billion litres in 2017, refuelling more than 72 million vehicles, while our convenience stores had more than 45 million customer visits.

Our survey of customer satisfaction also reached new heights, rising to 83 percent from last year's 81 percent. Since 2012, we have improved customer satisfaction by seven percentage points, an encouraging indicator for us all.

While we derive significant satisfaction from the achievements of 2017, we are very conscious of being in an era of great change – the fourth industrial revolution – which is radically altering the way we produce and consume energy. We therefore see enormous value in improving the technological efficiency of every link in our energy value chain.

Supporting Vision 2021, and the national objective to institutionalise energy efficiency, has always been an ENOC priority. This commitment has been our driving force to rationalise consumption within our operations, concentrating on our ability to drive innovative best practices and build a culture of superior energy performance.

ENOC has a proud record of global leadership in promoting sustainability. Since 2014, we have invested about US $6.8 million in sustainability initiatives, with payback achieved within 2.5 years. Already, innovation has generated net financial gain of more than US $20 million over the past five years.

Central to all our goals are our employees and their exceptional skills, knowledge and passion. Human capital is vital to our efforts in meeting the UAE's energy needs and sustaining economic growth. Our goal is to achieve 50 percent Emiratisation by 2021, supported by major national development programmes that range from graduate level to work placement.

Given the integral role women play in the UAE's workforce, we have instituted the 'Women in Energy Award' to celebrate the achievements of women in the UAE's energy sector. The award will recognise female role models in the sector who have demonstrated exceptional leadership, and proven their capability as catalysts for change through transformational contributions to the industry.

In closing, I extend sincere gratitude to ENOC Group's Chairman and Board of Directors for their support and guidance throughout the year. I would also like to extend my appreciation to all my colleagues throughout the Group for all their hard work and dedication in making 2017 such a memorable year.

H.E. Saif Humaid Al Falasi
Group Chief Executive Officer

> SUPPORTING VISION 2021, AND THE NATIONAL OBJECTIVE TO INSTITUTIONALISE ENERGY EFFICIENCY, HAS ALWAYS BEEN AN ENOC PRIORITY.

24.3%

Revenue reached US $16.41 billion, up 24.3 percent from 2016, despite depressed global oil prices.

Economic environment

The International Monetary Fund (IMF) sums up 2017 as a tumultuous year marked by natural disasters, geopolitical tensions, and deep political divisions within and among many countries. Cause for optimism remains; however, particularly on the economic front, with GDP continuing to accelerate over much of the world in the broadest cyclical upswing since the start of the decade.

Faster growth is reaching roughly two-thirds of the world's population, although incomes declined in about a quarter of emerging markets and developing economies. Boosted by a recovery in investment, global trade growth rebounded from its slowest pace since 2001, other than during the recession of 2009. Weak capital spending in the energy sector had been an important contributor to the weakness in global investment in 2016. Metal and fuel prices were supported by stronger momentum in global demand, as well as supply restraints in the energy sector, including hurricane-related stoppages in the United States, financial disruptions in Venezuela, and security problems in regions of Iraq.

Equity valuations continued their ascent to near-record highs, as central banks maintained accommodative monetary policy settings amid weak inflation.

This was part of a broader trend across global financial markets, where low interest rates, an improved economic outlook, and increased risk appetite boosted asset prices and suppressed volatility.

Global economic outlook

Global GDP growth in 2018 is expected to increase to 3.9 percent from 3.7 percent in 2017, aided by robust US market growth, as well as by surprise upside growth in Europe and Asia. Factors supporting growth in the US, which is expected to exceed 2.5 percent next year, include falling unemployment, increased consumer spending, business confidence, and the macroeconomic effect of reducing corporate taxes.

Despite tensions over 2017 arising from Brexit and Catalonia, Eurozone growth is expected to maintain momentum due to increasing domestic demand as well as robust external demand, and is projected to reach 2.2 percent in 2018. Brazil and Russia are expected to continue their emergence from recessions in 2016 and post growth of slightly under 2.0 percent.

The Asia-Pacific region leads all regions at approximately 5.5 percent growth projected for 2018, despite a slight deceleration in economic growth in China (6.6 percent in 2018 versus 6.8 percent this year), as tightening financial conditions lead to a correction in real estate markets.

India's economy is expected to achieve strong growth of almost 7.5 percent next year, as economic reforms attract foreign investment.

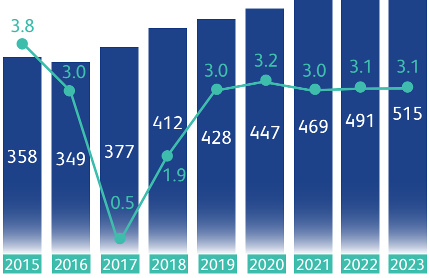
UAE economic outlook

An improved UAE economic outlook is expected next year, with economic growth forecast to more than double in 2018 – from 1.3 percent to 3.4 percent – due to benefits from an expected recovery in oil exports. Factors underpinning the improved forecast include the sustained increase in crude oil prices, the effect of the acceleration of world trade on the diversified UAE economy, tourism receipts, and increased investment ahead of Expo 2020.

One of the key challenges in 2018 will be the effect on household incomes of the GCC-wide 5 percent Value-Added Tax (VAT). The implementation of VAT is expected to feed into higher inflation across the region, with UAE inflation next year forecast to rise to around 4.0 percent from approximately 2.5 percent in 2017. In terms of major risks, the UAE's large reserves and strong regional competitive position are expected to insulate the country against major economic impacts from external events, but a scenario involving the escalation of regional tensions could hinder investment and economic growth.

GDP dynamics

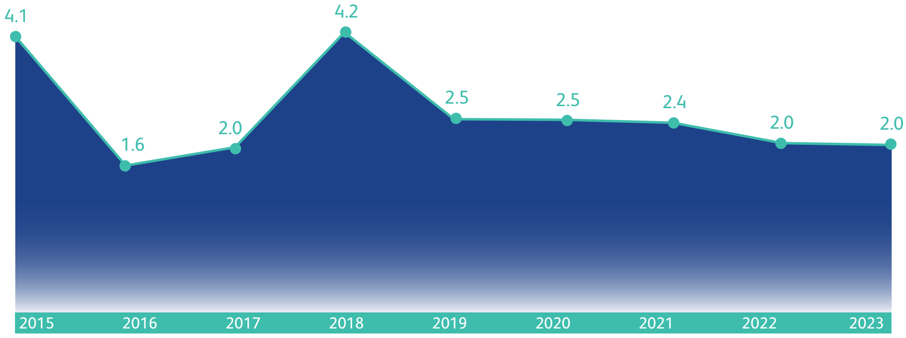
- UAE nominal GDP (US$bn)
- UAE real GDP % growth



Source: IMF

Inflation dynamics

- UAE inflation (% yearly average)



3.7%

Global GDP growth in 2018 is expected to increase to 3.9 percent from 3.7 percent in 2017.

The implementation of VAT is expected to feed into higher inflation across the region, with UAE inflation next year forecast to rise to around 4.0 percent from approximately 2.5 percent in 2017.

Crude oil outlook

Crude oil markets strengthened considerably as a result of declining stocks, favourable global economic conditions, perceived geopolitical risks to supply, and supportive financial conditions. The outlook for 2018 expects a continuation of positive global economic conditions, a steady increase in world liquids demand, and tightening supply-demand balance. Global oil demand growth is expected to increase from 1.8 million bpd in 2017 to approximately 1.9 million bpd in 2018. Significant demand growth contributions are now coming from the Organisation for Economic Co-operation and Development (OECD), which is adding to typical rapid growth in developing country consumption. The Organization of the Petroleum Exporting Countries (OPEC) decision, to extend market intervention to the end of 2018, will be a key factor supporting oil prices next year.

Supply-side considerations potentially exerting downwards pressure on price would include: the agility and ability of the US shale industry to increase supply at attractive prices; compliance with production cuts slipping among OPEC producers while Brent remains above US $60/bbl; and additional non-OPEC supply momentum from Canada and Brazil, among others.

Refined products outlook

While global refining margins were buoyed as a result of the refining capacity temporarily taken offline by hurricanes and other events in 2017, margins next year are expected to temper somewhat from current levels as increasing product demand is offset by moderate inventory levels and capacity additions in the Middle East and Far East.

Refiners' margins in the US are expected to remain supported by product export opportunities into Latin America; European margins are buoyed by tightening fuel oil supply; and margins in Asia will be sustained by strong product demand growth.

The addition of new refining capacities east of Suez may put pressure on Middle East refining margins to some extent in 2018, and margins are expected to be slightly lower than in 2017.

Global oil demand growth is expected to increase from 1.8 million bpd in 2017 to approximately 1.9 million bpd in 2018.

Strategy

Growth, knowledge, innovation, and sustainability

Vision, mission and goals

Vision

To be an innovative energy partner, delivering sustainable value and industry-leading performance.

Mission

We deliver world-class sustainable and integrated energy solutions. We do so by striving for excellence in operations, innovation, and happiness of our employees, customers, and partners.

During 2017, our strategic focus concentrated on:

- Serving the growing energy needs of Dubai and contributing to the achievement of Dubai Plan 2021
- Building world-class capabilities to grow profitably and sustainably both domestically and internationally
- Fostering operational excellence, governance, and world-class EHS standards
- Developing the 'One ENOC' culture – integrating our employees as one team along the value chain
- Maximising happiness and value delivered to employees, customers and partners

The strategic vision is for continuous strengthening of ENOC's role as an innovative and integrated energy partner across the value chain – delivering sustainable value and industry-leading performance.

ENOC's growth strategy for 2017-21 is based on three key priorities:

Focus efforts and investments on Dubai across all business to execute the plans efficiently

This entails completion of the asset expansion programme – refinery, service station network and storage capacity; increasing market share of diesel, jet fuel, LPG, and other petroleum products – and ensuring high profitability due to ENOC's privileged position in the local market.

Integrated international expansion, developing capabilities to compete in cross-segment plays with selected pilots

A three-point plan envisages the development of one or two integrated downstream value-chain plays to build capabilities for future growth in response to possible saturation of the Dubai market; make integrated rather than solo investments to extract maximum value-chain synergies; and explore opportunistic investments by segment – should the opportunity be attractive and funding available.

Value-chain integration, creating synergies across upstream, midstream and downstream businesses

Upstream, the key priority is to generate value by creating synergies with downstream businesses, then exploring additional upstream growth to balance the value chain and capture opportunities in the low-price market environment. Beyond 2021, our growth strategy will continue to reinforce ENOC's position in Dubai, our international expansion, and the expansion of our upstream portfolio.

2017 developments

The Group is currently undertaking a strategy revision exercise to prepare for future challenges and to further align itself with the long-term vision of Dubai. Although still at the preparatory stage, core principles of the long-term plan were defined during 2017. These are: mobility, renewables, technology, and Dubai's long-term vision.

'Mobility' covers significant future influences such as electric, self-driving, and autonomous vehicles with on-demand availability; 'renewables' provides for issues such as global warming, climate change, regulation, and resource availability; while 'technology' takes account of big data, Blockchain, artificial intelligence, and cybersecurity.

Aligning with Dubai's long-term vision links ENOC to Dubai Plan 2021, Dubai 2030 Industrial Strategy, Dubai Clean Energy Strategy 2050, and RTA Mobility Plan. ENOC's flexible and forward-looking approach establishes the Group's core purpose – not just a supplier of products and services, but an energy partner committed to long-term sustainability.

At the same time, it crystallises our core remit: to create value for ourselves, for shareholders, and for those who work with us. The commitment to industry-leading performance reflects growth ambitions, inspiration in delivery, and being competitive and best-in-class.

The strategic vision is for continuous strengthening of ENOC's role as an innovative and integrated energy partner across the value chain – delivering sustainable value and industry-leading performance. It is a vision that clearly highlights the need to continue fostering the culture of innovation and adopt sustainable business practices to achieve higher performance.

In recent times, ENOC's key markets have seen significant macroeconomic and geopolitical changes, such as lower oil prices and rising energy demand. These factors alone have prompted a renewed focus on long-term growth strategy, ensuring the Group's goals and aspirations comprehensively support Dubai's ambitious and innovative roadmap for years to come.

Finance

Revenues up by 24 percent as oil demand grows

The oil industry has endured several years of weak demand and low prices. However, during 2017 the average crude oil price rose from US $45 to US $55 per barrel, after the market turned to deficit following OPEC and non-OPEC cooperation to reduce production. Meanwhile, oil demand growth was healthier thanks to an improvement in the global economy and low oil retail prices, which helped boost consumption.

ENOC's continuous focus on customer service and supply chain strengths, coupled with sustained domestic demand, has translated into a modest increase in fuel product sales volume during the year. Revenues reached US $16,415 million, up 24 percent from 2016. Most of our segments managed to maintain performance and preserve profitability after adjusting for non-recurring gains.

The average gross field production from our Exploration and Production (E&P) segment for 2017 was 83,952 bopd (2016: 90,301 bopd). Production decreased by about 7 percent, due to challenges in the field. During the year, the E&P segment entered into a marketing arrangement for a significant proportion of its entitlement export production to be marketed through Baku, Azerbaijan, and Makhachkala, Russia. The segment's contribution to Group profit was lower than the previous year – primarily due to a one-off share of abandonment and decommissioning funds presented under 'other income' in 2016.

Trading reported strong volume and margin growth in a challenging and overcrowded oil market with relatively low volatility, few arbitrage opportunities, and thinning margins.

A weak MTBE market impacted the profitability of the MTBE plant. The refinery achieved one of its highest-ever throughputs due to plant utilisation of more than 100 percent, while progressing our largest-ever facility expansion project.

In the Group's storage business, capacity utilisation remained under pressure in Singapore and Fujairah, due to increased competition, weak contango, and general economic slowdown.

Higher volumes were achieved by ENOC's gas marketing and aviation businesses. Margin management and costs were constantly monitored during the year and the segment was able to retain and grow our customer base through efficient client management. Our focus remained on volume growth – both in local and international markets – and effective credit management.

The retail business witnessed another year of increased fuel volumes. Providing a high-quality customer experience is fundamental to the ENOC culture, and our differentiated customer value proposition resulted in strong brand recognition.

Cash flow, financing, and capital expenditure

Liquidity management across major lines of business has remained robust. Cash generation during the year enabled the Group to undertake various capital expenditure projects and the payment of dividends to our shareholder. The Group commands strong debt servicing capacity, while the optimisation between short and long-term debt has continued. The average cost of debt also remains very competitive.

Major capital expenditure undertaken includes completion of 17 wells in the Dzheitune (Lam) and Dzhygalybeg (Zhdanov) fields by our upstream segment, completion of the crude oil tank-farm terminal and Lam E platform, and upgrade of berths to increase the loading capacity at Aladja Jetty.

In response to the UAE's drive towards clean energy, ENOC Group embarked on its Jebel Ali refinery expansion project. Expected to be completed by 2019, the project involves adding a new condensate processing train to the existing facility, expanding daily capacity from 140,000 barrels to 210,000. This will ensure that the revamped refinery's production, which will include gasoline, jet fuel and diesel, not only meets the stringent Euro 5 standards in the local and international markets, but also meets expanding domestic demand while maintaining flexibility to tap into international market opportunities.

On December 31, 2017, the Group's cash and bank balances were sufficient to meet its current and future requirements and contractual obligations.

Outlook

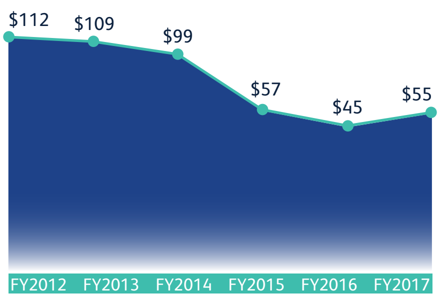
Middle East economies, particularly those in the GCC region, are transitioning towards a 'new normal', and 2018 will mark some interesting milestones.

Households and firms will need to adapt to the implementation of value-added tax (VAT) as part of a more widespread trend towards increasing government revenues from sources other than fuels. On the other hand, the rally in oil prices is supporting economic recovery among oil-exporting countries. As higher oil prices improve confidence and financial conditions, the UAE economy should grow. The non-oil sector will also benefit from capital spending on the Dubai 2020 World Expo.

24%

Revenues reached US $16,415 million, up 24 percent from 2016.

Oil price dynamics



100%

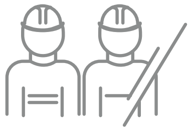
A weak MTBE market impacted the profitability of the MTBE plant. The refinery achieved one of its highest-ever throughputs due to plant utilisation of more than 100 percent.

People

Positive corporate culture supports operational excellence

40,000

More than 40,000 applications every year from prospective job seekers, indicating our status as an employer of choice.



Extensive review and benchmarking of people-related processes and strategies was carried out in early 2017. Subsequently, a transformation roadmap for talent management was developed for the Group, with a focus on leveraging best practice to harness talent potential for ENOC's future success.

Several initiatives developed and implemented in 2017 have resulted in a high level of employee satisfaction in areas related to leadership, performance and empowerment. We have also had another record year in minimising employee turnover – less than 3 percent – which reflects employees' pride in being associated with the ENOC brand and an increasing desire to maintain long-term careers within the organisation.

ENOC has established a work culture that encourages employees to take risks, think big, and grow along with the business. Line managers create an environment of openness, where new ideas are appreciated and employees are supported on a continuous path of learning and development. These efforts have created an organisational climate that fosters performance excellence. Our focus is to provide employees with the necessary tools, align their individual goals with those of the organisation, and recognise their achievements.

UAE national development

Several initiatives aligned to the UAE National Agenda that were launched in late 2016 have started to yield results. In 2017, ENOC succeeded in attracting the highest number of UAE nationals through various forums such as career fairs, university associations and in-house programmes. The Group welcomed a total of 154 UAE nationals in various roles and responsibilities.

Our employer branding efforts have not only been successful in attracting talent, but also in ensuring our employed nationals are actively engaged. They recognise that ENOC is an organisation that cares about UAE nationals and that Emiratisation is a key leadership agenda, which has resulted in a 14 percent net reduction in employee turnover from 2016. Thus, the net increase in UAE national headcount over 2016 is at 16 percent, one of the highest so far. This brings us closer to achieving the ENOC Emiratisation Strategy 2017-21, capitalising on our access to the local talent pool, and aligning the strategic direction of the Group with the Dubai Plan 2021.

Initiatives successfully implemented include the Technical Training Programme (TTP) – a work-readiness programme for oil and gas technicians in collaboration with the Centre of Excellence for Applied Research and Training and the Higher Colleges of Technology. A total of 30 aspiring Emiratis have begun their journey, with some successfully completing certification and taking up full-time operational jobs.

Through the Graduate Development Programme (GDP), 20 UAE nationals were inducted, providing on-the-job exposure in non-technical areas of work to help them develop expertise in corporate and support specialisations. After an assessment of acquired competencies and job knowledge, they are now performing roles of their preference in various parts of the business.

In 2017 we also introduced new initiatives such as our Secondment Programme, Summer Internship Programme, and Work Placement Programme. These initiatives provided a platform for young and aspiring Emiratis to experience the working environment at ENOC, and to use the diverse opportunities, offered in various businesses across the Group, to develop their own unique career paths.

Fostering leadership through strategic initiatives

To achieve the transformation roadmap on the talent management front.

The ENOC Leadership Culture diagnostic survey was implemented in 2017. The results provided insight into the prevailing and desirable leadership culture, allowing for open discussions at the management-level workshops conducted to understand the framework and results.

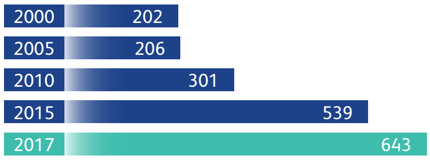
While the Leadership Culture survey built readiness for change at Group level, we also initiated a Leadership Circle Profile 360 instrument to provide in-depth feedback for individual leadership development and establish the ENOC Leadership Index. The Leadership Circle Profile 360 is directly aligned to the Leadership Culture Survey and can be mapped, thus ensuring consistency in process and feedback.

Coaching is now a key component of the national development plan and leadership development approach. We have recently partnered with leading coaching organisations in the UAE to provide one-to-one coaching for participants, and build coaching for managers and mentoring programmes. This will help ENOC build a coaching and mentoring culture to support leadership effectiveness, stimulate engagement, and unlock greater potential.

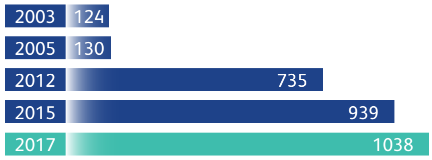
Leveraging technology

Taking into consideration the diverse ways that people consume information today and the evolving nature of the ENOC employer brand, we now have a presence across a wide range of platforms from the more traditional ENOC Career Portal, to active social media interactions, industry forums, university visits and career fairs. We continue to receive more than 40,000 applications every year from prospective job seekers, indicating our status as an employer of choice.

Number of Emiratis



Number of females



With extensive automation in employee services and administrative matters, employees can fulfil almost all their requirements online. These enhancements will deliver significant cost benefits and enhance resource efficiency across the Group's activities. Process improvement and overall governance are always primary goals, and we are fully compliant with our internal and external quality management standards and other regulatory requirements.

Performance and innovation

Establishing a performance culture is vital for ENOC, and our continuously evolving Performance Management Programme is another example of our commitment to improving systems. We have further refined our reward management programme to better align business goals and individual performance, rewarding employees for their direct contribution to key operational deliverables. But performance appraisal systems can only be effective if they differentiate performance between staff, so that companies can identify their strongest and weakest performers. This approach applies equally to reward systems, which must acknowledge outstanding performance more than average performance. Customised job-based incentive programmes further help to establish a healthy competitive environment for improved performance.

Employee happiness

The 2017 ENOC Employee Engagement Programme, implemented in the last quarter of that year, set another record with 91 percent employee participation. This outstanding level of participation is testimony to the trust employees have in the confidentiality of the process and the certainty that their feedback will result in actions for improvement.

Results from the programme indicated that our major strengths lie in the confidence that employees have in ENOC's leadership to successfully face challenges ahead; that our leadership promotes a culture of performance and improvement; and that our managers fully empower employees to perform to the best of their ability. We believe these are the foundations for a successful organisation, and we will begin with employee-led discussions during the coming year to identify further areas of improvement.

Our Wellness and Social Affairs Department implements an annual schedule of activities that promote a common culture and support the strategic objective of employee happiness. These activities enhance team spirit, encourage camaraderie, and promote an environment of friendship and trust. Hundreds of employees and their families participate in events such as the ENOC Olympics, Family Day, Golf Championship, paintball tournaments, women's events, and learning events for employees' children.

We have further refined our reward management programme to better align business goals and individual performance, rewarding employees for their direct contribution to key operational deliverables.

91%

The 2017 ENOC Employee Engagement Programme, implemented in the last quarter of that year, set another record with 91 percent employee participation.

Corporate governance

Effective governance drives value creation

Accountability to key stakeholders is central to ENOC's corporate governance philosophy, along with policies and management systems that contribute to efficient and effective operations. Continuous governance improvements are integral to the way ENOC conducts business – reinforcing the role of effective governance as an essential driver of value.

Board of Directors

The Board is responsible for preserving and enhancing ENOC's long-term value for stakeholders. The Board relies on the integrity and diligence of its senior management team, external advisors and auditors to oversee ENOC's overall performance objectives, organisational initiatives, annual budgets and financial plans, investments, financial performance reviews, risk management practices, and corporate governance initiatives.

Board Committees

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities to oversee the financial reporting process, the internal control system, the audit process, and the organisation's process for monitoring compliance with laws, regulations and ethics programmes. Along with management and the external auditors, the committee reviews the Group's financial statements upon completion of the annual accounts, and monitors the integrity and appropriateness of the financial statements. It also oversees the adequacy of internal control systems, reviews the effectiveness of internal audit, and guides the selection, compensation, independence and performance of external auditors.

The Audit Committee is chaired by Hussain Hassan Mirza Al Sayegh. Other members include Ahmad Sharaf and Dr Abdulrahman Al Awar.

Investment and Finance Committee

The Investment and Finance Committee is responsible for the overall review of all investments and certain significant financial matters. It ensures relevance of capital acquisitions, divestments, dilutions of equity and buy-outs to strategic plan. The committee also ensures that all investments, joint ventures, mergers and acquisitions are properly reviewed and studied. It reviews all significant financial issues that warrant Board approval and affect the Group. The committee specifically refers to the Board all budgets, plans, major funding facilities, tax framework and related issues. It oversees internal controls and procedures for the Group's procurement by reviewing and approving waiver of any competitive bidding due to single sourcing or special corporate requirements.

The Investment and Finance Committee is chaired by Ahmad Sharaf and its director members are H.E. Abdulrahman Al Saleh, Dr Abdulrahman Al Awar, and Ahmad Al Muhairbi. Other permanent members are the Group Chief Executive Officer, Chief Financial Officer, and the relevant segment Managing Director.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board to fulfil its oversight responsibilities, primarily the nomination of members to the Board committees; the nomination, remuneration, succession planning, as well as development and performance evaluation; and, if appropriate, the dismissal of the Group's Executive Committee members. The committee also supports the Board in the same processes with respect to the Group's representatives on the boards of ENOC's subsidiaries and joint venture companies.

The Nomination and Remuneration Committee is chaired by Dr Abdulrahman Al Awar, and Ahmad Al Muhairbi is a member.

Group Chief Executive Officer

The Group CEO is responsible for setting the overall tone of the business and directing its growth by developing high-level strategies. His responsibilities include making major corporate decisions, managing the Group's operations and resources, and acting as the main point of communication between the Board and the corporate functions.

Group CEO Committees

Several Executive Management committees have been established to assist the Group CEO. These are:

Executive Management Committee

The Executive Management Committee (EXCOM) is the Group's main executive platform that oversees business challenges and strategies, and implements potential synergies between the operational segments. The EXCOM steers matters such as risk management, IT planning and control, EHSSQ compliance, and HR development and performance, which enable it to take a consolidated approach to critical areas of the Group's operations.

The EXCOM is a recommendatory body headed by the Group CEO. Its proposals are conveyed to the Board through the Group CEO. It includes the Managing Directors of all business segments, the Chief Financial Officer, the Executive Directors of EHSSQ and Corporate Affairs, and the Executive Director of Shared Services.

Group Credit Committee

The Group Credit Committee oversees, reviews, and directs the management of credit risk across the Group.

The Group Credit Committee is headed by the Chief Financial Officer. Its members include the Executive Director of EHSSQ and Corporate Affairs, and the Executive Director of Shared Services.

Business Ethics Committee

The Business Ethics Committee is responsible for maintaining an ethical business environment by providing supervision and assurance on the overall robustness of the Group's business ethics and fraud management framework.

The Business Ethics Committee is chaired by the Group CEO, and includes the Group Chief Financial Officer, the Director of Internal Audit and Business Ethics, the Group Human Resources Director, and the Group Legal Director.

Corporate Governance Committee

The Corporate Governance Committee's role is to develop, adopt and implement corporate governance best practice within the Group, in line with legal and regulatory requirements. The committee also ensures that a fully compliant corporate governance programme is in place, while supporting the effective achievement of business goals and objectives.

The Corporate Governance Committee is headed by the Group CEO. Members include the Chief Financial Officer, the Executive Director of EHSSQ and Corporate Affairs, the Director of Internal Audit, and the Group Legal Director.

Group Sustainability Committee

The Group Sustainability Committee provides guidance on developing, implementing and monitoring economic, social and environmental policies, practices and strategies that will foster the sustainable growth of ENOC Group's domestic and international business.

The Group Sustainability Committee is chaired by the Group CEO, and includes all members of the EXCOM.

External Auditors

Reporting to the shareholders, KPMG, the Group's external auditors, perform their professional and statutory duties while maintaining full independence.

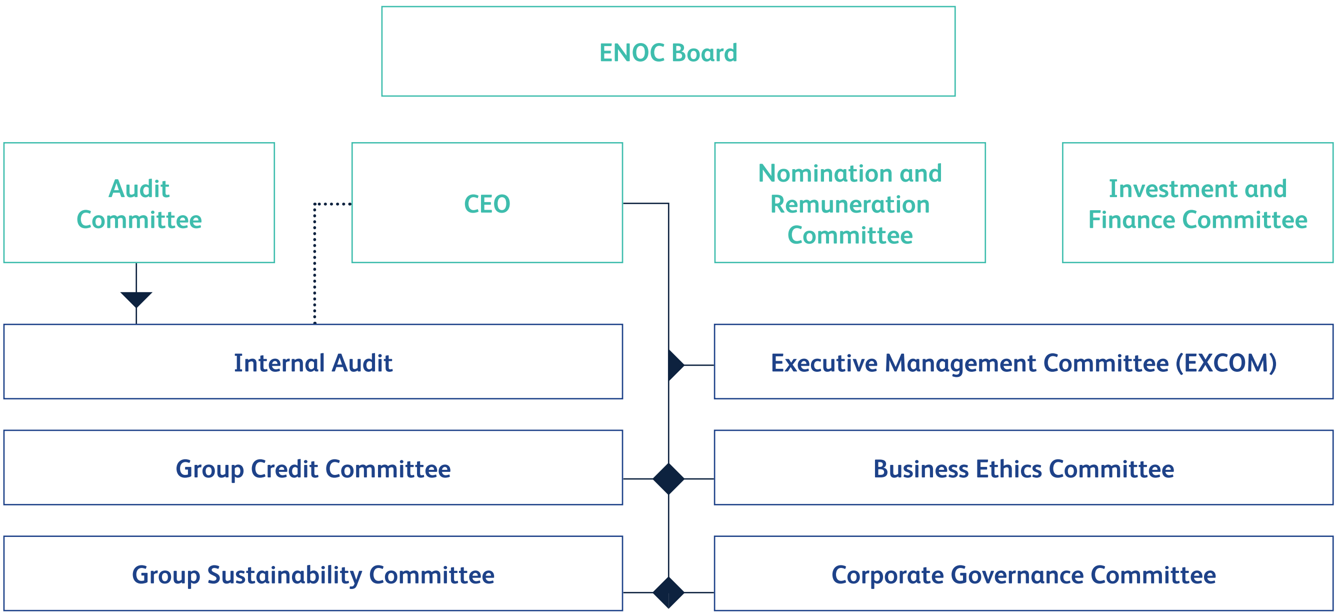
Internal Audit and Business Ethics

The Internal Audit and Business Ethics (IA&BE) Department is established by the Audit Committee and its authority and responsibility are defined by the Internal Audit and Business Ethics Charters. The IA&BE independently and objectively conducts audits in line with internal audit and business ethics plans that are approved by the Audit Committee (for wholly-owned ENOC Group entities and departments), as well as by the boards and audit committees of other non-wholly owned ENOC Group entities.

The IA&BE Department reports audit plan progress and the status of audit issues to the audit committees and boards.

Internal Controls

ENOC Group regards effective internal controls as central to its operations and has established systems in line with best practice. These internal controls are continuously monitored and refined (as required) – matching the fast pace of change in the organisation's contemporary business environment. The Group has determined a number of internal control activities in line with the nature of our businesses' operations, and has assigned responsibilities in such a way that mutual supervision is in effect.



Enterprise risk management

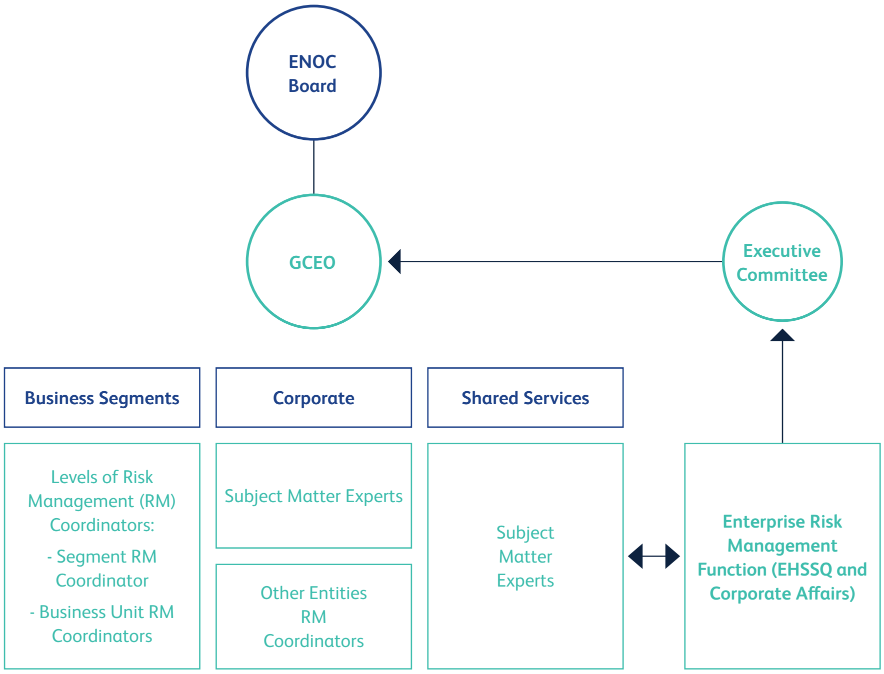
Integration and discipline minimise threats

ENOC Group has adopted an Enterprise Risk Management (ERM) Framework that addresses the full spectrum of risks facing our organisation. An integrated, structured, and disciplined approach to risk management ensures that potential risks that may adversely impact our businesses will be appropriately addressed, and that opportunities for growth and development are channelled back into the strategy and objective-setting process.

In view of the dynamic socio-political and economic changes constantly taking place in markets where ENOC Group operates, it is imperative that the organisation continue to follow a cohesive approach to risk management, where resources are channelled to address key strategic, operational, and financial risks in the most effective and efficient manner. Everyone has a role to play in the Group's ERM – this entails understanding the risks and opportunities facing our businesses, assessing exposure, and acting to effectively respond to preserve and maximise value.

Under the ERM framework, the management team considers ENOC Group's risk appetite when evaluating strategic alternatives, setting objectives, and developing mechanisms to manage all related risks. The process provides the rigour to identify and select alternative risk responses – risk avoidance, reduction, sharing, and acceptance. The underlying objective is to identify potential events and establish effective responses to interrelated impacts and integrated responses to multiple risks, as well as reduce surprises and the associated costs or losses.

By considering a full range of potential events, the management team is well-positioned to proactively identify opportunities, thereby effectively assessing overall capital needs and enhancing capital allocation.



Within the scope of the ERM framework, the Group has also established a business continuity management programme. In close collaboration with the National Emergency Crisis and Disasters Management Authority (NCEMA) of the UAE Supreme Council for National Security, ENOC Group has achieved key milestones in developing segment-level crisis management plans, establishing a best-in-class crisis management centre and putting in place an emergency response planning management system.

Principal risks

Exploration and Production (E&P)

We recognise that managing risks requires continuous effort. E&P strategy is to embed risk management into the decision-making processes. Its Corporate Risk Register is compiled across the asset portfolio through a top-down and bottom-up review process. Those risks identified as critical and potentially affecting employees, corporate reputation, operations, performance, and assets needed to deliver strategic goals and targets, are identified and recorded through this process.

During the year we review, identify and assess the risks the organisation faces. The principal risks and uncertainties faced by the Group's E&P operations include:

- A prolonged low oil price environment – which can impact the organisation's development plans, profitability, cash flows, liquidity, and ability to finance planned capital expenditure because of lower revenue, leading to impairment of the organisation's oil and gas properties, and, consequently, the recoverability of the organisation's investment in its subsidiaries. The Board intends to retain appropriate levels of cash resources along with optimising short-term business plans.
- ENOC's E&P revenues are dependent on the continued performance of its primary producing asset, the Cheleken Contract Area, offshore Turkmenistan. The Board has adopted a clear strategy for growth and regularly reviews investment opportunities. Dragon Oil has also initiated expansion plans in other countries and production will begin when it is economically viable.
- E&P operations must comply with various international and local laws and regulations, including those related to ethical business conduct and international trade. The organisation is therefore implementing a robust and comprehensive corporate compliance programme to identify, assess and mitigate compliance-related risks. Among other things, the programme will cover the areas of ethical business conduct, international trade, third-party due diligence and monitoring, as well as corporate social responsibility.

Supply, Trading and Processing

The primary risk relates to the availability of regular condensate feedstock. Supply and Operations maintains reasonable diversification in sources of supplies for condensate to offset any potential disruption that may arise. Price volatility and counterparty creditworthiness are other key risks facing this segment. Mitigating measures include hedging for exposure, thereby bringing the open position to acceptable level, as well as conducting regular counterparty reviews.

From a processing perspective, key assets are the refinery and the MTBE plant, which significantly contribute to serving the energy needs of Dubai. To ensure the continuity and consistency of effective and efficient refining and processing capacities, these facilities continue to make investments in expansion and undertake adequate protective and safety measures. These include preventive maintenance programmes, updating of resource skillsets through continuous and relevant training, and Environment, Health and Safety (EHS) reviews to mitigate the risks of plant breakdowns and operational disruptions. We conduct regular EHS audits as they are of paramount importance in pre-empting and countering hazards at the processing units and inventory storage locations.

Successful completion of the EPCL Refinery expansion project, due to go online in the latter half of 2019, is also identified as a major risk that could have implications for the entire supply chain.

Adequate strategic and world-class operational policies and procedures are established and adhered to, with continuous compliance monitoring of the Supply and Operations trading, and operational units' day-to-day functioning.

117

Marketing activities also include an expanding international business, including supply of jet fuel at 117 airports in 17 countries.

Terminals

Terminal facilities are impacted by global economic conditions and how those requiring storage facilities react to oil price volatility. Being reliant on product storage requirements that are predominantly determined by industry dynamics such as demand and supply, the segment has addressed risk associated with ensuring that operations run seamlessly in diverse social and political environments.

Concentration within limited markets is also a key risk and is relatively beyond the control of business. However, efforts are made to mitigate this risk by long-term contractual arrangement and provision of various ancillary services that help in retaining customers.

Operations in countries that are susceptible to social and political uncertainties also pose a key threat, and these are mitigated by maintaining a close watch on pertinent developments, as well as constant liaison with authorities.

The risk of product spills and adverse impacts on environment and resultant implication on reputation, business, and profitability are also key risks. These are mitigated with the help of adequate operational controls such as automated systems, periodic infrastructure programmes, regular operational audits, and other EHS measures.

Competition and credit risk are other major risks because of the nature of storage operations. These have self-mitigating aspects such as high barriers of entry, which makes it more difficult for competition to establish facilities. In most contracts, lease payments are taken upfront for the storage period, coupled with the potential lien on the product in the event of non-recoveries.

Marketing

Key marketing risks include competition, price volatility, credit default, and product failure. Mitigating measures to counter competition risk mainly involve efforts to retain market share by providing high-quality service at competitive prices. Where possible, price volatility risk is mitigated by undertaking hedges, while robust credit reviews, regular follow-up, and monitoring ensure that credit exposure is kept to the minimum. Quality checks and prompt resolution of customer issues also result in mitigating the risk of product and service failure.

Marketing activities also include an expanding international business, including supply of jet fuel at 117 airports in 17 countries. Key risks arise from socio-political factors, working culture, and the availability of skilled local workers. Mitigating factors include dialogue with each country's regulatory authorities, and employee training and development.

The segment's lubricants manufacturing and blending plants' risks are associated with infrastructure and EHS. The plants undertake periodic preventive maintenance, operation audit, EHS audits, and employee training to ensure that both plants operate smoothly and safely.

Retail

The Retail segment has a diverse and widely spread range of operations, so the associated risks are also wide-ranging. Key risks identified and adequately mitigated are primarily those associated with retail sites and forecourt operations, where activities range from fuelling vehicles to selling items at convenience stores.

The organisation's IT infrastructure is critical to the functioning of this segment, as is safeguarding operations against fraud as large volumes of product sales and financial transactions take place every day. To mitigate EHS risks, forecourts are regularly and thoroughly maintained and monitored.

The Retail segment also has a growing network of ENOC petrol stations and ZOOM convenience stores in Saudi Arabia. Like the Marketing segment, key risks arise from socio-political factors, working culture, and the availability of skilled local workers. Mitigating factors include interaction with local regulators and employee training and development.

Risk in the automotive services area is mainly associated with customer satisfaction and efficient turnaround times. The Tasjeel vehicle registration service encounters risk in competition, the financial viability of business collaboration, and non-compliance with policies and procedures. Close monitoring of the business environment through system-based and manual controls ensures these risks are continuously managed.

Code of business conduct

Fulfilling our role as a responsible corporate citizen

ENOC recognises the importance of ethical practices. We are committed to following best practice in the industry to ensure ethics are not compromised, and our corporate values are always upheld.

ENOC has developed its own Code of Business Conduct Handbook to raise awareness of these issues and guide all employees. The handbook is a management tool for reinforcing our corporate values and highlighting every individual's responsibilities and obligations.

The Code is a guideline that provides direction and assists us in taking responsible actions in complex business environments; however, it can only be effective with committed dissemination, implementation and monitoring. It needs to be embedded at all levels with the purpose of positively influencing employee behaviour and their contributions to the organisation.

All ENOC employees, agents, consultants, contractors, representatives and suppliers are ultimately responsible for conducting themselves with integrity and in an ethical manner, in compliance with applicable laws. Everyone working for or with ENOC must uphold the highest standards of business integrity and ethics in the conduct of all activities. The Code signifies ENOC's long-standing commitment to conduct business in compliance with all applicable laws and regulations, and in accordance with integrity and the highest ethical principles.

Compliance with our legal and ethical obligations is the responsibility of every employee and representative of ENOC. It is also the responsibility of every individual to acknowledge and report any cases of potential non-compliance.

The reporting of any breach or non-compliance can be direct through the line manager or channelled through the Business Ethics Committee.

We have also activated an ENOC Ethics Line, managed by an independent external hotline operator. The hotline ensures confidentiality and is intended to assist and protect anyone who may want to report any form of malpractice. This may include fraud, financial malpractice, bribery, kickbacks, harassment, bullying, misuse of ENOC premises and equipment, or violation of ENOC's policies and procedures.

52.5%

Refinery expansion project to expand daily capacity by 52.5 percent

178

Number of retail sites by 2020

150

Number of airports covered across 24 countries by ENOC's aviation business and supply network

Operational review

Strengthening our end-to-end value chain

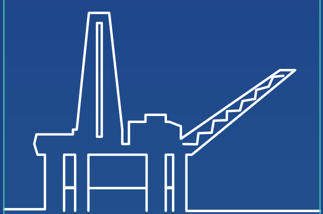
ENOC's core energy business comprises exploration and production, supply trading and processing, storage terminals, fuel retail, aviation and specialised products. Complementary non-fuel activities include convenience stores, and automotive and fabrication services.

Energy value chain

Upstream

Exploration & Production

ENOC subsidiary Dragon Oil has a producing asset in offshore Turkmenistan and exploration assets in Iraq, Algeria, Tunisia, Egypt, and Afghanistan.



DRAGON OIL CAMP

Midstream

Procurement

Procurement of raw materials such as refinery feedstock is an essential component of the procurement process, along with supply chain management.

RAW MATERIAL SUPPLIER

UTILITIES SUPPLIER

FINISHED PRODUCT SUPPLIER

Processing

Daily processing capacity will grow by 50 percent to 210,000 barrels when refinery expansion is completed in 2019, helping to meet growing domestic and international demand for refined products.

FEEDSTOCK

REFINERY

POWER PLANT

MTBE PLANT

LUBES BLENDING PLANT

Downstream

Storage

ENOC subsidiary Horizon is the largest independent terminal service provider for bulk oil storage in the Middle East.

Sales

Customers in 60 markets from industrial conglomerates to household consumers benefit from ENOC's unwavering focus on service quality.

- **REFINED PRODUCTS**
(Naphtha, Diesel, Jet, Reformate, Propane, Butane, LPG, Sulphur, Fuel Oil)
- **FINISHED PRODUCTS**
(MTBE, Condensate)
- **FINISHED PRODUCTS**
(Lubricants)

- **FINISHED PRODUCTS FOR SALE**

- **TRADERS REFINERIES OIL & PETROCHEM COMPANIES**
- **INDUSTRIAL CONSUMERS TRANSPORT COMPANIES**
- **AIRLINES REFUELLERS**
- **INDUSTRIAL CONSUMERS RE-DISTRIBUTORS**
- **HOUSEHOLD CONSUMERS INDUSTRIAL CONSUMERS**
- **INDIVIDUAL CONSUMERS**

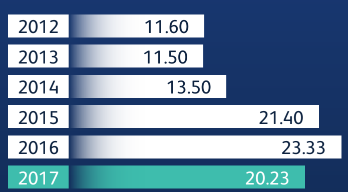
Exploration and Production (E&P)

Major new infrastructure and wells completed

Ali Rashid Al-Jarwan
Managing Director, Exploration & Production and CEO of Dragon Oil

Technology and innovation are seen as essential enablers to unlock the company's potential and to improve Dragon Oil capabilities.

Marketing of crude oil
(million barrels)



Average gross production
(bopd)

'People First' is the watchword for Dragon Oil, a value that is vigorously promoted throughout the various locations where it operates, along with a commitment to ensuring a high level of ethical conduct, fairness, and attractive career development opportunities for all employees.

In similar industry-leading vein, Dragon Oil regards health, safety, environmental, and quality concerns as top priorities to ensure no harm to people, assets, or the surrounding environment, seeking continuous improvement in performance indicators.

Technology and innovation are seen as essential enablers to unlock the company's potential and to improve Dragon Oil capabilities, to manage old and new challenges, and become resilient in the market conditions with prices fluctuating.

To capture opportunities of a technical, operational and business nature, Dragon Oil values the agility to adapt and change, always striving to improve every aspect of its activities though visible leadership and integrated teams.

The oil and gas industry has to adapt to the low crude oil price environment. Dragon Oil's focus is therefore on aligning and adapting strategic directions to today's circumstances of competitiveness, resilience, and harnessing innovation. The constant goal must be to continue running a safe and sustainable operation, focusing on cost discipline to maximise effective financial management.

Dragon Oil is an upstream oil and gas exploration, development and production company, now wholly-owned by ENOC after first taking a stake in 1998. In 2015 ENOC became a majority shareholder and acquired the remaining 46 percent interest. Dragon Oil has a producing asset in offshore Turkmenistan, and exploration assets in Iraq, Tunisia, Algeria, Egypt and Afghanistan.

Since 2000, Dragon has been the operator with 100 percent interest in the producing block in the Cheleken Contract Area in the eastern section of the Caspian Sea. The area covers about 950 km^2 and comprises two offshore oil and gas fields, Dzheitune (Lam) and Dzhygalybeg (Zhdanov). These areas are being developed under a production-sharing agreement.

Recent developments

During 2017, Dragon Oil entered into marketing arrangements to export its entitlement production through various Caspian routes at a discount to Brent until the end of 2018.

The company completed 17 development and appraisal wells in the Dzheitune (Lam) and Dzhygalybeg (Zhdanov) fields during 2017. Four drilling rigs were deployed, including three jack-up rigs and one platform-based rig. The average gross field production was around 84,000 barrels per day, lower than the previous year due to challenges faced in the field.

Major infrastructure projects completed during the year included a crude oil tank-farm terminal, which quadrupled storage capacity to about 1.6 million barrels, upgrade of the Lam E offshore drilling platform berths to increase load-out capacity, and a new valve and electrical workshop.

To monetise gas reserves and utilise resources optimally, plans include a gas development infrastructure including the Gas Treatment Plant project, which will produce export-quality gas and condensate. The construction contract is expected to be awarded in 2018. The processing capacity of the plant is expected to be 220 mmscfd of gas, which, according to our current estimates, should allow us in the future to strip around 3,000 barrels of oil per day of condensate and produce dry gas.

Dragon Oil continues with abandonment and decommissioning work in the first phase of its strategy for decommissioning wells and facilities in the Cheleken Contract Area. During 2017, Dragon Oil removed six derricks in the Dzhygalybeg (Zhdanov) field and scrap from the six platform decks.

During Q1-2018, Dragon Oil plugged one well from Dzhygalybeg (Zhdanov) field and planned to plug three more non-producing wells. Scrap removal from old platforms continues during 2018.

Reserves and resources

Turkmenistan

Based on the results of the recent assessment by an independent energy consultant, the 2017 year-end oil and condensate 2P reserves were 586 million barrels (31 December 2016: 617m), after having allowed for the 2017 production of 31 million barrels. The oil and condensate contingent resources (2C) remain unchanged at 174 million barrels.

Necessary offshore and onshore infrastructure are planned to allow the conversion of the contingent resources into reserves in the future.

Gas 2P reserves are 1.2 TCF (31 December 2016: 1.2) and gas contingent resources 1.5 TCF (31 December 2016: 1.5).

Three key objectives to securing growth in Turkmenistan are:

- Extension of the Cheleken Block production-sharing agreement (initial period expiring 2025) up to 2040 to allow launch of a major programme for secondary and tertiary recovery with potential for 860 million barrels of oil.
- Development of Cheleken Block Gas monetisation agreement for gas reserves and resources, increasing oil production levels through condensate recovery with potential for 400 MMscfd gas and 24 MBD condensate.
- Possibility of granting Dragon Oil new onshore concessions and production-sharing agreements to operate the development of North Koturdepe and obtain a new Onshore Block E&P licence.

Iraq

The exploration, development and production service contract for Block 9 became effective in 2013 and the project is currently in the second exploration period that expires in February 2020. Oil was discovered in 2014 by the Faihaa-1 exploration wells in Mishrif (21 API) at 2,700 m and Yamama (35-45 API) at 4,000 m.

Four subsequent successful appraisal and development wells have been drilled and an Extended Well Test (EWT) implemented since Q4 2015, producing oil from the Yamama reservoir. Currently four wells are produced, gas is flared, and oil is tracked to the Nahr Umr depot, 55 km away from the Faihaa field. To date over 10 MMBO has been produced. Reserves and Contingent Resources attributable to Dragon Oil have been assessed by an independent auditor (GCA) and as of year-end 2016 they stood at:

2P = 44.5 MMBO and 21.8 BCFG

2C = 426.9 MMBO and 366 BCFG

Algeria

The Tinrhert Nord and M'sari Akabli exploration blocks were awarded to a joint venture made by Dragon Oil and Enel in February 2015. Enel withdraw from the blocks in 2017 and as a result Dragon Oil is operator of both blocks with 49 percent equity (51 percent is held by State Oil Company Sonatrach). These blocks are currently in the second exploration phase that expires in February 2020. Both blocks contain undeveloped gas discoveries. Further to detailed subsurface work done by Dragon Oil, Contingent Resources attributable to Dragon Oil have been assessed by an independent auditor (GCA) in 2015 and stand at:

Tinrhert Nord (Dragon Oil 49 percent):
2C = 810 BCFG and 43 MMBL

M'sari Akabli (Dragon Oil 49 percent):
2C = 1,816 BCFG

Exploration

Country and blocks	Working interest	Activity in 2017
Iraq Block 9	KEC (operator): 60%, Dragon Oil: 30%, * EGPC: 10% *disputed by DO	Production from Faihaa-1, Faihaa-2 and Faihaa-3 wells using temporary processing facilities. Average production for 2017 was 16,830 bopd. The well Faihaa-4 has been completed as Yamama 'A' producer, testing 7,024 bopd of 35 API.
Algeria Tinrhert Nord Perimeter	Dragon Oil (operator): 49% Sonatrach: 51% (carried interest during exploration phase)	Completed 1,223 km² 2D seismic acquisition in Q3, 2017 and spudded first well in December 2017. Enel has exited the block, increasing Dragon Oil equity to 49% with Sonatrach's interest being carried during exploration period.
Algeria Msari Akabli Perimeter	Dragon Oil (operator): 49% Sonatrach: 51% (carried interest during exploration phase)	700 km² 2D seismic acquisition & processing planned in Q1, 2018 and currently the first well location pad is being prepared. Enel has exited the block, increasing Dragon Oil equity to 49% and making Dragon Oil the operator, with Sonatrach's interest being carried during exploration period.
Egypt East Zeit Bay	Dragon Oil (operator): 100%	2D and 3D data reprocessing on existing seismic data for pre-stack depth migration, using advanced technologies to improve the quality of analysis and interpretation of the data, was completed in 2017. The 2D seismic acquisition scope of work is currently ongoing and the 120 km 2D programme and well site survey have been re-tendered.
Afghanistan Sanduqli	Dragon Oil (operator): 40% TPAL: 40% Ghazanfar: 20%	Data analysis of gravity and magnetic survey completed. Seismic acquisition activity is on hold pending outcome of discussion with Ministry of Mines & Petroleum.
Afghanistan Mazar-i-Sharif	TPAL (operator): 40% Dragon Oil: (40%) Ghazanfar: (20%)	Data analysis of gravity and magnetic survey completed. Seismic acquisition activity is planned based on outcome of discussion with Ministry of Mines & Petroleum.
Tunisia	Dragon Oil: 100%	3D seismic acquisition and interpretation completed. The Hammamet West #3 abandonment was completed in Q1, 2017. Geotechnical and geophysical site survey for Houta-1 well is in progress and is expected to be completed by Q2, 2018.

Supply, Trading and Processing (STP)

Maximising return on assets

Tayyeb Al Mulla
Managing Director, Supply, Trading & Processing

30%

Increase in global energy demand over the next 20 years or so, regardless of electric cars.

Oil is the lowest-cost fuel option. Although there are alternatives, they are still expensive to produce.

Through its trading, refining and petrochemical business, ENOC is sufficiently diversified to adapt to the rapidly changing market environment, where advances in vehicular technology will have a profound impact. Even with the predicted market shift to electric and hybrid vehicles, with a consequent decline in fuel offtake, demand for other refined products – whether for industrial or domestic use – will continue to be strong.

BP Energy Outlook projects a 30 percent increase in global energy demand over the next 20 years or so, regardless of electric cars. This view is supported by the International Energy Agency (IEA), which forecasts that oil demand will fall only modestly alongside the expected rise in electric vehicles over the next two decades, with consumption in petrochemicals and other transportation sectors still growing.

The IEA estimates that there will be 50 million electric vehicles on the road by 2025 and 300 million by 2040, from close to 2 million now. This is expected to cut only 2.5 million barrels per day – about 2 percent – off global oil demand by that time.

Oil is the lowest-cost fuel option. Although there are alternatives, they are still expensive to produce, do not have the range, and haulage is not yet feasible. Aviation and jet fuel are still hugely in demand. ENOC's model has been thoughtfully structured to take these factors into account, leaving us in a strong position to continue operating in the industry – and to meet this likely increased demand.

ENOC's Supply, Trading & Processing (STP) segment plays a vital role in managing the supply side of the Group's operations, while maximising returns on midstream and downstream assets by promoting value-added business propositions.

STP manages two plants to international standards, providing various refined products that are distributed through the ENOC and EPPCO retail networks, at airports in Dubai and across the region, and to domestic industries. The segment has been highly successful in identifying and tapping the right marketing outlets within the UAE and international markets.

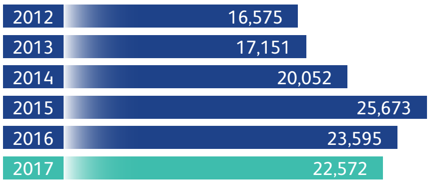
Recent developments

Based in the Jebel Ali Free Zone, ENOC's refinery was Dubai's first when it was established in 1999. It has capacity to process 140,000 barrels per stream day (bpsd) of condensate, which yields refined products such as naphtha, reformate, jet fuel, diesel oil, fuel oil, and LPG for the local and export markets.

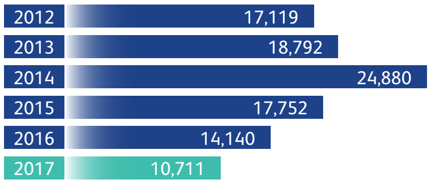
A refinery expansion project, initiated in 2016, is expected to be completed by 2019 at a cost in excess of US $1 billion. It will add a new condensate processing train, expanding daily capacity by 52.5 percent to 213,500 barrels. The project also involves additional downstream processing units such as naphtha hydrotreater, isomerisation unit, kerosene and diesel hydrotreaters, utilities, warehouse and storage tanks.

MTBE production
(KMT)

Trading volumes – naphtha
(kbbls)

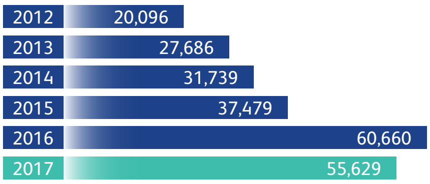


Trading volumes – jet fuel
(kbbls)

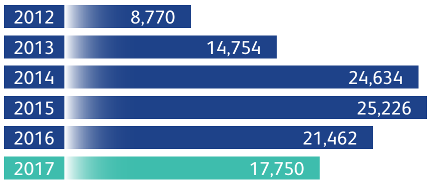


Refinery throughput
(kbbls)

Trading volumes – crude
(kbbls)



Trading volumes – diesel
(kbbls)



The higher production capacity will help meet expanding domestic and global demand for the plant's refined products. In response to the UAE's drive towards clean energy, the revamped refinery will comply with stringent Euro5 standards.

During 2017, the final contract of three packages was awarded, including construction of various pipelines between the refinery's processing units, storage tanks and berth facilities. The contract also provides for a non-destructive road crossing to ensure there is no disruption of road traffic or utilities within the Jebel Ali Free Zone.

The current expansion follows an upgrade in 2010 for the production of reformate, a high-octane blending component for gasoline, and low sulphur naphtha, through the installation of a reformer and a hydrotreater. The plant incorporates state-of-the art effluent treatment facilities, minimising environmental impacts.

The Group established its gas processing plant in 1977 to utilise natural gas resources for the benefit of Dubai and its people. Commercial production of LPG began in 1980, followed by methyl tertiary butyl ether (MTBE), an additive for unleaded gasoline, in 1995. With annual capacity of 675,000 KMT, the MTBE plant is part of Dubai Natural Gas Company Limited (Dugas).

Supply and Trading

Supply and Trading, the Group's trading nerve centre, procures cost-effective and uninterrupted supply of feedstock for the refinery and the MTBE plant, while identifying and establishing new international business opportunities. One of the important functions of Supply and Trading is to meet the supply requirements of ENOC's other business segments, either from refinery production or through imports. Supply and Trading also finds export outlets for naphtha and other surplus refinery production.

Strategic partnerships with governments, international oil companies, and traders enable ENOC to identify and build on a range of global business opportunities.

ENOC is now trading in key international oil markets such as Asia, the Middle East, Europe, and North and South America. Participating in the global commodities market through a multi-trading, multi-cultural, multi-location (Dubai, London and Singapore) set-up has helped ENOC to expand its trading hours and supported the Group's trading business.

In 1999, ENOC became the first Middle Eastern oil company to establish an international presence, starting its trading operations in Singapore. ENOC Singapore leverages its location in a global trading hub and engages in trading oil products and procuring refinery feedstock from international markets. Price risk management is another key function performed by ENOC Singapore – for Supply and Trading, as well as other ENOC segments.

Terminals

Industry leader eyes further growth

Yusr Sultan Al Junaidy
Managing Director,
Horizon Terminals

The entire industry faces issues such as the downturn within the oil sector, and offshore storage becoming more competitive due to spare shipping capacity.

Horizon is adopting policies and practices that mitigate negative effects – focusing on cost efficiencies, boosting employee competence, and increasing automation.

Staying ahead of rapid changes in the market environment is vital to sustained success in the terminals business. The entire industry faces issues such as the downturn in the oil sector, and offshore storage becoming more competitive due to spare shipping capacity.

These challenges are not exclusive to ENOC and its subsidiary company, Horizon Terminals, but they do prompt a strategic response by individual companies. The quality and resilience of that response will be a key differentiator in their long-term performance.

Horizon is adopting policies and practices that mitigate negative effects – focusing on cost efficiencies, boosting employee competence, and increasing automation. The business view is long-term – and new projects are not ruled out – but the intervention of private equity investment has stifled acquisitions as a medium for growth, driving up prices because of stable cash flow and attractive returns.

This has boosted the viability of expanding existing projects, greenfield projects, and diversifying into new business lines. Apart from restructuring its asset portfolio, Horizon believes that two other measures taken will prove their worth: adopting a fully-fledged integrated and comprehensive operational excellence management system; and diversifying into the storage of new products, primarily in the LNG segment.

Horizon is also working on its own floating solutions, such as floating storage re-gasification units that act as receiving terminals for LNG, re-gasify on board, and then feed it into the gas network.

Global expansion has driven the growth of Horizon Terminals since it was established by ENOC in 2003, prompted by the growth of the UAE as a trade hub and the fast-growing demand for bulk liquid storage. Operating from the UAE as a holding company, HTL has consolidated the Group's terminal assets with facilities in the Middle East, North Africa, Asia, and East Africa.

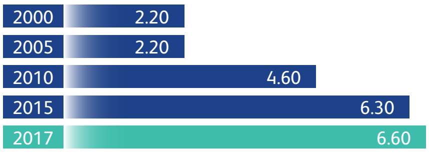
Terminals in the UAE and Saudi Arabia are now joined by similar facilities in Singapore, Djibouti, and Morocco. Horizon has also strengthened its position in the UAE through further investments in Dubai and Fujairah.

Horizon is already the largest independent terminal service provider for bulk oil storage in the Middle East. The company aims to further expand its presence in Africa and the Mediterranean, while maintaining its significant position in the Far East.

Recent developments

As part of ENOC's 2017 portfolio restructuring and alignment of strategy at the global and local levels, Horizon was able to sell Horizon Korea Terminals at a competitive price. EPPCO Distribution (ED) was transferred to Horizon from the Group's retail arm – the objective being to streamline the end-to-end fuel supply chain, improving efficiencies, and providing a safe and reliable logistics solution for ENOC.

Terminals leasable capacity
(Million CBM)



Joint ventures and associates – capacity utilised (Thousand CBM)

Subsidiaries – capacity utilised
(Thousand CBM)

Horizon also continued to explore expansion opportunities, in line with the Group's strategic goals. Towards the end of 2017, the Al Maktoum International Airport pipeline project was approved, enabling ENOC to support the new airport's jet fuel requirements.

Horizon has also approved further investment in the existing terminal in Saudi Arabia (ArabTank terminal), to provide tankage solutions to new customers through long-term binding contracts.

In 2018, Horizon will continue to leverage operational excellence, business development and EHS initiatives. This will enable the company to identify new expansion opportunities and explore diversification into ancillary lines of business such as storing and regasification of LNG, in line with ENOC's strategic objectives.

UAE terminals

Horizon has petroleum and chemical storage facilities across the UAE. The subsidiaries in Fujairah have 23 tanks and total petroleum capacity of 463,000 m^3. An independent chemical terminal in Jebel Ali caters to the largest range of bulk liquid chemical products handled in the region, both for inland consumption and re-exports. The facility has 59 tanks with total capacity of 54,400 m^3.

EPPCO International, a joint venture between Horizon and Chevron, caters for domestic fuels (gasoline, diesel, fuel oil, asphalt, and aviation fuel) for Dubai and the Northern Emirates, bunkering, re-exports, and strategic defence storage. Based in Jebel Ali, EPPCO International's 55 tanks provide a total capacity of 936,700 m^3.

Another prominent venture is Vopak Horizon Fujairah, situated just outside the Strait of Hormuz. One-third owned by Horizon, the facility has deep-water berths and single-point mooring capable of handling shipments for breakbulk, consolidation, blending, and strategic storage. It serves the world's second-largest fuel oil bunker market and has pipeline connectivity to the local refinery, neighbouring terminal, and local power plant.

With capacity of more than 2.6 million m^3 in 73 tanks, the Vopak Horizon facility is accessible by land or sea and handles a range of products, including crude oil and refined petroleum products.

Horizon's Jebel Ali petroleum terminal comprises 141,000 m^3 of Jet A1 tankage capacity and a 60 km pipeline connecting Jebel Ali to Dubai International Airport. Designed at 900 m^3 per hour pumping capacity, the pipeline ensures adequate jet fuel supply to Dubai International Airport and supports ENOC's aviation business requirements. The commissioning of this project has cemented Horizon's position as the leading bulk terminals entity in the Middle East, and provided strategic support to the Government of Dubai.

International

Flagship subsidiary Horizon Singapore Terminals is situated on Jurong Island, the petrochemical hub of Singapore and the world's top bunkering port by volume. The terminal, of which Horizon owns 52 percent, caters to the storage, handling and blending requirements of national oil companies, oil majors, traders and bunkering companies. It is designed for multi-berth discharge and loading operations to maximise throughput. The facility has 59 tanks with total capacity of more than 1.25 million m^3.

Horizon has a 36.5 percent interest in Arabtank Terminals in Yanbu. It is Saudi Arabia's first independent storage facility and has been granted 'bonded storage' status. Located on the Suez Canal route, this 288,100 m^3 capacity terminal with 26 tanks handles import, export, and consolidation and trans-shipment cargoes. Handling both petroleum and chemical products, the facility meets the needs of Yanbu's nearby refineries, NGL plant, petrochemical facilities and industrial complexes.

Horizon owns 40 percent of Horizon Djibouti Terminals, which has 31 tanks offering total capacity of 399,300 m^3. The facility has dedicated jetties and large tank capacities to meet breakbulk and consolidation of cargoes, arbitrage storage, and strategic storage, as well as serving inland road deliveries.

Horizon also owns a 34 percent stake in Horizon Tangier Terminals in Morocco, based at the western entrance to the Strait of Gibraltar. It has 19 tanks and total capacity of 532,900 m^3, along with other supporting infrastructure.

Marketing

Aviation and diesel sales lead sustained growth

Burhan Al Hashemi
Managing Director,
Marketing

Renewable energy largely tends to be viewed as electrical, solar, wind, etc., but hydrogen cannot be ignored.

Operators need to be ready to adapt to advancing technology and to anticipate market shift.

Renewable energy is an important alternative to fuel for many reasons – environmental considerations, the UAE government's commitment to the Paris Agreement and being a leader in mitigating climate change, and the shift in public attitudes from fossil fuels and hydrocarbons to new technology.

Currently, renewable energy largely tends to be viewed as electrical, solar, wind, etc., but hydrogen cannot be ignored. Although the technology is still in its infancy, it will come – and when it does it will be a game-changer with huge impact. Operators need to be ready to adapt to advancing technology and to anticipate market shift – no matter how fast that happens. The Marketing segment is evaluating a number of potential product mixes, which meet the twin objectives of addressing environmental concerns and meeting increasing demand.

Constant focus on providing customers with a one-stop shop of solutions, irrespective of location or time, is a cornerstone of ENOC's business philosophy. Hallmarks of our continuing success are differentiation of products, ingenuity of operations, and sales team excellence.

The Marketing segment supplies the domestic and international markets through its diversified portfolio – gas, aviation, lubricants, and industrial products – that reaches customers in diverse business sectors, and even individual households. Products are distributed in more than 60 markets in the Middle East, Indian Subcontinent, South and Central Asia, and Africa.

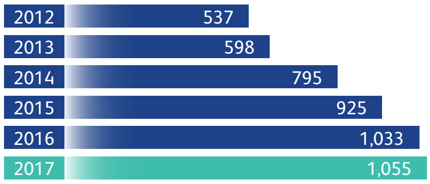
Recent developments

After establishing a record of significant growth and success in the UAE, ENOC's aviation business and impressive supply network has now grown to cover 150 airports across 24 countries.

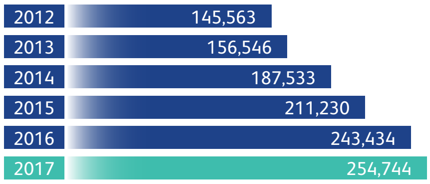
In the UAE, ENOC Aviation serves a distinguished list of international airlines through an integrated supply chain – from procurement to shipping, refining, storage, distribution, and into-aircraft services. EPPCO Aviation refuels about 14 million litres to over 330 flights every day, which is more than half of all flights departing from Dubai International Airport.

New technology now saves up to 10 minutes of fuelling time for B737 aircraft, using a specially designed low-bed hydrant dispenser that is positioned directly under the aircraft's wing. The low-bed also improves safety and efficiency by reducing the need for climbing ladders and pulling heavy hoses and equipment.

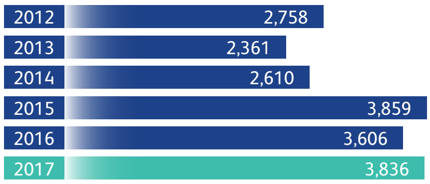
Volumes – aviation refuelling
(Million USG)



EMGAS – LPG cylinders (bulk)
(MT)



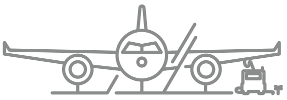
Volumes – diesel
(kbbls)



EMGAS – LPG cylinders
(MT)

10

New technology now saves up to 10 minutes of fuelling time for B737 aircraft.



ENOC Industrial Products division has also successfully launched Biodiesel5, an advanced alternative green fuel product commonly used for diesel engines. The new product is produced from vegetable oil and waste cooking oil, lowering emissions, smoke and unburnt hydrocarbons. Investing in advanced alternative fuels demonstrates ENOC's commitment to the UAE Energy Plan leading up to 2050, which targets an energy mix that combines renewable, nuclear and clean energy sources to meet the country's economic requirements and environmental goals. By introducing Biodiesel5 in the commercial & Industrial segment, ENOC has pioneered yet another initiative amongst national oil companies in the region.

EMGAS introduced shrink-wrapped seals attached to LPG cylinder valves, including a hologram – the first time this feature has been applied in the UAE. The innovation reduces risks to users, maintains EMGAS brand image, and helps authorities to differentiate originally filled cylinders due to the fact that these seals are extremely difficult to duplicate.

EMGAS also launched lightweight composite cylinders that are safer than the traditional metal version. They are produced from helically woven fibres combined with resin, making them uniquely secure. Labelled explosion-proof, the cylinders can withstand double the pressure of regular metal equivalents.

ENOC aviation

ENOC Aviation, the specialised aviation fuels division of ENOC, has been a leading marketer and supplier of aviation fuel for commercial airlines, military and general aviation since 1995.

The aviation business also offers a range of commercial services to its customers, including market studies for start-up projects, fuel marketing to airlines, and fuel hedging, as well as comprehensive technical services. These include consultancy on quality control, operations and EHS issues; consultancy on design and upgrade of static and mobile facilities, including specifications; provision of aviation quality control and operations manuals; quality control and operations training; inspections; assistance in the design of refuelling vehicles and fuel systems; feasibility studies for new aviation fuel infrastructure projects; and project management services for grassroots projects and upgrades.

ENOC's aviation business is comprehensively customer-focused, with care and quality of service at the heart of all activity. These hallmarks are firmly embodied in ENOC Aviation's entire staff, technology, assets and systems, and are further reinforced by associate membership of the Joint Inspection Group. This dedication to quality is well recognised by airlines, with the organisation being awarded Best Regional Jet Fuel Marketer in Africa/Middle East for six consecutive years.

Joint venture with Chevron

EPPCO Projects, a joint venture between ENOC (51 percent) and Chevron (49 percent) is involved in aviation refuelling and lubricant marketing. EPPCO Aviation – the aviation segment of EPPCO Projects – transports, stores and delivers jet fuel into-plane and in-bulk to commercial airlines, military airbases and regular aviators at the Dubai, Sharjah and Fujairah international airports. The lubricants division markets ENOC and Caltex branded products to ENOC Fuel Retail and industrial customers in the UAE.

Joint venture in Saudi Arabia

United Gulf Aircraft Fuelling Company (UGAFCO) was established in 2003 as a joint venture between ENOC and Saudi Arabia's Arabian Aircraft Services Company (ARABASCO). It currently offers refuelling services at the King AbdulAziz International Airport in Jeddah, Saudi Arabia (the second-busiest airport in the Gulf), and King Khalid International Airport in Riyadh. UGAFCO also has fuel supply arrangements for other domestic airports in Saudi Arabia. ENOC provides UGAFCO with fuel marketing and technical services. UGAFCO is headquartered in Jeddah and is managed by a Board of Directors comprising ENOC and ARABASCO representatives.

ENOC products

Lubricants

ENOC has developed its own range of high-quality branded automotive and industrial lubricants. These include various green products, such as Protec Green and Vulcan Green, highlighting its commitment to the environment. These are marketed through a distribution network covering more than 60 countries across the Middle East, South East Asia, CIS countries and Africa.

ENOC also operates a plant in Fujairah and another in Jebel Ali that manufacture lube oil and grease for ENOC, and undertakes toll blending for third-party clients. The combined design capacity of both plants is 260,000 MTs. Various expansion projects will further enhance production efficiencies in coming years.

Our extensive marine lubricants portfolio – and deep expertise in technical support for the maritime sector – alone spans more than 100 ports in 23 countries, providing specific solutions geared towards achieving optimal performance for the shipping industry.

Industrial Products

ENOC Industrial Products division expanded its customer base, which resulted in significant market share growth, especially in Northern Emirates, by 7 percent in the last two years.

In 2017, ENOC Industrial Products division installed two significant and strategic fuelling sites for DP world and started 'Fuel management system' (RFID) for RTA. Both services are testament of ENOC's commitment to identifying smart and innovative solutions for its customers.

ENOC Industrial Products division caters for the energy needs of government and private sectors by offering quality petroleum products, solutions and services made to the highest international standards and backed by a powerful supply chain with more than 30 years' expertise in the UAE.

The product range includes ultra-low-sulphur diesel, fuel oil, bitumen, kerosene and unleaded gasoline. The business is among the first to introduce 10 ppm diesel to its large customer base in the UAE, in support of the UAE's sustainability agenda.

ENOC Industrial Products division also deals with onshore bunkering at various ports in the UAE. The products and delivery services include marine fuels for local and international shipping such as container liners, tankers, automobile carriers, supply boats, and naval and coastguard vessels.

EMGAS

ENOC has been one of the main drivers behind Dubai's advance towards economic and sustainable development over the last 30 years, including investing in alternative fuels such as LPG.

We have acquired a proven track record with Emirates Gas (EMGAS) in our pursuit of smart and clean energy solutions, helping support Dubai's efforts to win a global bid to host the 2020 edition of the prestigious World LPG Forum, hosted by the authoritative World LPG Association (WLPGA).

LPG will take centre stage as evidence that investment in sustainable, cleaner fuel technologies is transforming the industry.

EMGAS has state-of-the-art bottling plants in the UAE and caters to the cylinder market, supplying LPG and propane to bulk customers such as hotels, industries and residential complexes. With the largest distributor network in the country, the company provides prompt and convenient delivery of cylinders to private customers, and follows a comprehensive cylinder repair, maintenance and replacement programme for consumer safety.

EMGAS also supplies Emirates Gas Aerosol Propellant (EGAP) and Cutting Edge Gas (CEG) to domestic clients. The company is committed to promoting clean fuel in Dubai through the introduction of CNG as an alternative fuel for transportation. Through exports and joint ventures, EMGAS is actively pursuing growth opportunities abroad.

Retail

A year of expansion and growth

Zaid Alqufaidi
Managing Director,
Retail

Service stations are now destinations in their own right, complete with fully stocked convenience stores, eateries, pharmacies and other retailers, ATM machines, and various other pay-points.

'Mobility' is the new watchword in fuel industry retailing as rapid change disrupts traditional models.

Retail is a core component of ENOC's overall business, and futuristic thinking will keep it that way. Gone are the days when pumping fuel was the sole function of a service station, with oil-level and tyre-pressure checks the only extras. Service stations are now destinations in their own right, complete with fully stocked convenience stores, eateries, pharmacies and other retailers, ATM machines, and various other pay-points.

Technology is transforming the customer experience by adding increasing levels of ease and convenience. Drivers need not leave their cars to refill the tank, take delivery of pre-ordered groceries, or pay for any of the transactions. Automated systems such as vehicle and personal identification and cashless payment solutions take care of all that.

And there's much more to come. 'Mobility' is the new watchword in fuel industry retailing as rapid change disrupts traditional models. We will soon see fuel pumps complimented by electric recharge points fed by solar power captured by panels on the station roof.

With the advent of driverless cars, service stations will also become switch points for users – even equivalent to the ride-and-leave bicycles that are common in so many cities.

Based on a clear strategy of identifying customer needs and meeting them with a variety of innovative products and services, our Retail segment has grown to be a leader in the UAE. The business operates 127 ENOC and EPPCO service stations, staffed by more than 6,000 employees and serving around 120 million customers each year.

Our service stations are a destination for modern-day customers, offering value and accessibility through convenience stores, carwash facilities, oil-change services, automotive workshops, vehicle testing and registration facilities, and food and drink outlets.

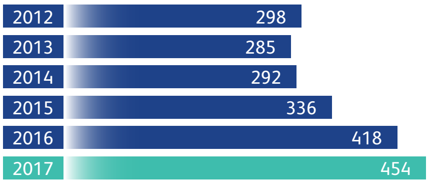
ENOC's retail segment has a 69 percent share of the Dubai market fuel by volume, selling close to 3.1 billion litres in 2017 and refuelling more than 72 million vehicles. Our ZOOM convenience stores had more than 45 million customer visits during the year.

ENOC is committed to expanding the number of UAE service stations by 40 percent until 2020. ENOC entered the Saudi retail market in 2013 and currently has 10 stations in the Kingdom, with plans to build four more during 2018.

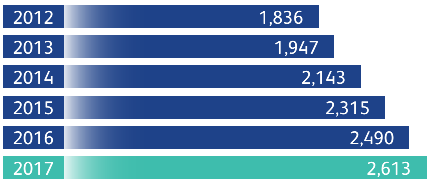
Recent developments

ENOC launched the UAE's first solar-powered petrol station in 2016. This has proved so successful that solar power is now an integral part of all our new stations and the plans for 40 percent network expansion by 2020. Solar power generates about 30 percent more than needed to run the station. The surplus is fed back into DEWA's main grid.

Diesel sales volume
(Million litres)



Gasoline sales volumes
(Million litres)



Many more recent advances in energy efficiency at stations include vapour recovery, a process that captures and condenses vapour released from fuel dispensers, saving up to 20,000 litres a year. Installing LED lighting in the network has reduced energy consumption by 50 percent, and variant refrigerant flow technology for air-conditioning is 35 percent more efficient than conventional systems. ENOC has also recently initiated an integrated digital network throughout the network, including over 48 screens per station, creating a vivid, enriching customer experience. Such initiatives complement ENOC's long-term strategic objectives that are aligned to the Dubai Plan 2021 of creating a 'smart and sustainable city'.

Motorists in Dubai can refuel their vehicles in a new RFID-enabled cashless and cardless system at all ENOC service stations. VIP – vehicle identification pass – was launched in 2016, and was upgraded last year to incorporate a vehicle-fitted radio frequency identification (RFID) security tag.

At the station, the vehicle is automatically recognised, along with the customer's pre-set fuelling preferences. Customers need not to wait to pay – just fill and go – illustrating ENOC's leadership in innovative fuel retailing. To date, it is the only supplier in the UAE to have fully integrated cashless and cardless payment across its entire network.

This speeds up the refuelling process and enables customers to better manage their accounts and set budgets for each fuelling transaction. The system saves an average of three minutes per customer at petrol stations.

In 2016, ENOC became the first fuel retailer in the UAE to enable mobile payment, enabling customers to pay while sitting in their vehicles. This was followed up in 2017 when ENOC was the first fuel retailer in the UAE to introduce the Dubai Smart Government app, enabling customers to pay from inside their vehicles using a smartphone.

PIN-less transactions for credit and debit cards were also launched in 2017, working closely with Network International, along with rolling out payment through the RTA's NOL Card.

New Tasjeel services introduced in 2017 include trailer testing and registration in Sharjah. Tasjeel also announced plans to build its largest fully-fledged service station in Ras Al Khaimah, covering an area of more than 50,000 m². Tasjeel is also being piloted at AutoPro outlets to expand the network and widen service coverage for the community.

Wider business

ENOC's non-fuel retail services comprise convenience stores, fast-food outlets, carwash centres, automotive maintenance, and vehicle testing and registration. Revenue contribution by non-fuel services has grown by more than 50 percent over the past five years.

Facilities	Service	Dubai UAE	Abu Dhabi UAE	Northern Emirates UAE	Saudi Arabia
Fuel retail					
ENOC	Petrol stations	56		6	10
EPPCO	Petrol stations	44		11	
Wider business					
ZOOM	On-site at ENOC and EPPCO petrol stations	89		17	10
	Stand-alone	47	8	4	
	Dubai Metro	43			
	Franchisee	5	1		
Pronto	On-site	46	3	2	
	Stand-alone	2			
	Franchisee	1			
Paavo's Pizza	Food and beverage	9			
Popeye's	Food and beverage	4			
AutoPro	Vehicle maintenance	32		1	
Carwash	Washing/cleaning	35		3	
Quick oil change	Oil change and accessories	20		2	
Tasjeel	Testing/registration	8		6	

Convenience stores

ZOOM is the leading home-grown convenience store operator in the UAE. With 233 outlets across the UAE and Saudi Arabia, stores are located at ENOC and EPPCO petrol stations, Dubai Metro stations, and residential, commercial and hotel/leisure communities. Over the past 25 years (using various brand names), ZOOM has evolved into a sophisticated offering in terms of design, décor and store layout, developed with top international design consultants. In 2018, ZOOM aims to expand to 20 new locations.

During 2017, ZOOM launched its mobile ordering e-commerce platform in collaboration with Instashop, giving customers the option of convenient door-to-door deliveries by ordering through the mobile app.

From paying credit cards and utility bills, airline tickets to gift cards, topping up mobile wallets, or recharging local and international phone credits, the ZOOM service counter is a one-stop shop for integrated convenience. Currently, 15 services are available, with a further 25 under way. In 2017, ZOOM also became the first retailer to accept NOL payment at its outlets.

With 54 locations across the UAE, the Pronto coffee-shop and fresh bakery concept is designed to complement ZOOM outlets. Fresh delicatessen and bakery goods – including made-to-order sandwiches, salads, and a range of freshly brewed coffee and other drinks – are available in a friendly, contemporary and relaxing environment.

Food & beverage

Paavo's Pizza

Paavo's Pizza is a fast-casual pizza restaurant with a 'build-your-own' concept franchised from Orion Food System in the US. It currently has nine locations in Dubai, with plans to open four more in 2018 – in Dubai and the Northern Emirates.

Popeyes

Popeyes is a highly differentiated restaurant brand that serves authentic Louisiana food. It has six locations in Dubai and plans to open eight more in 2018 – in Dubai and the Northern Emirates. The American brand is the world's second-largest quick-service chicken concept based on units. It began in 1972 and has more than 2,200 company-operated and franchise restaurants worldwide.

Automotive services

AutoPro

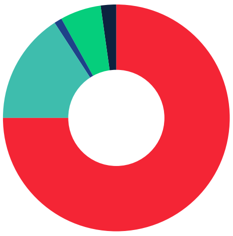
From carwash to maintenance and repair services, AutoPro's 34 centres across Dubai and Sharjah provide a wide range of automotive services. Recent additions to services include extended partnerships with Pirelli, Dunlop, Falken and Bridgestone, offering customers exclusive promotions, truck servicing, payment in easy instalments through four major banks, Energizer car batteries from Germany, and an extended range of bodyshop and paintwork detailing.

The AutoPro Academy received Institute of the Motor Industry accreditation in 2017.

Tasjeel

Thirteen Tasjeel centres across Dubai and the Northern Emirates provide a variety of mandatory tests required for vehicle registration. All services meet RTA and federal traffic requirements, so customers are assured their vehicles are legally compliant.

Non-fuel revenue breakdown
(US $422 million)



- C-stores 75%
- Car services 16%
- Food and beverages 1%
- Testing and registration 6%
- Others 2%

150,000

Tons of CO_2 emissions saved since 2014

Sustainability review

Active stakeholder engagement across the Group

ENOC's journey has evolved to address the changing dynamics of global energy-related issues.

The launch of our Sustainability Performance Report – the first sustainability performance index for the Middle East's oil and gas sector – signals the Group's commitment to the issue. The report will not only establish benchmarks for our own performance, but also hopefully provide a template for others to adopt.

19

Key performance indicators classified under three central pillars of sustainability

2.2m

Number of people educated on endangered species

Sustainability at our core

Award-winning approach delivers tangible results

Sustainability at ENOC is deeply ingrained in an unwavering commitment to conduct our business in a way that preserves the environment and protects the health and safety of all stakeholders. Our approach to these issues has been well established since the very start of our operations, and was further consolidated by the formulation of our Energy and Resource Management policy almost a decade ago.

ENOC continuously seeks to develop as a dynamic, innovative, and environmentally responsible player in the marketplace. To do so, we have developed strategic objectives that allow us to maintain business growth, contribute to the UAE's economy, and look after our people and the environment we live in.

The latest phase in ENOC's sustainability transition began in 2016 when we identified the need to formally present our sustainability performance to our internal and external stakeholders, in addition to the grassroots work undertaken in previous years around energy and resource management, CSR initiatives, and managing the health and safety of our people.

A Group Sustainability Office has given body to this initiative, acting both as an ENOC sustainability arm, and as the conduit for actively engaging stakeholders and raising awareness of the importance of sustainability across the organisation.

But why did we need to engage stakeholders in the process? Firstly, we needed to identify who they were and to review the extent to which they understood sustainability, and the issues related to it.

Secondly, in addition to reaching out to our own management and staff, it was also important to reach out to external stakeholders, to seek their input in framing the most appropriate and workable sustainability strategy.

Only when armed with these internal and external insights could we begin to adopt an approach to sustainability that both addressed knowledge gaps and raised awareness. We believe it is an approach that has undoubtedly contributed to a common understanding of the function, while providing a platform for identifying ENOC's sustainability priorities.

We believe that direct engagement with all our stakeholders in this way will, in future years, help us achieve our strategic objectives: namely, becoming an innovative energy partner delivering sustainable value and industry-leading performance.

ENOC's annual Sustainability Performance Report, launched in late 2017, is a first for the Group and the first sustainability performance index for the Middle East's oil and gas sector.

The report captures our performance over the three central pillars of sustainability – economic, social, and environmental – against internationally recognised guidelines based on 19 Key Performance Indicators (KPIs). These KPIs emerged from a series of workshops with key internal and external stakeholders before their conversion to an ENOC Sustainability Performance Index, which is informed by the methodology of the Dow Jones Sustainability Index.

It further references our sustainability initiatives in line with the UAE Vision 2021; the Dubai Plan 2021; the Dubai Integrated Energy Strategy 2030; and the Dubai Carbon Abatement Strategy 2021, as we expand our operations to meet domestic energy demand sustainably over the next five years.

Golden Peacock Award

In recognition of our Group's efforts to achieve excellence in sustainability performance and promoting sustainable development in the region, we received the 2017 Golden Peacock Global Award for Sustainability – a worldwide corporate excellence benchmark.

The Golden Peacock Awards were established to encourage organisations to drive sustainability schemes within their operations. ENOC is the first energy player in the Middle East to receive the award, endorsing its wide range of sustainability initiatives, positive impact on stakeholders, and enhancing the happiness of employees.

Sustainability governance

Recognising the importance of strong sustainability leadership, ENOC first developed a Sustainability Governance Structure, which led to the establishment of the Group Sustainability Office. This was followed by development of the Group's first Sustainability Charter. The process included the creation of a dedicated team capable of providing professional services and technical expertise in the field of sustainability. ENOC's Sustainability Group includes nine main committees at Group level, each playing a specific role in fulfilling the Group's strategic goals and aligning its policies and strategies with Dubai Government's strategies and directives for sustainable growth. These committees are:

- ENOC Sustainability Leadership Committee
- ENOC Sustainability Reporting Taskforce
- ENOC Carbon Abatement/Climate Change Taskforce
- ENOC Environment Technical Committee
- ENOC Energy and Resource Management Steering Committee
- ENOC Energy and Resource Management Technical Committee
- ENOC Fuel Efficiency Technical Taskforce
- ENOC Corporate Social Responsibility Steering Committee
- ENOC Corporate Social Responsibility Technical Committee

Measuring performance

To measure sustainability performance within ENOC, we developed key performance indicators (KPIs) against a set of environmental, social and economic criteria. We included these in the scorecard of segments, business units, and individual departments. The topics covered have been aligned with the requirements of the Global Reporting Initiative (GRI) – the independent international organisation that has pioneered sustainability reporting since 1997.

The 19 KPI outcomes, and data associated with each topic, are incorporated into ENOC's Sustainability Index. With the launch of ENOC's Sustainability Performance Report, ENOC became the first organisation in the Middle East to incorporate a Sustainability Index in its performance scorecard.

Each year, material topics are reviewed to ensure they are up to date and reflect the sustainability issues of the time. The detailed KPI-driven outcomes will also enable us to manage and plan our sustainability activities in subsequent years. Our strategic roadmap to achieve this is outlined below.

SI No	Description of KPI	Measurement unit
Environmental KPIs		
1	Thermal energy consumption per unit reduction	GJ/ton or GJ/m^2
2	Electrical energy consumption per unit reduction	kWh/ton or kWh/m^2
3	Energy demand reduction from baseline	% (GJ/GJ)
4	Renewable energy generation against consumption	% (kWh/kWh total)
5	GHG emission per unit reduction	tCO_2e/ton or tCO_2e/m^2
6	Air emissions (Sox, Nox, PM, CO) above legal limit	% number of source above limit
7	Recycled water usage compared with total water consumption	% Water reuse
8	Waste reduced compared with baseline	% Waste reduction
9	Flare gas reduction compared with the baseline	% Flare reduction
10	Amount of green procurement vs. Total procurement	% Green procurement (AED/Total AED)
Social KPIs		
11	Employees who are UAE nationals	% Emiratisation
12	Number of employees left the company	% turnover
13	Training hours per employee	Hours per employee
14	Score from the customer satisfaction survey	Score
15	Ratio of the basic salary and remuneration of women to men	% salary ratio
16	Number of potential corruption events	Number
17	LTI Incident Rate (people safety)	Incidents per 1 million man-hours
18	Process Safety Incidents (process safety)	Rate
Economic KPIs		
19	Community investment	% investment against revenue

Group Sustainability Office Strategic Map

Vision	**To be the role model and the benchmark choice in sustainability across oil and gas industries in the region**

Strategic Objectives					
	Align ENOC Corporate policy & strategy with UAE strategies & directives for sustainable growth	Establish & maintain a comprehensive sustainability competency & assurance process	Create a culture of sustainability by instilling it as a core individual value & consistently integrate it into business model	Establish transparent sustainability reporting & be the central hub for all information on sustainability	Inspire employees' thinking & behaviour to consider sustainability in all their activities

	Organisational Value Addition		Stakeholder Satisfaction	
Customers	C1. Enhance ENOC's reputation & image	C2. Promote active engagement & participation to drive a culture of sustainability	C3. Meet & exceed internal stakeholder expectations	C4. Enhance collaboration & dialogue with external stakeholders

	Business & Operational Excellence		Sustainability & Innovation	
Internal Process	IP1. Enhance governance & compliance processes	IP2. Deliver professional & value-adding services	IP3. Optimise consumption through effective energy & resource management	IP4. Facilitate partnerships to foster sustainability, innovation & best practices

	Organisational Capabilities/Culture			
Learning & Growth	LG1. Attract, develop & retain competent people	LG2. Promote effective Emiratisation	LG3. Develop competency frameworks & profiles	LG4. Improve skills & capabilities to create a highly innovative & engaged workforce

10.8m

US $10.8 million cumulative return on investment since 2014.

The tangible benefits arising from commitment to sustainability are evident in the return on investment, cumulatively amounting to US $10.8 million since 2014:

- 3 times increase in 2017 savings achieved compared to 2016
- Invested about US $6.8 million with payback of 2.5 years
- Equivalent to 29,660 tons of CO_2 emissions saved, or
- 1.3 million litres of gasoline
- 770,000 trees grown for 10 years
- 117 million km driven in car

The reduction in greenhouse gas emissions amounted to:

- 12 percent drop in GHG emission intensity since 2014
- 4 percent reduction in 2017 from 2016
- Since 2014, GHG emission intensity reduction has saved 150,000 tons of CO_2 emissions, equal to:

– 64 million litres of gasoline saved
– 3.9 million trees grown for 10 years
– 592 million km driven in a car 15,000 times around the Earth

Greening our procurement

At ENOC, sustainable procurement is not simply about being 'green': it is also about:

- Purchasing that is socially and ethically responsible
- Minimising environmental impact through the supply chain and in its lifecycle
- Delivering economically sound solutions
- Maintaining good business practice

Sustainable procurement helps the Group save costs and resources by reducing or eliminating waste. It also ensures that the Group is continually assessing and reassessing the need to buy, thereby reducing quantities, saving energy and water, promoting reuse and recycling, minimising packaging and optimising transport. These reduce risks across the supply chain, help to cut greenhouse gas emissions, minimise illegal and unsustainable use of natural resources, and help to reduce pollution.

The 'Supplier Code of Conduct' developed by ENOC Business Ethics and Compliance is an integral part of supplier relationship management. This aims to provide clear insights, and a deeper understanding of the values, responsibilities, obligations and ethical standards at ENOC, for its vendors.

It highlights the Group's approach towards fair treatment, the environment, health and safety standards, workplace conduct, conflicts of interest etc. to ensure that the Group nurtures effective and rewarding collaborations.

The Group aims to be a role model for green procurement through both committee involvement and business practices that leverage supplier innovation, community involvement, customer wellbeing, and happiness for all stakeholders. We have developed a guidebook detailing the minimum standards for the purchase of energy-efficient electric motors. This standard will be widely adopted in Dubai, by all Government entities, under the Green Public Procurement for Energy and Water Efficiency (GPPEWE) committee, spearheaded by the Dubai Supreme Council of Energy.

We also adopted the Purchase And Design Energy Efficiency Standard in 2017. This sets the minimum energy efficiency guidelines for purchasing energy-consuming equipment within ENOC, and applies to all business units planning revamps and retrofits of existing facilities or new projects.

As green procurement becomes further embedded in the Group's business strategy and ENOC's Sustainability Index, it will address broader sustainability issues beyond energy and water efficiency.

The social aspects include better contracting conditions for workers, supporting the development of small and medium enterprises and local community engagement. The concept of green procurement is gaining momentum across the Group, particularly given its contribution to achieving sustainability goals. In 2017, 56 percent of ENOC's procurement qualified as green, and more than 80 percent of total suppliers were local.

New service stations can recycle carwash water, and customers can choose a waterless system

56%

In 2017, 56 percent of ENOC's procurement qualified as green.

Sustaining our environment

Managing the impact of our operations on the environment is very important to us. Through our policies and performance goal-setting, we have been able to manage our energy consumption, the emissions that we generate, the water that we use, and the waste that we produce.

Our operations have the potential to affect the land, water and air, so we have installed a number of measures to try and eliminate or minimise that potential. Ultimately, we seek to reduce our air emissions and generation of greenhouse gases by reducing the amount of energy and water we use in our processes and the amount that is wasted. Furthermore, we want to reduce the amount of solid waste that we generate and manage the waste generated responsibly.

Reducing our energy and emissions

The diversified nature of our business involves the consumption of energy resources and the generation of pollution up to acceptable levels. However, as a responsible corporate organisation we always strive to control and manage this, so as not to generate excessive emissions and overuse energy resources.

Understanding our energy demand and emissions generation was the first step in taking action to improve. Through our Group Sustainability Reporting Taskforce we have identified Sustainability Champions from different business units within the ENOC Group, who are best placed to understand the data and make informed improvements.

For a number of years we have collected data on our energy consumption across the business, and this can be summarised in the table below.

Our energy intensity has decreased over the last four years with an almost 14 percent reduction in the gigajoules of energy consumed per ton of production. Our biggest consumer of energy is the STP segment that includes the refinery and DUGAS. This is to be expected due to the energy-intensive nature of processing to refine the products. We have taken several energy and resource management measures, which has resulted in a reduction in the overall specific energy consumption. These measures include waste heat recovery in our refinery operations, greening of buildings, and integrating renewable energy wherever possible.

Consuming water efficiently

Water is a scarce and precious resource for us in the UAE, and this has instilled an approach to the management of water within ENOC that encourages efficient water use in our operations, seeking to reduce the losses or waste that we generate. We constantly pursue initiatives to save water or recover the water we do use.

One such initiative is the way our retail sector reduces water consumption. New service stations can recycle carwash water, and customers can choose a waterless system where use of an all-in-one eco-friendly liquid saves water and prevents detergents from polluting the environment: the 'No-Wet' system cleaning liquid is made from all natural ingredients and does not contain petroleum distillates, silicone, abrasives, harmful chemicals or detergents.

The Group's water use for 2017 amounted to about 2.3 million m^3, with refinery, retail and DUGAS accounting for 47 percent, 28 percent and 16 percent respectively. Our other business segments accounted for the remaining 9 percent.

Way forward to improve our environment performance

ENOC is investing significant effort in terms of time and money to take the next step in our sustainability journey. One area where this will have a direct impact on improving our environmental performance is in the transition to measuring ENOC's Sustainability Index with its KPIs and targets for our business segments.

For example, over the past nine years ENOC has set a quantifiable target for energy and resource management. In 2017, this metric matured as ENOC's Sustainability Index, taking our different business segments into consideration.

The index now exists as a variable set of targets depending on operations (energy intensity, emission intensity, water, waste, green procurement, flaring etc.). We have an ambitious target in E&RM to reduce our energy consumption by 12 percent in 2021 from the 2013 baseline.

Sl. No.	Aspect	Unit	2014	2015	2016	2017
1	Total Energy	GJ	21,825,266	24,838,904	22,535,564	24,498,881
2	Specific Energy	GJ/ton	0.52	0.53	0.46	0.45
3	Total Emissions	tCO_2e	933,334	1,042,702	1,002,572	1,075,078
4	Specific Emissions	kg CO_2e/ton	22.33	22.18	20.51	19.71

Energy and resource management

ENOC E&RM strategy supports the nation's broader energy management initiatives

Key initiatives for 2017:

- Apply a 3 percent savings target through E&RM
- Conduct training on self-audits for all ENOC business units
- Introduce ENOC's Superior Energy Performance Scheme

A framework for ENOC's Superior Energy Performance (SEP) Scheme has been developed and was implemented before the end of 2017. Central to a comprehensive sustainability roadmap that ENOC has been preparing for since 2014, the objective is to invest US $15 million in sustainability projects over that period and achieve savings of US $6.9 million. We have already achieved savings of US $10.8 million, double the original target of US $5.5 million.

The Scheme is the US Department of Energy standard that provides guidance, tools and protocols to drive deeper and more sustained savings from ISO 50001. To qualify, facilities must implement an energy management system that meets the ISO 50001 standard, and demonstrate improved energy performance.

The ENOC Scheme establishes minimum requirements relating to the E&RM System, Measurement and Verification (M&V) and energy-related data.

We launched the second edition of ENOC's Energy and Efficiency Report at the Water, Energy, Technology and Environment Exhibition (WETEX) 2017. In it, we set out how the organisation is moving away from conventional energy management system audits to a culture of superior energy performance and operational excellence. The report also identifies two critical goals: the need for organisations to build their own culture of superior energy performance; and to institutionalise Energy and Resource Management (E&RM) practices within their operations.

In establishing these new benchmarks, the report articulates ENOC's thought leadership on energy and resource management to help raise awareness among government authorities and stakeholders, and sets out the Group's contributions towards key strategies such as Dubai Plan 2021, Dubai Integrated Energy Strategy 2030 (DIES 2030), and Dubai Clean Energy Strategy 2050.

Key among these is a fresh approach to how ENOC's business units determine their own E&RM Business Plans containing individual energy conservation projects, in order to introduce a measure of uniformity across the organisation. Accordingly, it was decided to set a minimum savings threshold of a 3 percent reduction in energy cost in 2017 against baseline energy use.

As part of ENOC's cultural shift from compliance to performance, management also decided to introduce self-audits to give the business units full ownership of the audit results and the need to take corrective action, if any.

But for self-audits to yield good results, it was felt that detailed training programmes would be necessary. Also, suitably qualified internal auditors – ideally with training in energy management – must conduct the self-audits.

Further, the self-audit system will only apply to business units that have scored above the cut-off target of 2.5 out of 4. Those below the 2.5 mark will continue to be assisted by the Group Sustainability Office (GSO).

ENOC is determined that its E&RM strategy should drive innovation and fresh thinking, both within the organisation and as a role model externally. This means that all business units will be required to submit proposals for achieving ISO 50001 certification by the end of 2018.

We remain committed to taking an active role in energy management and sustainability initiatives at the global, national and local levels, and to contributing to the realisation of our leader's vision: namely, that Dubai should become the city with the smallest carbon footprint in the world by 2050.

2050

Contributing to the realisation of our leader's vision: namely, that Dubai should become the city with the smallest carbon footprint in the world by 2050.

Corporate social responsibility

Making a positive impact

The social dimension of ENOC's sustainability programme integrates with the Group's environmental and economic efforts. The overall framework comprises four elements: environment, community, employee wellness, and volunteering. Each element is supported by a wide range of activities – from education to famine relief; from personal wellness to maintaining a green economy.

Community

ENOC's network of partnerships is a vital element in efforts on behalf of the community, working with the World Green Economy Summit, Dubai Autodrome, Suqia, UAE Red Crescent, Arabia CSR Network, Bait al Kheir, Dubai Police, and the Mohammed bin Rashid Foundation. Similarly, membership of related organisations has an important role. ENOC belongs to the Emirates Environment Group, Dubai Green Economy Partnership, World Wildlife Fund, and CSR Label.

Our social responsibility framework

ENOC's community involvement covers events and campaigns such as blood donations, Al Noor Fun Fair, Clean up the World, My Family Reads, World No Tobacco Day, Challenge Programme, Clean up UAE, and Heat Stress and Heat Exhaustion.

13m

Dragon Oil allocates about US $13 million annually for social initiatives and training programmes, undertaking various projects for the benefit of communities in Hazar.

Community activities also include working with the United Nations World Food Programme, international cooperation that has so far contributed US $111 million and helped 57,000 people. Domestically, ENOC's community involvement covers events and campaigns such as blood donations, Al Noor Fun Fair, Clean up the World, My Family Reads, World No Tobacco Day, Challenge Programme, Clean up UAE, and Heat Stress and Heat Exhaustion.

Notable community-related activities during 2017 included the partnership with Al Jalila Cultural Centre for Children, offering annual membership for a group of 135 orphans and giving them opportunities to hone their creativity and talent in art, music and crafts.

The orphans come from 'The Family Village' – a 'hope for the future' project with a vision to offer a healthy, safe and secure home for orphans in Dubai by providing them with health, nutrition and, most of all, love and care.

The project aims to enrich the orphans' sense of belonging, as they are part of the UAE, and to develop and build their psychological sense of being part of the nation, society and economy.

ENOC also announced the start of the application process for the ENOC Energy Scholarship Programme, a post-graduate Master's degree in Energy Management from Heriot-Watt University in Dubai. The programme offers four UAE nationals in ENOC, and externally, the opportunity to pursue a Master's degree.

Volunteering activities by ENOC employees are another important facet of community engagement. In 2017, employees were involved in the preparation of 10,850 school kits that were distributed to National Charity Schools under the auspices of Dubai Cares, a philanthropic organisation working to improve children's access to quality primary education. Employees also participated in ENOC's Minutes of Giving campaign, helping to prepare more than 500 care packages.

Exploration and Production operations in Turkmenistan

Dragon Oil allocates about US $13 million annually to social initiatives and training programmes, undertaking various projects for the benefit of communities in Hazar, the hub of its operations in Turkmenistan, and in Ashgabat, Turkmenistan's capital and largest city, where Dragon Oil was an official partner of the Asian Indoor and Martial Arts Games during 2017. Activities include making repairs and infrastructure development; educational and social facilities, including schools and hospitals; and sponsoring various sports, educational and cultural events.

Training the citizens of Turkmenistan is a priority. Dragon Oil invested more than US $1 million during 2017 to improve the professional capabilities of the company's national employees. About 145 training events were conducted, in which more than 5,600 national employees participated.

A High-Potential Programme was introduced in 2010 and now has 56 employees from various departments. High-potential employees are actively working on their development to close their competency gaps, using methods such as self-learning, e-learning, and project assignments. In 2017, four programme participants were promoted – two to deputy superintendent in logistics and two in offshore operations.

The Higher Education Assistance Programme aims to support academic activities that relate to the organisation's identified knowledge, skills and competencies, and offers different levels of education, from diploma to Master's degrees. Some 30 employees are now enrolled in the programme, including five during 2017. Four employees graduated during the year and a further four are expected to graduate in 2018.

In collaboration with Tomsk Polytechnic University, Dragon Oil arranged and conducted entrance examinations in mathematics, chemistry, physics, and the Russian language, for the top 20 school leavers who applied for scholarships. Based on the exam results and other critical indicators, the selection committee awarded scholarships to five Khazar people in 2017, bringing the total sponsored by Dragon Oil to 21.

Environment

ENOC's CSR journey has been marked by many notable achievements, particularly in environmental education. Working with the Dubai Aquarium and Underwater Zoo, for example, has resulted in some 2.25 million members of the community learning about marine wildlife and conservation.

As a strategic partner of Emirates Environmental Group, we share the belief that education is key to achieving environmental success. The Group serves as a creative platform for tomorrow's sustainability champions to come together and discuss contemporary environmental issues via public-speaking competitions and debates. A total of 77 UAE schools and 517 pupils participated in 2017, as well as 69 universities and 515 students from across the MENA region.

Green economy

Correcting perceptions of 'green = expensive'

100%

ENOC has also installed vapour recovery systems in service stations that enable close to 100 percent recovery of gasoline vapour and other emissions.

The UAE Energy Plan 2050 was launched in January 2017 as a blueprint for an energy-efficient and low-carbon future. It aims to cut carbon dioxide emissions by 70 percent, increase clean energy use to 50 percent, and improve energy efficiency by 40 percent. The plan projects total savings of US $190 billion.

The national strategy follows the Emirate of Dubai's announcement that it seeks to have clean energy account for 75 percent of its portfolio by 2050. As the key energy infrastructure partner to the Dubai Government, ENOC has made significant progress to support both the UAE Energy Plan 2050 and the Dubai Plan 2021 to become a smart and sustainable city.

Sustainability can only be achieved by transforming the way businesses think and operate. ENOC is evolving in line with the philosophy, especially in changing the perception that 'green equals expensive'.

ENOC experience shows this is far from reality, as demonstrated by the financial impact of 'quick win' efforts. An investment of AED 60 million since 2014 has already yielded ongoing savings of more than AED 40 million.

Plans are now being implemented to invest AED 55 million in further energy efficiency and resource management projects to achieve even greater savings. The savings already made follow years of hard work, and reflect ENOC's unique ecosystem that facilitates free-flowing and innovative ideas from the top down and from the bottom up. Finding solutions from both ends of the chain of command accelerates progress.

Three highly active entities inspire the ENOC sustainability message across the chain of command: the Sustainability Leadership Group, the Energy and Resource Management Steering Committee, and the Energy and Resource Management Technical Committee. On the other side of the chain, employees are encouraged to propose ideas to line managers and through the Innovate suggestion programme.

A number of projects illustrate ENOC's commitment to sustainable practices. The first solar-powered service station in the UAE – now the model for all future ENOC stations – can produce 120 kWh on an ideal day, 30 percent more than needed to run the station. Excess power is transmitted back to DEWA's main grid through a solar meter the tracks input. ENOC estimates that more than 23 GWh of solar energy will be produced to power these stations, minimising the load on DEWA's grid and power-generation capacity.

ENOC has also installed vapour recovery systems in service stations that enable close to 100 percent recovery of gasoline vapour and other emissions. The system recovers vapour released from the petrol dispensers and storage tanks, condensing it back into fuel form, and is expected to convert up to 5,000 litres of fuel, per month.

Other new technologies include variable refrigerant flow that adjusts the volume of refrigerant to air-conditioning systems according to prevailing temperatures, saving 35 percent of energy used by conventional AC systems – equating to reduction in electricity bills of about AED 22,000 per service station, per year.

Compressed natural gas for vehicles has proven its commercial viability and is considered one of the cleanest and safest fuel types, with the lowest carbon emissions. Dubai's long-term strategic plan to provide 75 percent of the Emirate's energy through clean sources by 2050 provides ample opportunity to drive the use of CNG.

ENOC introduced the CNG Mother Station and Mobile Refuelling Units to cater for small-fleet customers. Such stations now serve more than 500 vehicles a day, with plans to increase the number of vehicles running on CNG to 5,000 over the next few years.

The launch of 'Biodiesel5' to the UAE market is another significant green initiative by ENOC. The new product is a clean fuel produced from vegetable oil and waste cooking oil. As biodiesel is derived from renewable resources, this is an opportunity to reduce the domestic consumption of fossil fuels and contribute towards the region's responsibility for environmental protection and sustainability. The launch aligns with the UAE Energy Plan 2050, which targets an energy mix that combines renewable, nuclear and clean energy sources to meet the country's economic requirements and environmental goals.

As consumers become increasingly environmentally conscious, national oil companies that embrace a low-carbon path will gain more favour in a competitive market. ENOC will continue to adapt to these changes and lead the way in ensuring that an efficient and diversified fuel mix supports Dubai's goals, now and in the future.


اينوك
enoc
ZOOM
pronto
autopro
POPEYES
LOUISIANA KITCHEN
برجر كنج
BURGER KING

ENOC Group legal entities

United Arab Emirates
ENOC Processing Company LLC
ENOC Tasjeel LLC
Cylingas Co LLC
Gulf Energy Maritime (GEM) PJSC – 35.62%
ENOC Fuel Supply Company LLC
ENOC Properties LLC
Fujairah Energy Projects Company LLC – 50%
Dubai Carbon Center Excellence LLC – 25%
Dubai Natural Gas Company Limited
ENOC-IG Petrochemicals LLC – 70%
ENOC Supply and Trading Company LLC
ENOC Marketing LLC
ENOC Lubricants and Grease Manufacturing Plant LLC
EPPCO Projects LLC – 51%
ENOC Retail LLC
ENOC Retail System
Emirates Gas LLC
Horizon Terminals Limited
EPPCO International Limited – 50%
Horizon Jebel Ali Terminals Limited
Vopak Horizon Fujairah Limited – 33.33%
Horizon Emirates Terminals LLC

Bermuda
Dragon Oil (Turkmenistan) Ltd
Dragon Oil (Algeria Alpha) Limited
Dragon Oil (Egypt Alpha) Limited
Dragon Oil (Bargou Tunisia) Limited
Dragon Oil (Sanduqli) Limited
Dragon Oil (Mazar-i-Sharif) Limited
Dragon Oil (Philippines SC63) Limited

Djibouti
ENOC Djibouti FZCO – 80%
Horizon Djibouti Terminals Limited FZCO – 44.44%

Jersey
Dragon Oil (International) Limited
Dragon Oil (Block 9) Limited

Malaysia
ESL Limited

Malta
Dragon Oil (Holdings) Limited

Morocco
Horizon Tangiers Terminals SA – 34%

Saudi Arabia
Arabtank Terminals Ltd – 36.5%
United Gulf Aircraft Fuelling Company LLC – 49%
Saudi Emirates Fuel Company
United Fuel Company
Integrated Logistics Company – 40%

Singapore
Horizon Singapore Terminals Pte Ltd – 52%
ENOC Singapore Pvt Ltd
Falcon Grace Private Limited
Falcon Victory Private Limited
ETL Falcon Private Limited
Centennial Asia Shipping Private Limited

Somalia
Horn Fuel Trading LLC – Somalia – 51%

Tanzania
ENOC Africa – 60%

United Kingdom
ENOC Services (UK) Ltd
Dragon Resources (Holdings) plc

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