



# 2017 SUSTAINABILITY PERFORMANCE REPORT

INTEGRATED  
UNITED  
EXCITED





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Thank you for taking the time to read our report, if you would like to give us feedback, please email us at: [group.sustainability@enoc.com](mailto:group.sustainability@enoc.com)





HH Sheikh Khalifa bin Zayed Al Nahyan  
*President of the UAE and Ruler of Abu Dhabi*



HH Sheikh Hamdan bin Mohammed Al Maktoum  
*Crown Prince of Dubai*



HH Sheikh Mohammed bin Rashid Al Maktoum  
*Vice-President and Prime Minister of the UAE, and Ruler of Dubai*



HH Sheikh Hamdan bin Rashid Al Maktoum  
*Deputy Ruler of Dubai and UAE Minister of Finance*

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## A Welcome Note from our Group CEO

Following the launch of our first Sustainability Performance Report last year, it gives me great pleasure to welcome you to our second Sustainability Performance Report. The report will give you a very clear picture of where ENOC is currently at our sustainability journey, the achievements made and challenges we faced during 2017.

For a quarter of a century, we have created value for the nation by powering the economy of Dubai and supporting the communities where we operate by integrating the concepts of sustainability into our daily business. Although we launched our inaugural Sustainability Performance Report last year, we actually started the sustainability journey 25 years ago on a foundation of Environment, Health and Safety and Energy and Resource management. Since that time, we have been maturing as a sustainable organisation, and by issuing our performance report, we demonstrate our performance in a transparent and globally recognised manner.

In 2017, we integrated Dragon Oil into the ENOC group. This enhances the sustainability of ENOC by securing feedstock supply into the business. The integration of Dragon Oil has offered interesting challenges and opportunities for ENOC; most notably that Dragon Oil operations are outside the UAE and are in the upstream market. This has necessitated a need to identify and prioritise management of new risks and challenges in our operations. We were able to realise some operational efficiencies by integrating corporate support functions such as Internal Audit & Business Ethics and Group Sustainability. We are in the process of replicating our best practices to Dragon Oil, such as our effective Energy and Resource management system, setting sustainability performance targets, minimizing environmental impact and enhancing positive social impact.

We recognise however that we are at an early stage of integration and Dragon Oil will continue to manage its operations in the local geographies by utilising their strengths and knowledge about upstream operations, local regulations and communities. During the integration process with Dragon Oil we have realised some good practices that we will replicate at ENOC, particularly the 'People First' value, focussing on employees and communities, that is vigorously promoted in Dragon Oil. We are learning from the methods adopted by Dragon Oil on how, as a group ENOC can be more effective in playing a positive role in communities and the wider society. Till now, Dragon Oil has allocated about US \$13 million annually to social initiatives and training programmes, undertaking various projects for the benefit of communities in Hazar. Our Sustainability Index KPI on developing community infrastructure is inspired by the successes of Dragon Oil in CSR.

Our financial performance was strong in 2017 and ENOC's revenue reached US \$16.41 billion, up by 24.3% from 2016 despite initially depressed global oil prices. This was primarily driven by fuel sales volume reaching 249 million barrels, a new high, and our ability to maintain our five-year compound annual growth of more than 9.25%. We recognise that maintaining this level of revenue growth will be difficult in 2018. However, building on the UAE's economic growth despite pressures from increasing inflation and introduction of VAT that in part can be offset by increased capital spending on the Dubai 2020 World Expo, we are expecting 2018 is going to an interesting milestone year for ENOC.

Continued on next page...



*For a quarter of a century, we have created value for the nation by powering the economy of Dubai and supporting the communities where we operate by integrating the concepts of sustainability into our daily business.*



We realise that measuring our sustainability performance was the right step forward for ENOC. This has helped us to identify opportunities to contribute to Dubai's energy transition in many ways, such as more biofuels (Biodiesel5), hydrogen and electric vehicle charging into our service mix, utilising more renewable energy and deploying low carbon energy sources like Compressed Natural Gas.

In 2017, we introduced 19 new KPIs which make up the ENOC's Sustainability Index, and initiated its incorporation into ENOC's score card. This enables us to quantify and compare sustainability performance of all our business units. The goal of the Index was to motivate our people to minimize our environmental impacts through specific KPIs and help us improve our performance. Computing the Index was challenging and involved significant data verification and analysis. We have plans to overcome this challenge by developing and deploying a Sustainability Data Management System (SDMS) during 2019.

In terms of health and safety, our overall LTIFR reduced from 0.51 in 2016 to 0.36 in 2017. This is a reduction of 29% from 2016, and there were four fewer Lost Time Incidents (LTI). A notable achievement with respect to EHS was the completion of a major propane sphere project in DUGAS with a remarkable 1 million man-hours without any LTIs.

We are pleased that our incident reporting system is being well utilised and in 2017 as can be seen from the fast response to process safety incident at one of our Terminals, causing a gasoline spill. We were able to respond quickly and contained the entire spill within the tank bund. Due to our ability to respond quickly, there was no fire or ground contamination.

Learning from incidents and reporting like this helps us to continually improve as an organisation and we are finding effective ways for improving our performance managed by SMART targets deployed in Sustainability Index that feed into our improvement plan. We believe that the success of the improvement plan is critically determined by our 'People' and we are deploying a transformation roadmap for talent management to harness talent potential for ENOC's future success.

These are exciting times for ENOC. The transition to a low carbon economy is one of the great challenges of our time. The UAE and Dubai want to be at the forefront of this green transition through digitization. ENOC is going to play a key role in this



*In 2017, we introduced 19 new KPIs under ENOC's Sustainability Index and we initiated the incorporation of Sustainability Index into ENOC's score card reflecting performance in all our business units. Getting unity across the organisation to work towards improved KPI performance is an exciting step for us.*

transformation. This presents us with new opportunities to develop and deploy new business models based on digitization, Compressed Natural Gas, Hydrogen fuel and electric vehicles.

Internally, we are also looking at all opportunities, from how we can make ENOC operations more efficient, starting from reducing our energy intensity to reducing our flaring emissions. We factor in energy consumption and carbon emissions into all our business decisions, including for future projects and procurement. This, we believe, provides us the greatest opportunities to maintain a business that is sustainable and resilient for years to come.

Having a clearly defined road map for improving our sustainability performance is critical for ENOC to move forward. As we mark 25 years, "integrating" Dragon Oil and creating a "united" ONE ENOC group of diverse business units offers "exciting" times ahead, for us and our stakeholders.

**Mr Saif Humaid Al Falasi**  
Group Chief Executive Officer  
ENOC

## Foreword from Dragon Oil CEO

We had a real sense of pride after seeing the sustainability achievements as a group in the first sustainability performance report and I am pleased to be able to contribute and help introduce this second report. The previous sustainability report helped open up the boundaries of thinking and our approach to sustainability. Dragon Oil's integration into this year's report brings a new dimension in that we introduce a greater non-UAE operating zone as well as upstream operations.

Sustainability at Dragon Oil is related to the management of change process and continuous improvement in the minds of individuals and a sense of responsibility. Our sustainability is also closely related to our research and development capabilities as we better understand and analyse our reserves and their complexity.

We embrace innovation to find new solutions to challenges that we are faced with. We have adopted an operational excellence model that helps us to implement these solutions through technology that we deploy to our contractors. We know that successful performance is driven by interdisciplinary collaboration and we continue to work with local institutions to find solutions.

There is a need for us to work locally with the host nations and provide local jobs, careers, income and implementing the "life-saving" rules. We have put a significant emphasis on the safety of our workforce and we have a culture of blameless incident reporting and zero tolerance of unsafe driving. We recognise the importance of working with our stakeholders to optimise the strength of the local communities in which we operate.

We also recognised the need for continual improvement and one way that we can do that is through EHS management audits. We have adopted this practice and we are using it to present risk management to our stakeholders and so partners such as our banks and our communities are assured that we understand the risks and are managing them well.

Our goal at Dragon Oil is to be transparent to government, our peers and our communities. Our strength is the economic value that we bring and our ability to continually improve.

### Introduction Welcome Notes

We are not just seen as a way of securing an income, we grow our employees and we support them in their careers. We examine the future that we will be operating in so that we can be sustainable.

Our role as the ENOC group is perceived to be as a major player in the market who can look after the quality of life and help with the education of the nation. As part of the ENOC group we have the ability to protect people's lives with right infrastructure around the development of wells in our oil reserves. We add to the ENOC's image of a collaborative approach whilst recognising our own segment strengths.

We believe in training the workforce, providing innovation, engaging with the public in a collaborative environment, not to build value alone as Dragon Oil but in an integrated manner. The image that Dragon Oil has created in Turkmenistan, Algeria and Iraq is one of a company that builds local capabilities in a local market.

I am pleased to be able to share some of the great work that we have accomplished so far which includes our utilisation of reserves by introducing water injection for Enhanced Oil Recovery (EOR), our structured training program reaching more than 40 hours per employee and our focus on waste management across our operations. We are proud of various CSR projects undertaken for the benefit of communities in Hazar (Turkmenistan) and our annual budget is about US \$13 million for various social initiatives and training programmes.

We are also still mindful of the challenges that we are faced with and we continually strive to position Dragon Oil for future success through our emphasis on sustainability. We remain focused on developing our assets responsibly, while creating lasting value for communities and stakeholders.

**Mr Ali Rashid Al Jarwan**  
Chief Executive Officer  
Dragon Oil



*There is a need for us to work locally with the host nations and provide local jobs, careers, income and implementing the 'life-saving' rules.*



## Foreword from our Executive Director – EHSSQ & Corporate Affairs\*

I am pleased to introduce you to our second Sustainability Performance Report and to have the opportunity to share our continued progress that we have made since the launch of the first report in 2017. It is with great pride that I can see how our initial report and the years of hard work that preceded its issue, have helped accelerate the idea of sustainability into the consciousness of our internal and external stakeholders. We have listened to our stakeholders and used the materiality assessment and reporting process to do more than simply issue our first report, but have embraced the process and it has motivated engagement on sustainability throughout the organisation. In particular this has helped institutionalise some of our good practices around operational excellence, we have increased peoples understanding of good governance and the need for excellent environmental, health and safety performance and this has all been done with a real feeling of togetherness and team spirit. This acceleration in understanding of sustainability and its importance to ENOC also helps us align with national strategies and allows ENOC to lead the way in embedding sustainability into the fabric of the United Arab Emirates.

ENOC has been proud to support the Dubai Government with the UAE 2030 Energy Plan and 2017 saw ENOC play an important role in utilising our knowledge to work with the Dubai Supreme Council of Energy to work on the Carbon Abatement Strategy, The Demand Side Management Strategy and The Green Public Procurement for Energy and Water Efficiency.

We are also excited to be part of the EXPO 2020 delivery team and we have had the opportunity to work on initiatives around alternative fuel sources such as Hydrogen Fuel and Photo Voltaic (PV) and using ENOC's unique position to market exposure and resilience to offer responsible advice. We recognise that oil needs to be utilised responsibly and sustainably and that changes to Low Sulphur Fuel standards are pivotal to that, so we are driving change in that direction to. This helps us contribute to the UAE's socioeconomic responsibility as a business-to-business provider as well as business to customer provider and we are embracing that challenge.

Whilst we embrace the society that we are working in, we have an even tighter embracing arm around our colleagues. The safety of our colleagues is something that will always be at the forefront of our organisation. We have set ourselves challenging targets around the health and safety of our

staff, so that we drive improved performance in this area in particular. We have worked to institutionalise a Health and Safety Leadership Programme to ensure that despite other changes in the company, our Health and Safety culture remains of the highest importance to us. We have developed a comprehensive Near Miss reporting system and improved on our communication programme, so that we utilise lessons learned and share them through Safety Alerts. We have also taken the opportunity to update our EHS manuals, so that they are relevant and up to date and can be used across the company as we develop into new operating scenarios.

One of the newest operating scenarios for ENOC has been the integration with Dragon Oil. We all recognise that this brings great excitement to our operations and we in EHSSQ are also aware of the greater exposure to the environment that the upstream operations bring. I am pleased that the CEO of Dragon Oil is as committed to EHS as we are and he is a real leader who has embedded a strong EHS culture in the organisation. Dragon Oil has a strong track record around Corporate Social Responsibility (CSR) and we will work with them to see if we can utilise their experiences to improve our own CSR initiatives. We are already developing a CSR framework that will ensure that we are engaging with our communities in the most impactful way. This is one of the great initiatives that I am excited to be working on with my team.

We continue to be presented with challenges, but it is how we overcome them as an organisation that continues to inspire me and allows ENOC to remain resilient and sustainable. We will be working with senior leadership to adopt a new change management process that will help govern and guide some of those challenges to help us move forward. I am pleased that we continue to build on the great work that has been done and by working through the right stages with a strong Group Sustainability Office and Group CEO who truly believes in sustainability, we have a solid foundation for an exciting and sustainable future. We have again captured many of our challenges and successes in this year's report and I hope that you enjoy reading it.

**Dr Waddah Ghanem Al Hashmi**  
Executive Director - EHSSQ & Corporate Affairs\*

\*Till May 2018



*We continue to be presented with challenges, but it is how we overcome them as an organisation that continues to inspire me and allows ENOC to remain resilient and sustainable.*





## Foreword from our Chief Sustainability Officer

Last year's launch of our inaugural Sustainability Performance Report was a significant achievement not only for the Group Sustainability Office (GSO) but also for the ENOC Group, and it is my great pleasure to introduce our second report.

Group Sustainability Office was established in 2016 with the objective of integrating sustainability in day to day operations of ENOC. GSO is also tasked to enhance the focus on energy and environment by building on the foundations laid in ENOC since 2008. Our approach to sustainability is founded on a basis of managing energy and resource which also translates to improving triple bottom line performance of the company whilst mitigating our impacts on the environment.

At ENOC we wanted sustainability to drive a positive cultural change in the organisation through a structured process and making sure that every employee is on board to execute our goals. Therefore, we focused on increasing the competency level of our sustainability champions and ENOC staff at all levels. The drive towards that change is also guided by setting specific targets for improving performance.

This year's report and the work that went into the projects that we are reporting on, represents continued progress achieved in ENOC. We worked together with all the corporate departments and business units to enhance ENOC's performance. Having developed the team of specialists within the Group Sustainability Office, our team members are being utilised as trusted advisors and as technical support to advise on the 19 Sustainability KPIs which were introduced to drive performance improvement. We added value to the Group by turning various risks faced into opportunities and helping teams engage with their stakeholders to understand the needs of communities and address these issues at its core.

One of the most evident areas that was built on the collaboration and spirit of togetherness has been our ability to work on the integration of Dragon Oil into the ENOC Group and this report.

I am excited to bring you this report that builds on the momentum built up last year, and the togetherness we fostered with each department in bringing our data to life.

We have also worked closely with our departments to deliver targeted training and raise awareness and competency within the organization. We are glad that the approach we have taken had nurtured a culture change in ENOC Group, helped foster trust and led to demonstrating continuous

improvement. All these aspects make me very proud to be leading the Group Sustainability Office and for having the opportunity to share our performance with you.

Some of the key achievements that I am personally most satisfied with over the last year, has been our ability to work with the Sustainability Champions across the company and provide them adequate training and keep them motivated. This empowers them to influence business decisions in their departments and business units and endows them with the necessary knowledge to assess solutions for the long term. Of particular note is the fact that we have encouraged investments towards installation of solar energy systems in our retail stations, an initiative for which we received the MEED Business Innovation Award in 2017. Smart investments like these along with the energy saving set target of a 3% reduction we were able to save more than AED 10 million. This is three times the savings achieved in 2016. We were also pleased to be awarded the Golden Peacock Global Award for Sustainability for our high performance on integrating Sustainability as assessed by external panels. Being recognised for some of these achievements has been a humbling experience for us.

Another significant achievement for us has been the integration of the Corporate Social Responsibility (CSR) function with the Group Sustainability Office. This integration has seen a shift in the approach to CSR activities moving towards a more structured and considered manner. This way, we can really assess and see the value of sustainability being realised through CSR initiatives. We have provided a strategic direction and are now in a position to maximise the value and impact on society by evaluating opportunities systematically as we consider them for implementation.

We are proud to join hands with Al Jalila Cultural Centre for Children (AJCCC) to launch a program for improvement of quality of life of more than 500 minors and orphans aged 4 to 16, over a three-year period. Through this partnership the children are provided with soft and vocational skills to uplift their competencies in various areas related to sustainability.

Our other notable CSR initiatives include, working with the Emirates Environmental Group to provide educational trainings, with DEWA on the Carbon Ambassador Program (CAP) and signing MoU with Herriot-Watt University for launching the ENOC Energy Scholarship. We believe this will help to strengthen the knowledge base of our community whilst simultaneously supporting our own manpower needs



*We are becoming more integrated as ONE ENOC and together we are united in our goals to improve performance and its certainly apt to say that we are Integrated, United and Excited about ENOC's future*

and drive towards Emiratisation. For our initiatives in CSR, we are delighted to announce that for the second year in a row, ENOC won the Arabia CSR Award along with our esteemed Group CEO winning the CSR Personality of the Year Award.

We work closely with our stakeholders, inspiring individuals and make ENOC not just as an energy organisation, but as a role model and benchmark in oil and gas sector. Internally, we are already pushing for Superior Energy Performance, a step much ahead of ISO 50001 requirements. This, will surely help us go beyond compliance and stay ahead of the curve.

Within the Group Sustainability Office, we are extremely excited about what the future holds for us and the improvements that we expect to realise for the company. We are becoming more integrated as ONE ENOC and together we are united in our goals to improve performance and its certainly apt to say that we are Integrated, United and Excited about ENOC's future.

I hope that some of the examples that we have shared with you in this year's report will inspire you to continue to improve your sustainability performance. As always, I welcome your feedback on this year's report while thanking all of you for contributing in the sustainability journey of ENOC.

**Alia Ali Busamra**  
Manager - Group Sustainability  
Chief Sustainability Officer



# 25 Years of ENOC at a Glance

2017 marks the 25th anniversary of our organisation's formation, a history that amounts to much more than just supplying fuel. 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 with 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.

30

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

120  
million  
customers served  
in 2017

01

11,300\*  
employees  
\*including Dragon Oil

Global presence

60  
countries

**Chapter 01**  
25 Years of ENOC

Emirates National Oil Company Limited (ENOC) L.L.C. is a leading integrated international energy player based in the United Arab Emirates (UAE), operating across the energy sector value chain since the 1970's. ENOC was formed through the transfer of four wholly or majority-owned Government of Dubai companies during 1993 and is now a wholly owned entity of the Government of Dubai. This report celebrates ENOC's performance over the past 25 years, evolving from a local oil and gas player to a diversified and integrated international operator with industry-leading operations.

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.

Our vision highlights ENOC's forward-looking approach; and establishes the Group's core purpose: to create value for all of our stakeholders.

## Sustainability in Our Vision and Mission

Sustainability is central to our mission and vision. ENOC endeavours to operate responsibly and manages its social, economic and environmental impacts to maintain our commitment to meet Dubai's growing energy needs for generations to come.



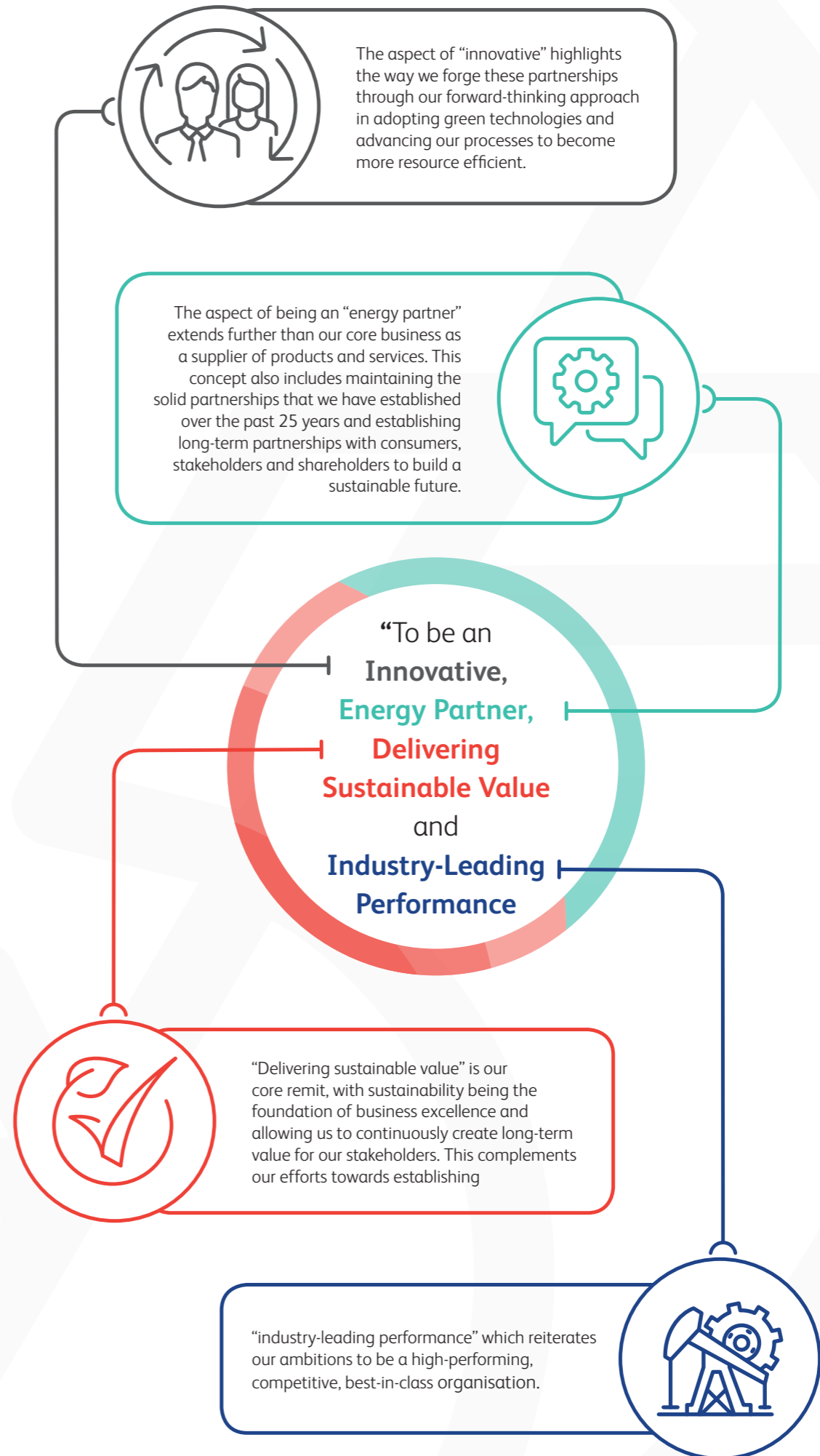
### Our Vision

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

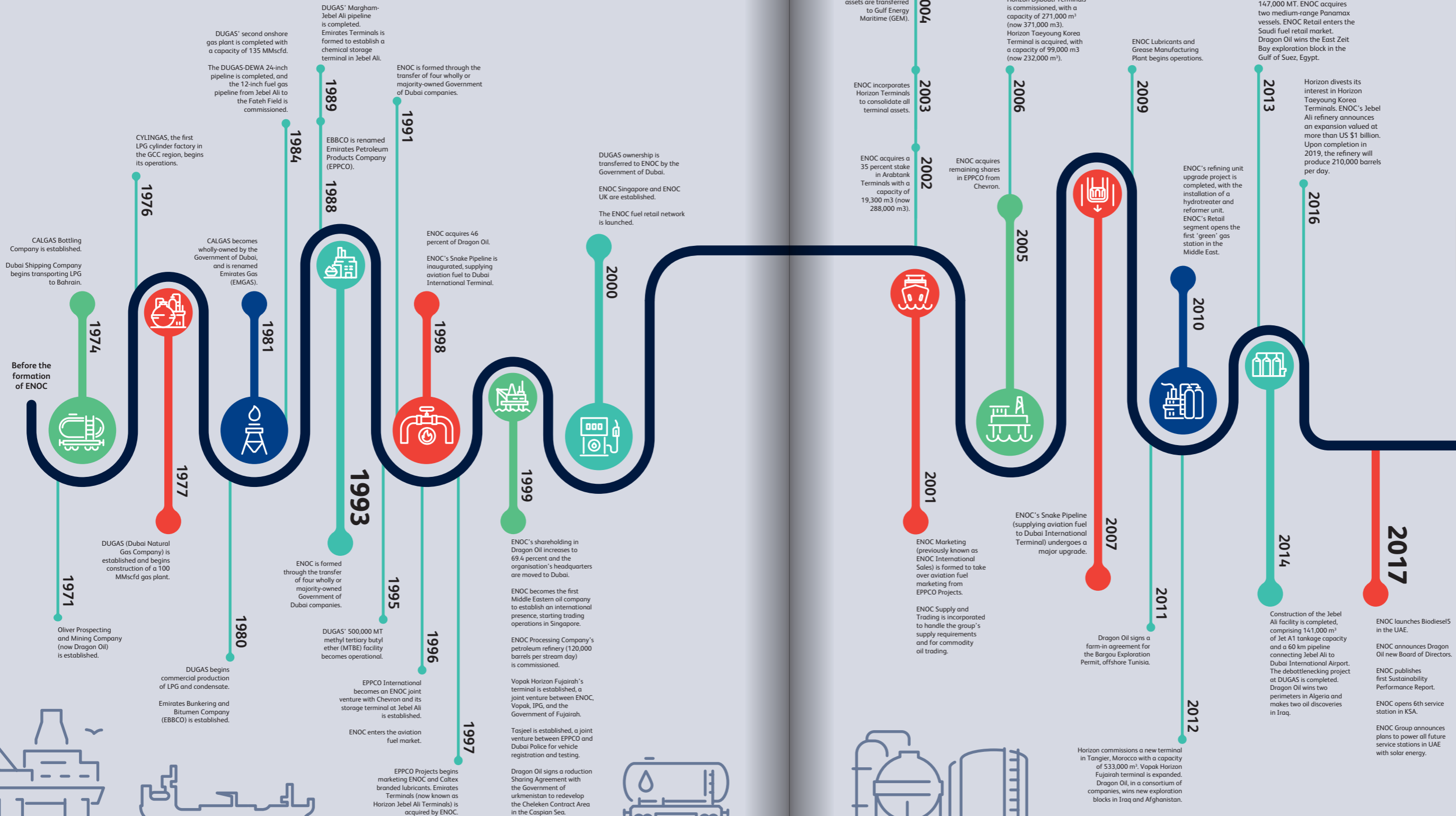


### Our Mission

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



# Our Journey So Far



## Our Growth Strategy

We have five strategic focus areas to maintain business growth and contribute to the UAE's economy in an environmentally and socially responsible manner:



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

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 a long-term growth strategy, ensuring the Group's goals and aspirations comprehensively support Dubai's ambitious and innovative roadmap for years to come.



The Group undertook a strategy revision during 2017 during which the core principles of the long-term plan were defined as mobility, renewables, technology, and Dubai's long-term vision.



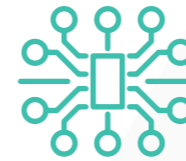
### Mobility

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;



### Technology

Takes account of big data, Blockchain, artificial intelligence, and cybersecurity.

### Dubai's long-term vision

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.



ENOC's strategy for 2017-2021 is based on three key priorities to maintain our strategic long-term vision:

#### 2017-2021

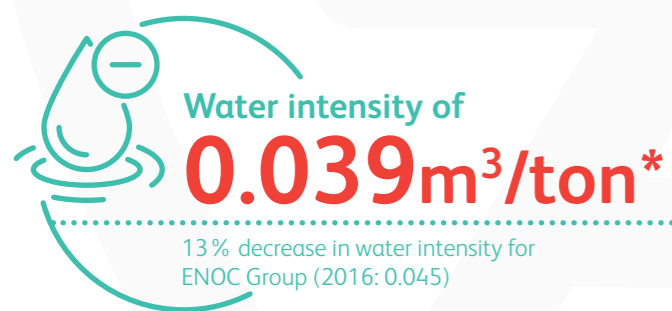
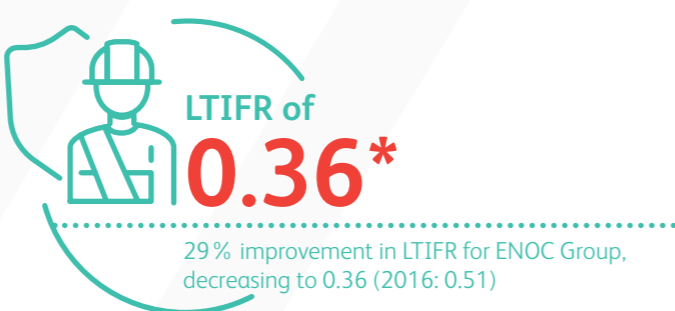
- 1) Focus Efforts and Investments in Dubai
- 2) Integrated International Expansion
- 3) Value Chain Integration



#### Beyond 2021

- 1) Continue to reinforce position in Dubai
- 2) Expand internationally
- 3) Expand upstream portfolio

## 2017 Highlights (\*excluding Dragon Oil unless noted)

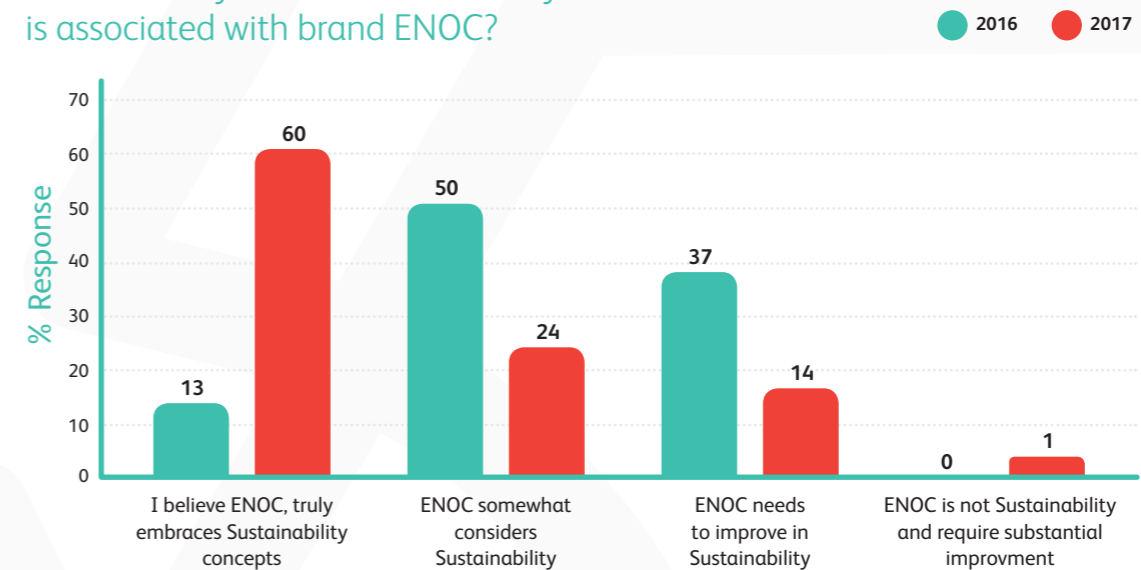


Stakeholders during Sustainability Report launch in 2017

### Stakeholder perception of ENOC's Sustainability Performance

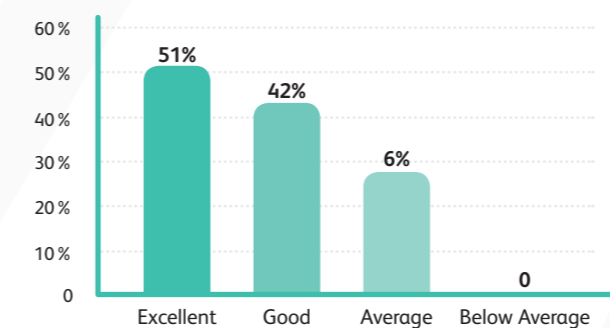
ENOC conducted a live engagement sessions during 2016 and 2017 to determine internal and external stakeholder perception of how well sustainability is associated with the ENOC brand. During 2016 only 13% of stakeholders perceived ENOC to be truly embracing sustainability concepts. Half of the stakeholders perceived ENOC as somewhat considering sustainability and 37% of stakeholders thought ENOC needs to improve in sustainability. Following the successful launch of ENOC's inaugural sustainability report, stakeholder perception on sustainability association with the ENOC brand had transformed with the majority (60%) of stakeholders believing that ENOC truly embraces sustainability concepts, and the remaining portion of stakeholders perceiving ENOC to somewhat considering sustainability or needing to improve sustainability.

How well do you think sustainability is associated with brand ENOC?



The stakeholders also rated ENOC's sustainability performance in terms of transparency and credibility. More than half of ENOC's stakeholders regard ENOC as 'excellent' in terms of transparency and credibility, followed by 42% who regarded this as 'good'. There were no stakeholders that regarded ENOC below average.

How do you rate ENOC sustainability performance for its transparency and credibility?



The value of continuing ENOC's sustainability journey is demonstrated in these engagement sessions and will serve to maintain the momentum required for ENOC to deliver sustainable value and industry-leading performance.

## 25 years of inspiring employees

ENOC's 11,000 exceptional individuals are simply the reason behind its tremendous growth achieved over the last twenty-five years. ENOC recognizes that employees don't represent an expense so much as a priceless investment. Rather the employees are the core creators of value in ENOC business. Our employees reflect sense of belonging at work and we look forward creating more exceptional experiences for our employees in the decades to come.



### How long have you been an employee with ENOC and what position did you start your career in ENOC as?

I have been with ENOC for 27 and a half years and I started my career at Dugas as an Operator initially. Since then I have had a number of progressive roles including Loading Master, Loading Supervisor, Operations Manager and I took up my current position as Jebal Ali Terminal Manager on the 25<sup>th</sup> of December 2011.

### How do you think that ENOC has changed as a company during your time here?

During my time, I have seen many changes at ENOC, most notably the successful Emiratisation programme that has seen a shift from a largely expat leadership to a UAE national leadership. This has been done with effective training and knowledge transfer. We used to travel to Canada to undertake training and build our skills and now we are able to do that here in the UAE with experienced colleagues.

I have also seen ENOC become much more operationally efficient over the years. There is a greater focus on the justification of spend and operational cost increases with a renewed outlook of trying to optimise and become more efficient first before spending.

### Can you recall any particular positive changes to the business during your time with ENOC?

We have seen a greater emphasis on the monitoring of operations to capture data and analyse that data to continuously improve our efficiency and benchmark against our peers. This has been evident through a focus on energy and water consumption, which has been done in a holistic manner to achieve savings. The use of data has had to be more auditable, with formalisation and documentation needed and this has helped us obtain certifications also.

Such practices have inspired me to carry the principals of sustainability from the workplace to home. At home now I have introduced LED lighting to reduce our consumption and I have reduced our water flows in certain rooms to minimise our water consumption.

### How do you feel that ENOC is becoming more sustainable as an organisation?

ENOC is definitely becoming more sustainable as an organisation and one of the ways that we have done that is by really explaining what Estidama (the Arabic word for sustainability) means. ENOC has put a lot of effort into training our staff and raising awareness about sustainability. Through this and through mere open communication we have been able to share good (and bad) practices and improve as an organisation.

### What makes you want to stay with ENOC?

I am happy here at ENOC, it has been my home all my working life and I can look back with pride at the career that I have had and the opportunities that I have had. I can see where I have come from in the company to where I am now in the company and I am happy to be here and with the leadership that we have here.



**Name:** Jassim Al Ali  
**Date of joining ENOC:** 11<sup>th</sup> of February 1991  
**Position:** Terminal Manager at Horizone Jebal Ali Terminal



Abed Sadek, who joined the company in December 1987 as an IT Coordinator, tells us about the highlights of his time with ENOC over the last 30 years'. "One of my proudest moments while working at ENOC was leading a presentation for His Highness Sheikh Mohammed Bin Rashid Al Maktoum and His Highness Sheikh Hamdan Bin Rashid Al Maktoum to demonstrate ENOC's Select Card."



Naseem Moore joined ENOC in Sep 1988 and currently working as an Administrative Assistant in DUGAS. She has been with ENOC for about 30 long years and says that ENOC as a company has changed positively to be a 'transparent' organization caring for its employees. She says, "I'll continue to work for ENOC as I love DUGAS and it's my home."



Raghunathan M. Ayyappan, who joined in 1997 as an Operation Clerk, discussed the changes he has seen in the company over the last two decades, such as the Jebel Ali refinery. "ENOC's ability to adapt to the fast-changing pace of business gives its employees the opportunity to face and overcome challenges while building a healthier organisation. There have been many changes in my time here, such as the construction of the Jebel Ali refinery, storage terminals and the commencement of oil trading, to name just a few."

## 2017 Golden Peacock Award

ENOC is investing significantly on human and financial resources to move forward in our sustainability journey; the fruits of which were bared in terms of recognition during 2017 when ENOC received the Golden Peacock Global Award for Sustainability – a worldwide corporate excellence benchmark. The Golden Peacock Awards, instituted by the Institute of Directors (IOD), India in 1991, which recognizes the best organizations that have significantly embedded risk management strategies and sustainability practices into their operations and decision-making processes, leading to improved organizational performance.

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.



## Our Business

The Group currently operates two business arms:

1. Energy operations
2. General services

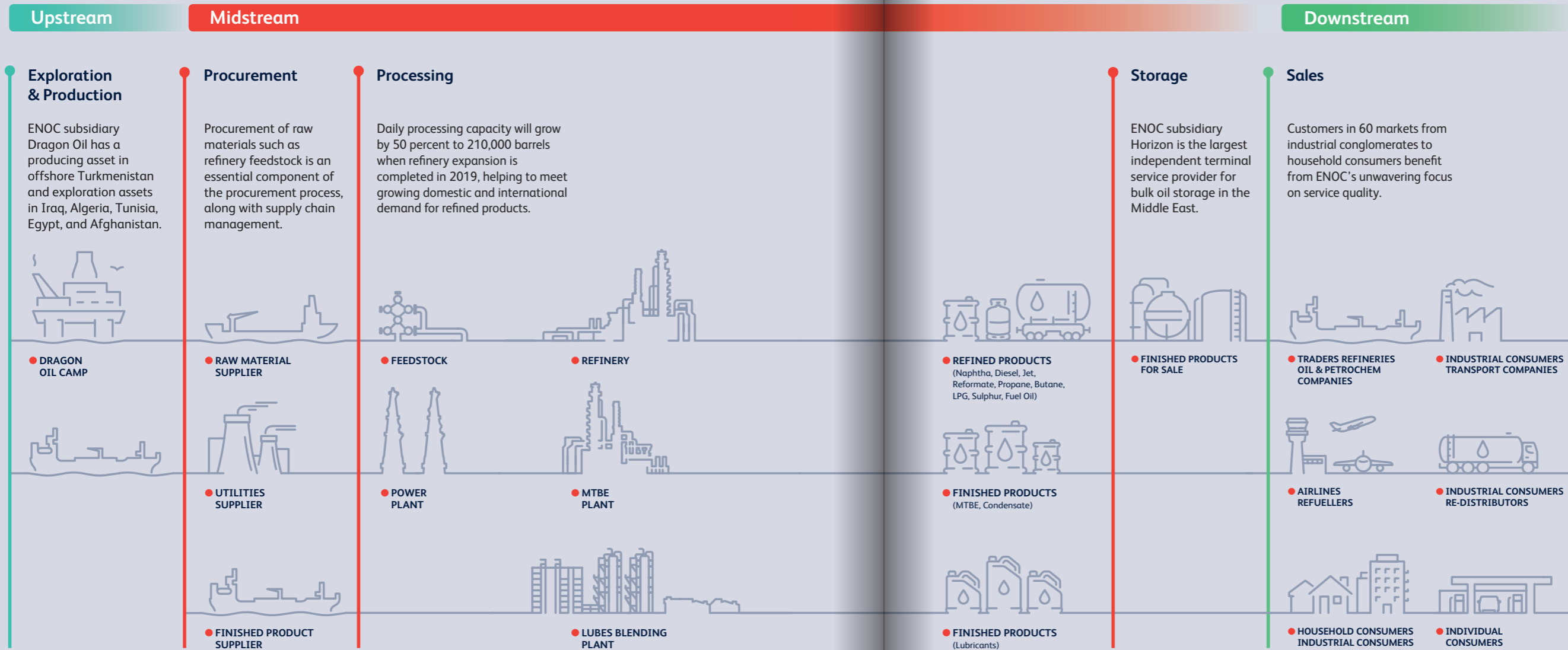
The energy business comprises Exploration and Production, Supply Trading and Processing (STP), Terminals, Fuel Retail, Aviation, and Products.

Beyond oil and gas operations, ENOC has established a solid presence in related fields and subsidiary enterprises. Current activities include convenience store franchises (Zoom), added value propositions, automotive services including Tasjeel and Autopro, and our tank fabrication services through Cylingas.

## Energy Business

Over the past 25 years ENOC's business focus has been the downstream energy value chain; however the full acquisition of Dragon Oil in recent times is testament to our efforts to be an integrated energy partner by strengthening our position in the upstream value chain through our exploration and production activities. Over the coming years, our focus will be on integrating our activities across the entire energy value chain.

## ENOC's Value Chain





## Exploration and Production (E&P)

ENOC's E&P activities are headquartered in Dubai, UAE, with a representative office in London, UK. There are also several offices around the region where E&P activities are carried out.

We operate a number of joint ventures through production sharing agreements and contractor sharing agreements across our E&P sites. The Group's now fully owned E&P arm, Dragon Oil, has a producing asset of almost 84,000 barrels per day in offshore Turkmenistan, and exploration assets in Iraq, Tunisia, Algeria, Egypt and Afghanistan.



### Production Site

#### Turkmenistan

The Cheleken Contract Area covers approximately 950km<sup>2</sup> and comprises two offshore oil and gas fields, Dzheitune (Lam) and Dzhygalybeg (Zhdanov), in water depths of between eight and 42 meters. The area is being developed under a Production Sharing Agreement (PSA). Dragon Oil holds a 100% operatorship in the Cheleken Contract Area.

**Ashgabat:** Our administrative office is in the capital of Turkmenistan, Ashgabat.



### Offices

#### United Arab Emirates (UAE)

**Dubai:** Dragon Oil's Group headquarters are located in Dubai, where senior management, including the Chief Executive Officer Mr Ali Rashid Al Jarwan are based.

#### United Kingdom (UK)

**London:** Dragon Oil has a representative office in London.

#### Ireland

**Dublin:** Our registered office is in Dublin. Block 9 is located in the Basra province onshore Iraq and covers an area of 866km<sup>2</sup>. Kuwait Energy Company is the operator for Block 9, participating with a 60% contractor share, while Dragon Oil has 30% and Egyptian General Petroleum Corporation has 10%.



### Exploration Site

#### Iraq

Block 9 is located in the Basra province onshore Iraq and covers an area of 866km<sup>2</sup>. Kuwait Energy Company is the operator for Block 9, participating with a 60% contractor share, while Dragon Oil has 30% and Egyptian General Petroleum Corporation has 10%.

#### Algeria

Dragon Oil in partnership with ENEL Trade S.p.A ("Enel") explores two onshore exploration perimeters, Tinherth Nord Perimeter (Dragon Oil 70% paying interest and operator, Enel 30% paying interest), which covers an area of 2,907km<sup>2</sup>, and Msari Akabli Perimeter (Dragon Oil 30% paying interest, Enel 70% paying interest and operator) with an area of 8,096km<sup>2</sup>.

**Algiers:** Dragon Oil has an office in Algiers.

#### Tunisia

The Bargou Exploration Permit, located in the Gulf of Hammamet in the Mediterranean Sea, offshore Tunisia covers an area of 4,616km<sup>2</sup> in water depths of 50 to 100 meters. The Bargou Joint Venture comprises Dragon Oil (55%), Cooper Energy (30%, operator) and Jacka Resources (15%).

#### Egypt

The East Zeit Bay (Dragon Oil 100%) is located offshore in the prolific southern Gulf of Suez region. The block covers an area of 93km<sup>2</sup> and lies in shallow waters ranging in depth from 10 to 40 meters.

**Cairo:** Dragon Oil has an office in Cairo.

#### Afghanistan

Dragon Oil has interest in two onshore exploration blocks, Sanduqli (2,583km<sup>2</sup>) and Mazar-i-Sharif (2,715km<sup>2</sup>). The participating interest of Dragon Oil (operator in Sanduqli block), Turkiye Petrolleri A.O. (TPAO) (operator in Mazar-i-Sharif block) and the Ghazanfar Group is 40%, 40% and 20%, respectively.

**Mazar-I-Sharif:** Dragon Oil has an office in Mazar-I-Sharif.



Dragon Oil History



**Emirates National Oil Company**  
Oil Company a Emirates National Oil Company Ltd. (ENOC) L.L.C. acquires a stake in Dragon Oil and subsequently becomes a majority shareholder in Dragon Oil.

1998



**Production Sharing Agreement**  
A Production Sharing Agreement for the redevelopment of the Cheleken Contract Area in the Caspian Sea, offshore Turkmenistan, is signed between the State Agency for the Management and Use of Hydrocarbon Resources at the President of Turkmenistan and Dragon Oil (Turkmenistan) Ltd.

1999



**Dragon Oil Raises Funds**  
Dragon Oil raises funds in the market to finance capital investment in the Cheleken Contract Area.

2001,2003, 2005



**Landmark Production Level**  
Dragon Oil hits a landmark production level of 50,000 bopd at the turn of 2009-2010.

2009



**Milestone Upgrade**  
Dragon Oil completes a milestone upgrade of infrastructure having laid a new 30-inch 40km offshore and onshore trunkline to bring oil and gas ashore, as well as having expanded the Central Processing Facility.

2010



**Tunisia**  
Dragon Oil signs a farm-in agreement for a block in Tunisia.

2011



**Iraq, Afghanistan**  
Dragon Oil, in consortia of companies, wins onshore exploration blocks in Iraq and Afghanistan.

2012



**Egypt**  
Dragon Oil wins an offshore exploration block in Egypt.

2013



**Algeria**  
Dragon Oil in partnership with Enel is awarded two onshore exploration perimeters in Algeria and makes two successful oil discoveries in Block 9, Iraq, in partnership with Kuwait Energy.

2014



**Emirates National Oil Company**  
Emirates National Oil Company Emirates National Oil Company Ltd. (ENOC) L.L.C. acquires the remaining 46% in Dragon Oil.

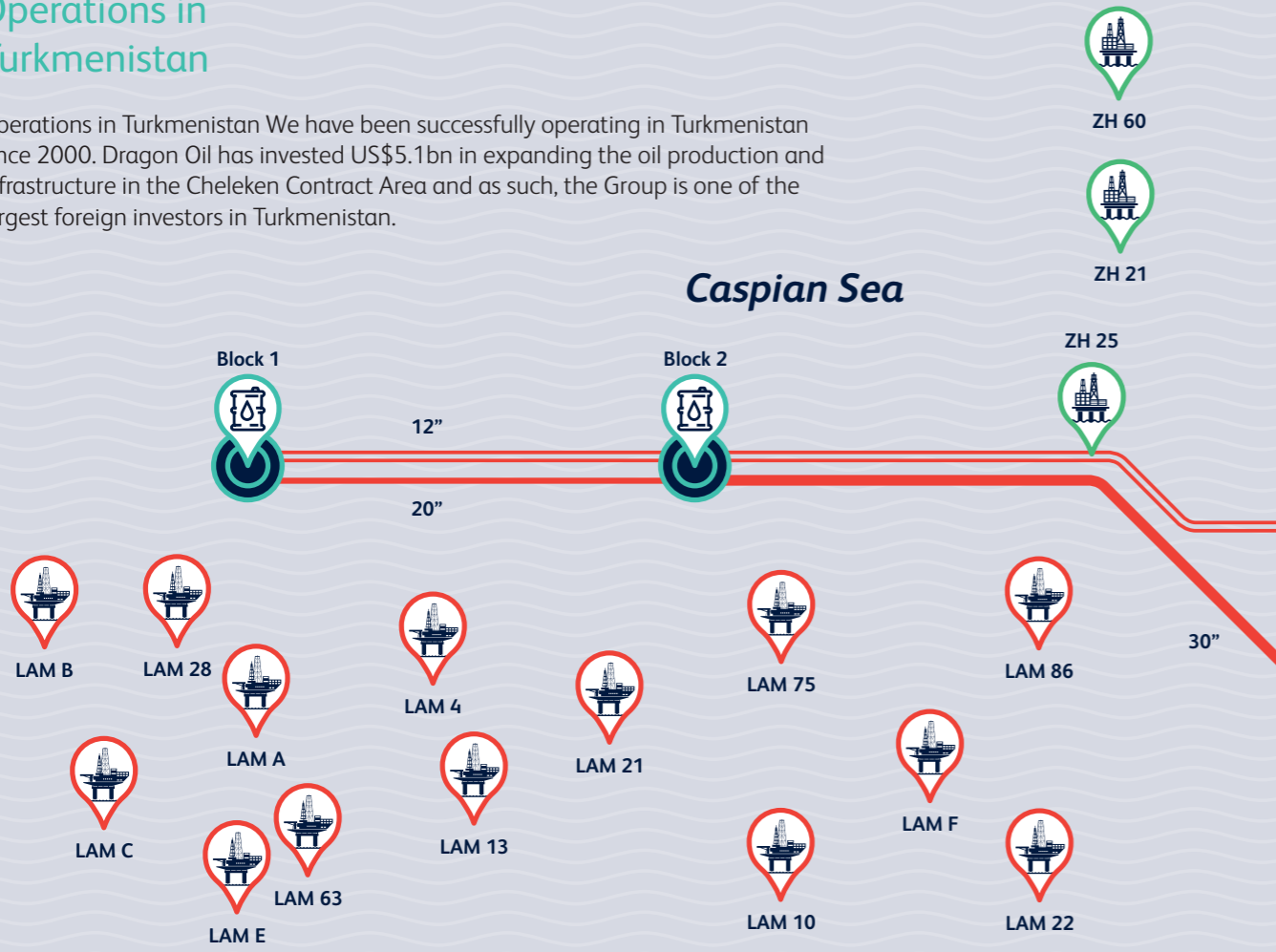
2015



## Operations in Turkmenistan

Operations in Turkmenistan We have been successfully operating in Turkmenistan since 2000. Dragon Oil has invested US\$5.1bn in expanding the oil production and infrastructure in the Cheleken Contract Area and as such, the Group is one of the largest foreign investors in Turkmenistan.

### Caspian Sea



### The Cheleken Contract Area

The fields, Dzheitune (Lam) and Dzhygalybeg (Zhdanov), comprise two elongate anticlines situated at the eastern end of the Aspheron Ridge, which is a prolific hydrocarbon play extending from the Aspheron Peninsula in Azerbaijan to the Cheleken Peninsula in Turkmenistan.



### Dzheitune (Lam) Field

The first well in the Lam field was drilled in 1967, first production commenced in 1978. Since 2000, Dragon Oil has drilled new wells; constructed and installed four new wellhead and production platforms, two accommodation and three tie-in platforms; refurbished and upgraded existing platforms and performed workovers.



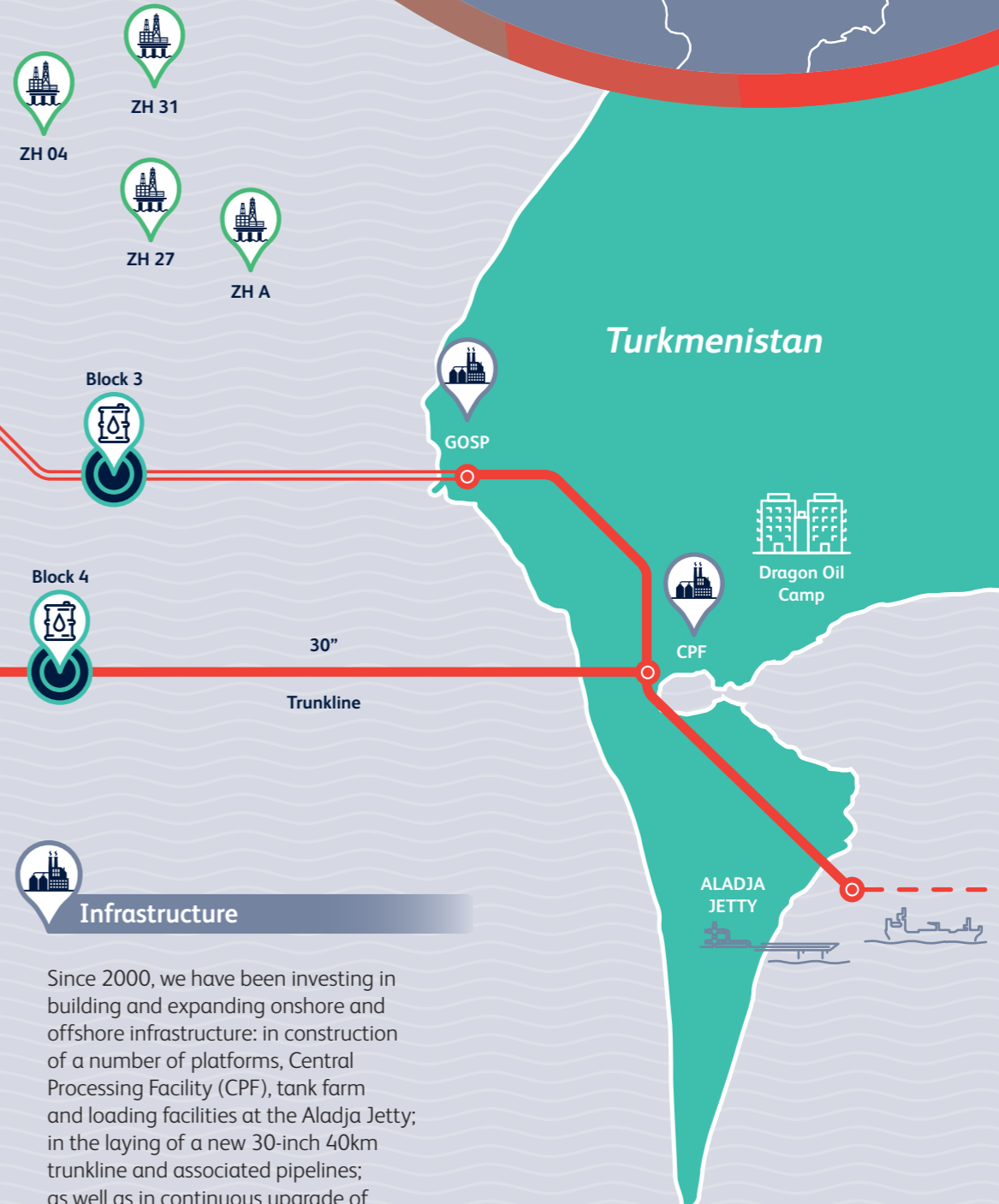
### Dzhygalybeg (Zhdanov) Field

The initial exploration and prospecting of the Zhdanov structure began in 1965. The first well with commercial oil and gas was drilled in 1966. Dragon Oil has completed a number of successful workovers in the Zhdanov field, installed a new wellhead and production platform and commenced drilling in the field in 2014.



### Infrastructure

Since 2000, we have been investing in building and expanding onshore and offshore infrastructure: in construction of a number of platforms, Central Processing Facility (CPF), tank farm and loading facilities at the Aladja Jetty; in the laying of a new 30-inch 40km trunkline and associated pipelines; as well as in continuous upgrade of existing facilities.



## Our exploration activities for 2017 include:

### Exploration

| Country and Blocks                        | Working interest  | Activity in 2017  |
|---|---|---|
| <b>Iraq</b><br>Block 9                    | KEC (operator): 60%,<br>Dragon Oil: 30%, *EGPC:<br>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 7,02 bopd of 35 API.   |
| <b>Algeria</b><br>Tinrhert Nord Perimeter | Dragon Oil (operator):<br>49% Sonatnach: 51%<br>(carried interest during exploration phase) | Completed 1,223 km <sup>2</sup> 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.   |
| <b>Algeria</b><br>Msari Akabli Perimeter  | Dragon Oil (operator):<br>49% Sonatrach: 51%<br>(carried interest during exploration phase) | 700 km <sup>2</sup> 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.                                  |
| <b>Egypt</b><br>East Zeit Bay             | Dragon Oil (operator)<br>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. |
| <b>Afghanistan</b><br>Sanduqli            | Dragon Oil (operator):<br>40% TPAL: 40%<br>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.   |
| <b>Afghanistan</b><br>Mazar-i-Sharif      | TPAL (operator): 40%<br>Dragon Oil: (40%)<br>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.  |
| <b>Tunisia</b>                            | 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)

Regarded as the core of our operations, the Supply, Trading and 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. Within this segment of the business we have two distinct processing functions - the ENOC Processing Company EPCL which refines our products and DUGAS which produces our methyl-tertiary butyl ether (MTBE) additives. During 2017, Cylingas completed a spherical tank project for DUGAS in Jebel Ali, boosting storage of pressurised propane to 4,200 tonnes. The added storage capacity makes DUGAS the largest propane storage company in Dubai and the Northern Emirates.

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.

## Terminals

Global expansion has driven the growth of Horizon Terminals Limited (HTL) 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. Our global terminal storage capacity in 2017 was 6.60 million cubic meters.

HTL's terminals are classified into two divisions: UAE and International terminals. Horizon aims to become the largest independent terminal service provider for bulk oil storage in the Middle East, Africa and the Mediterranean, while maintaining a leading position in the Far East region.

## Fuel Retail

ENOC's retail segment has a 69% share of the Dubai market fuel by volume, selling close to 3.1 billion litres in 2017 and refuelling more than 72 million vehicles. ENOC manages and operates 127 ENOC and EPPCO service stations in the UAE. In line with our goal of providing fuel and non-fuel services to consumers, we are on track to increase our UAE footprint by 40 percent by adding 54 new service stations by 2020.

ENOC entered the Saudi Arabia retail market in 2013 and currently has 10 stations in the Kingdom, with plans to build four more during 2018.

## ENOC's Aviation Business

Our aviation business has been a leading marketer and supplier of Jet A-1 and JP-8 and in the UAE since 1995.

After establishing a track-record of significant growth and success in the UAE, ENOC Aviation's current supply network covers 150 airports across 24 countries, supplying more than 14 million litres of jet fuel to more than 330 flights daily.

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 a comprehensive range of technical consulting services:

- Consultancy on quality control, operations and EHS issues;
- Consultancy on the 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 refueling vehicles and fuel systems;
- Feasibility studies for new aviation fuel infrastructure projects; and
- Project management services for grass roots projects and upgrades.



## General Services

As well as our core fuel business, we currently have a diverse portfolio of non-fuel service outlets across the region, comprising of convenience stores, fast-food outlets, carwash centres, automotive maintenance, and vehicle testing and registration:

| Facilities            | Service                                   | Dubai UAE |      | Abu Dhabi UAE |      | Northern Emirates UAE |      | Saudi Arabia KSA |      |
|-----------------------|---|-----------|------|---------------|------|-----------------------|------|------------------|------|
|                       |   | 2016      | 2017 | 2016          | 2017 | 2016                  | 2017 | 2016             | 2017 |
| <b>Fuel Retail</b>    |   |           |      |               |      |                       |      |                  |      |
| ENOC                  | Petrol stations                           | 52        | 56   | -             | -    | 6                     | 6    | -                | 10   |
| EPPCO                 | Petrol stations                           | 43        | 44   | -             | -    | 11                    | 11   | -                | -    |
| <b>Wider Business</b> |   |           |      |               |      |                       |      |                  |      |
| ZOOM                  | On-site at ENOC and EPPCO petrol stations | 92        | 89   | -             | -    | 17                    | 17   | -                | 10   |
|                       | Stand-alone                               | 39        | 47   | 8             | 8    | 4                     | 4    | -                | -    |
|                       | Dubai Metro                               | 41        | 43   | -             | -    | -                     | -    | -                | -    |
|                       | Franchisee                                | 14        | 5    | 1             | 1    | -                     | -    | -                | -    |
| Pronto                | On-site                                   | 42        | 46   | 3             | 3    | 2                     | 2    | -                | -    |
|                       | Stand-alone                               | 2         | 2    | -             | -    | -                     | -    | -                | -    |
|                       | Franchisee                                | 1         | 1    | -             | -    | -                     | -    | -                | -    |
| Paavo's Pizza         | Food and beverage                         | 8         | 9    | -             | -    | -                     | -    | -                | -    |
| Popeye's              | Food and beverage                         | -         | 4    | -             | -    | -                     | -    | -                | -    |
| AutoPro               | Vehicle maintenance                       | 27        | 32   | -             | -    | 1                     | 1    | -                | -    |
| Carwash               | Washing/cleaning                          | 33        | 35   | -             | -    | 3                     | 3    | -                | -    |
| Quick oil change      | Oil change and accessories                | 20        | 20   | -             | -    | 2                     | 2    | -                | -    |
| Tasjeel               | Testing/registration                      | 7         | 8    | -             | -    | 5                     | 6    | -                | -    |

## Convenience Stores

ENOC operates a successful network of 224 ZOOM convenience stores across the UAE and Saudi Arabia; offering more than 45 million customers during the year with a wide range of both local and international brands. Zoom stores can be found at ENOC/EPPCO service stations, Dubai Metro and at high-street locations in residential, commercial and hotel/leisure communities, as our customers' friendly neighborhood stores.

There are currently 15 ZOOM service counters that serve as a one-stop shop for integrated convenience where customers can pay credit card and utility bills, airline tickets and gift cards, top up mobile wallets, or recharge local and international phone credits. A further 25 stores are currently underway to provide these services. 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. During 2018, ZOOM aims to expand to 20 new locations.

## Franchises

ENOC offers an extensive network of franchising opportunities of its retail stores across the UAE, designed to suit market conditions in this competitive region. All franchises are fully supported by our comprehensive back-up programmes, allowing prospects to confidently acquire franchises from a wide choice of respected brands, including Paavo's Pizza and Popeye's.

## Automotive Services

As part of ENOC's wider business activities, it operates two automotive services for its customers in the UAE:

- **AUTOPRO:** offers a range of automotive services at catering to customers' automotive needs from a car wash to maintenance and repair 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 body shop and paintwork detailing. There are currently 33 outlets that can be found at ENOC and EPPCO service stations across Dubai and Sharjah.
- **TASJEEL:** provides a variety of mandatory tests required for vehicle registration in full compliance with RTA and federal traffic regulations. There are currently 14 TASJEEL centres across Dubai and the Northern Emirates.

## Lubricants

Our current product range comprises lubricants and industrial products, which are manufactured and distributed by two ENOC divisions: ENOC Lubricants Marketing and ENOC Industrial Products Marketing (EIPM), covering more than 60 countries across the Middle East, South East Asia, Commonwealth Independent States (CIS) countries and Africa.

ENOC Lubricants markets a diverse portfolio of lubricants and greases that are designed for application in the automotive, industrial and marine sectors, as well as heavy-duty diesel engines and for commercial use. The portfolio also includes green products, such as Protec Green and Vulcan Green.

## Industrial Products

ENOC Industrial Products Marketing (EIPM) consists of two business units: ENOC Commercial Distribution LLC and ENOC Bunkering International (EBI).

ENOC Commercial and Industrial Products (ECIP) provides tailor-made fueling solutions, has invested in and built more than 200 fueling stations across the UAE, catering for various tank types, dispensers and automation systems. The service additions from ECIP during 2017 included the installation of two significant and strategic fueling sites for DP World and commencement of a 'Fuel Management System' using Radio Frequency Identification (RFID) technology for RTA.

EBI supplies fuel to marine vessels, including offshore supply boats, container liners, tankers, Navy and Coastguard ships through a network of road tanker trucks and pipelines. The product range includes ultra-low sulphur diesel, fuel oil, bitumen, kerosene and unleaded gasoline.

## Emirates Gas LLC (EMGAS)

EMGAS has been the leading supplier of Liquefied Petroleum Gas (LPG) products in the UAE since 1974.

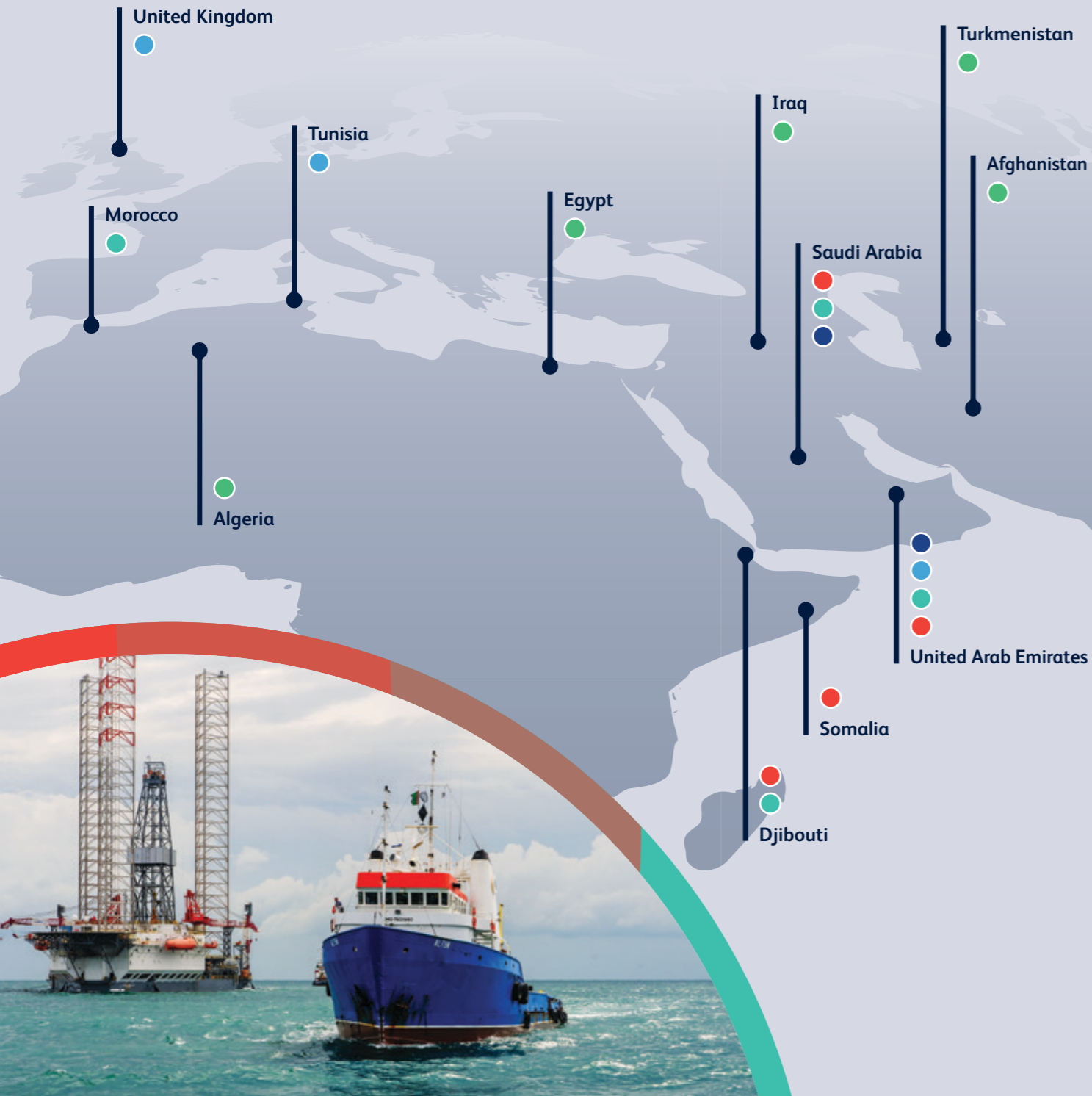
EMGAS has state-of-the-art bottling plants in the UAE and caters to the cylinder market, supplying LPG and propane to bulk customers such as hotels, industries and residential complexes. EMGAS also supplies Emirates Gas Aerosol Propellant (EGAP) and Cutting Edge Gas (CEG) to domestic clients. During 2017, EMGAS acquired the ENOC subsidiary, CYLINGAS; a fabricator of cylinders. EMGAS received the 'Brand of the Year' award from Superbrands, the independent authority and arbiter of branding, for being as one of the UAE's strongest brands of 2017.



## Our Global Footprint

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





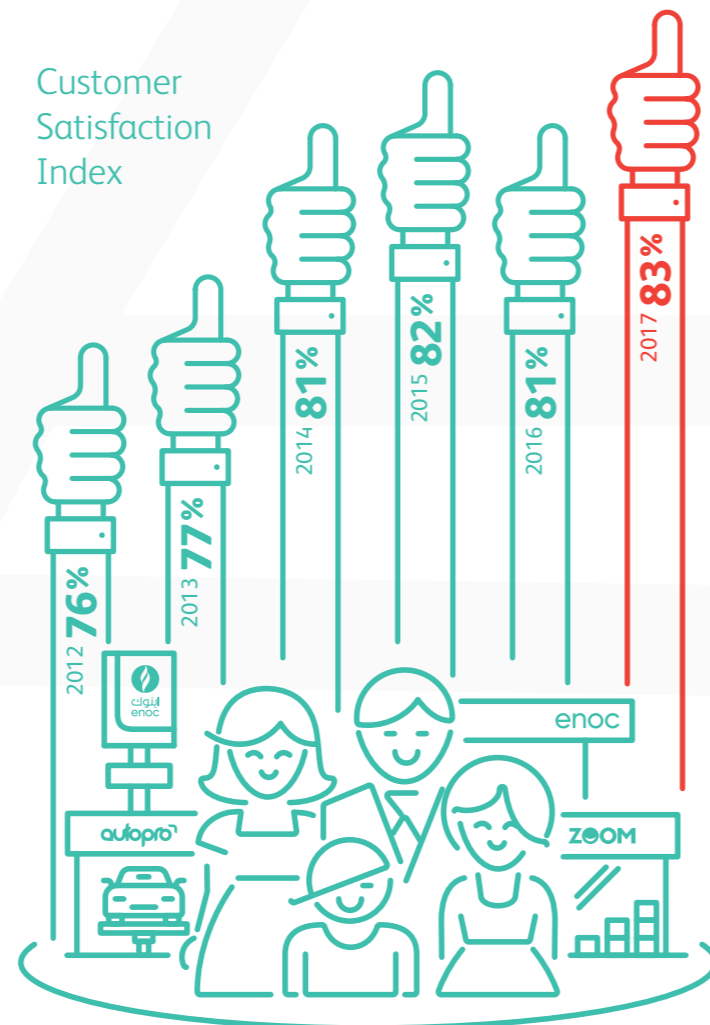
## Satisfying Our Customers

ENOC unified the Customer Satisfaction measurement process in 2012 in its endeavor to provide quality products and services to its customers. The sixth wave of the Group's customer satisfaction survey was conducted during 2017 to gauge the performance of 11 ENOC business segments to assess the strengths of servicing, detect areas of improvement and identify new opportunities to satisfy our customers.

The market conditions during 2017 saw the consumer price index continue to increase, employment activity stagnate and VAT impacting customer spending. The market is even more competitive now, with better servicing required to maintain customer satisfaction.

Despite the tough market conditions, customer satisfaction reached new heights for ENOC during 2017; improving by 7% since 2012 (76%) to 83%.

Customer Satisfaction Index



## Customer Satisfaction Survey: Key Learning & Recommendations



### Communication

- Focus on prompt communication by sending regular/ proactive updates to customers.
- Be consistent in responsiveness to customers and reduce response time for handling queries.
- Proactive management for key accounts to improve business relationships for the Marketing business segment.



### Online Systems

- Use digital technologies and enhance the capability of online monitoring systems for ordering, invoicing, checking prices, tracking orders and sharing information for the Marketing business segment.
- Understand challenges of different payment systems and Enhance customer experience across different payment modes by understanding the challenges these systems pose for the Retail business segment.



### Servicing time (Retail business segment)

- Provide quality service in less time during rush hour.



### Get Closer to the customer

- Engage with customers to enhance their experience across touch points. Digitize service reports, maintain proper customer records, and follow-up with the customers post servicing. Provide soft skills training for customer service staff.



نظام النجوم العالمي لتصنيف الخدمات  
Global Star Rating System for Services

In efforts to improve customer satisfaction, ENOC will start implementing the global star-rating system across its service centres during 2018. The Group has signed an agreement with the Global Star-Rating Programme, which seeks to upgrade ENOC's services to a seven-star rating. Knowledge and expertise will be exchanged between the two parties who will work together to provide the necessary training for staff.

We will continue working on the key learning and recommendations during 2018 and beyond as we aspire to make our customers even more happy and satisfied with the products and services they receive.

## Moving Forward

In line with ENOC's long-term vision to be an innovative energy partner, ENOC will be responding to the Dubai 10X initiative by embracing disruptive innovation. Dubai 10X is an initiative by the Dubai Future Foundation (DFF) that seeks to place Dubai Government entities 10 years ahead of the rest of the world in all sectors, including energy. The Emirate will be futuristic in implementing today what other cities around the world will only be implementing 10 years from now. This initiative will be executed under the leadership of H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, Chairman of the Dubai Executive Council and Chairman of DFF's Board of Trustees, and H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, Deputy Ruler of Dubai.

Rather than focusing only on making good services better for our existing customers, ENOC will be exploiting technologies to provide new or existing services in radically different ways through 'ENOC Next' during 2018. 'ENOC Next' is a new business development digital venture platform for new projects that will serve to strengthen the long-term resilience of our business by focusing on digitalization of the business through three strategic angles:



'ENOC Next' is also aligned with the Dubai Government's vision to promote Innovation, Digital and Alternative Fuel for a cleaner and smarter Dubai, the Dubai Plan 2021, Clean Energy Strategy 2050 and Smart Dubai.

'ENOC Next' will ultimately enable ENOC to maintain its industry leading performance amidst the digital disruptions facing the energy sector to deliver sustainable and exponential value for our stakeholders.



*Our business strategy continues to look at how we can be sustainable and how we can respond to the challenges that global and local markets present us.*

### Interview with Mr Hesham Ali Mustafa

**How do you feel the public and your peers have viewed ENOC's first sustainability report and how do you think it has impacted your business?**

It is my pleasure to have the opportunity to welcome you to our second Sustainability Performance Report. The first report received good feedback and I was happy to be able to use the report to show how we are moving ENOC into the international reporting realm. That initial report brought together years of experience and hard work that highlights our shared principles and values as we talk about sustainability and driving the business forward. This second performance report shows how we continue to improve and rise up to some of the challenges that we face.

**What do you see as the key challenges that face ENOC with respect to sustainability and the benefits realized by integrating sustainability?**

As a business, we really embrace sustainability and I have been able to see how it has been incorporated into the Board's mind set and how that impacted our business decisions, no more so than the establishment and implementation of a set of challenging Sustainability KPIs across the business.

These KPIs have helped us look at operational efficiencies and the development of our staff and communities that we work in. We are also putting a lot of emphasis into our Corporate Social Responsibility (CSR) programme, so that it becomes one of the signature pieces in our strategy to working in our local communities.

**With the increase in electric car usage across the globe and in the UAE, what steps are ENOC taking to remain resilient to this impact?**

Our sustainability has also been strengthened by how we have been able to respond to

market challenges such as we saw in 2017 including price volatility, security of upstream feedstock and regional challenges. You will see that as part of our strategy, we have invested heavily into the refinery expansion at Jebel Ali and this will further strengthen our capabilities in the market. Our focus on petrochemical diversification also helps develop our sustainability by spreading our operations across other sectors.

Our business strategy continues to look at how we can be sustainable and how we can respond to the challenges that global and local markets present us. One such approach is our ENOC NEXT programme that aligns with Dubai 10X through six targeted projects based on market disruptors. The ENOC NEXT programme is very exciting and will help us specifically grow our non-fuel business. Whilst we are still developing some of these projects and I look forward to sharing details on them with you in the future, I am confident that the work that we are doing now will ensure that we continue to have a strong and greater presence in the market place.

#### Mr Hesham Ali Mustafa

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





# Reporting Approach

Following on from the successful launch of last year's report we are pleased to demonstrate some progressive changes that we have implemented during the development of our second Sustainability Performance Report. This year's report sees a major expansion of the scope of our report to include our upstream operations operated by Dragon Oil. The inclusion of Dragon Oil's operations has involved a comprehensive data validation review of the last four years of data as well as identification of Dragon Oil's key stakeholders. We also updated set of Sustainability KPIs that have been applied to the business balance score cards.

12  
distinct material  
topics  
defining ENOC's  
sustainability  
focus areas

02

19 KPIs  
of ENOC Sustainability  
Index integrated  
in Score Cards

More than  
100  
stakeholders joined  
the launch of  
first report



## Continuing the Sustainability Journey

ENOC's sustainability journey has progressed during 2017 with the move of the CSR function to the Group Sustainability Office (GSO). During 2018 ENOC will be focusing on integrating the Sustainability Index into performance scorecards across various business levels, strengthening its data collection processes and integrating the performance information reporting of Dragon Oil and ENOC.

The report focuses mainly on our economic, social and environmental performance for the year 2017.

2002

- Environment Section under Group EHSQ Directorate

2008

- Energy Section was introduced & integrated with Environment Section

2016

- Establishment of Group Sustainability Office (GSO)
- Nomination of Sustainability Champions from Business Units
- Conduct internal and external stakeholders meetings
- Roll out of ENOC Employee Survey on Sustainability
- Won Arabia CSR Award in Energy Sector

2017

- Identification of material sustainability KPIs of ENOC
- Development of ENOC Sustainability Index
- Moving CSR function to the GSO
- Publishing 2<sup>nd</sup> edition of ENOC Energy & Efficiency Report
- Charter signature with Dragon Oil to integrate GSO function
- Identification of stakeholders of Dragon Oil
- Publishing the First ENOC 2016 Sustainability Performance Report
- Won Golden Peacock Global Award for Sustainability and Arabia CSR award for the 2<sup>nd</sup> year

2018  
Our plan

- Integration of Sustainability Index in Score Card (segments, BUs, departments) with target
- Development of ENOC Sustainability Data Management System
- Conduct Employee Survey for Dragon Oil on sustainability
- Roll out of detailed training program for Dragon Oil on sustainability
- Identification of material indicators for Dragon Oil through site visits and interaction with stakeholders
- Data validation of Dragon Oil data for past 4 years

## Reporting Framework, Scope and Limitations

The GRI Sustainability Reporting Standards (GRI Standards) are used by organizations globally to report their economic, environmental and social impacts. This report has been prepared in accordance with the GRI Standards: Core option. A complete GRI Content Index is included at the end of this report.

### The scope of our report has the following limitations:

- Information on our upstream business, Dragon Oil, only includes the Turkmenistan operation.
- Data from contractors, suppliers and clients are not included in this report unless otherwise stated as we are still gathering this information.

ENOC is committed to improving our existing data collection mechanisms to strengthen disclosure on our performance in future reports, as well as reporting on the other Dragon Oil operations.

We also published our second Energy and Efficiency Report during 2017 that presents our achievements in energy and resource management. The Energy and Efficiency Report complements the information disclosed in this report and can be accessed through;

<https://www.enoc.com/en/media-centre/enoc-reports-publications>.

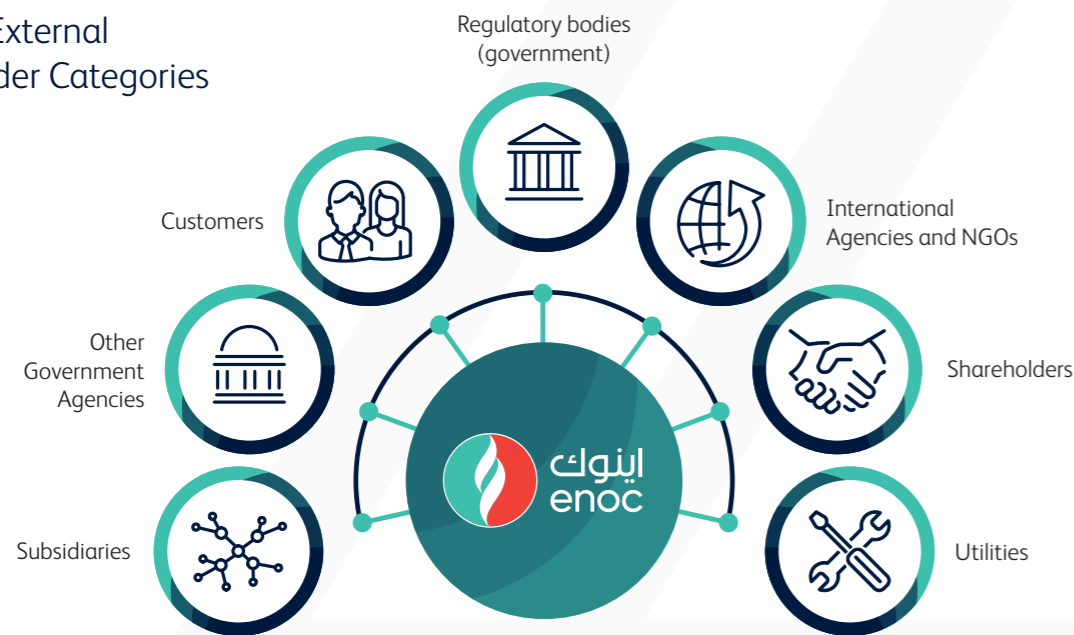


# Stakeholder Engagement and Materiality Assessment

Our stakeholder engagement process extends across the organisation to the leadership team and employees. External stakeholders include investors, shareholders, partners, international agencies, government regulatory bodies, local communities, suppliers and contractors, NGO associations and customers. Through detailed analysis of workshops, surveys and peer benchmarking, we were able to identify and rationalise the material topics applicable to our business.

The Group Sustainability Office (GSO) determined ENOC's material topics through undertaking a materiality assessment process informed by the GRI's guidance on Materiality that includes engagement with internal and external stakeholders, peer benchmarking.

## ENOC's External Stakeholder Categories



## Dragon Oil's External Stakeholder Categories



Stakeholders engagement during Sustainability Report launch in 2017

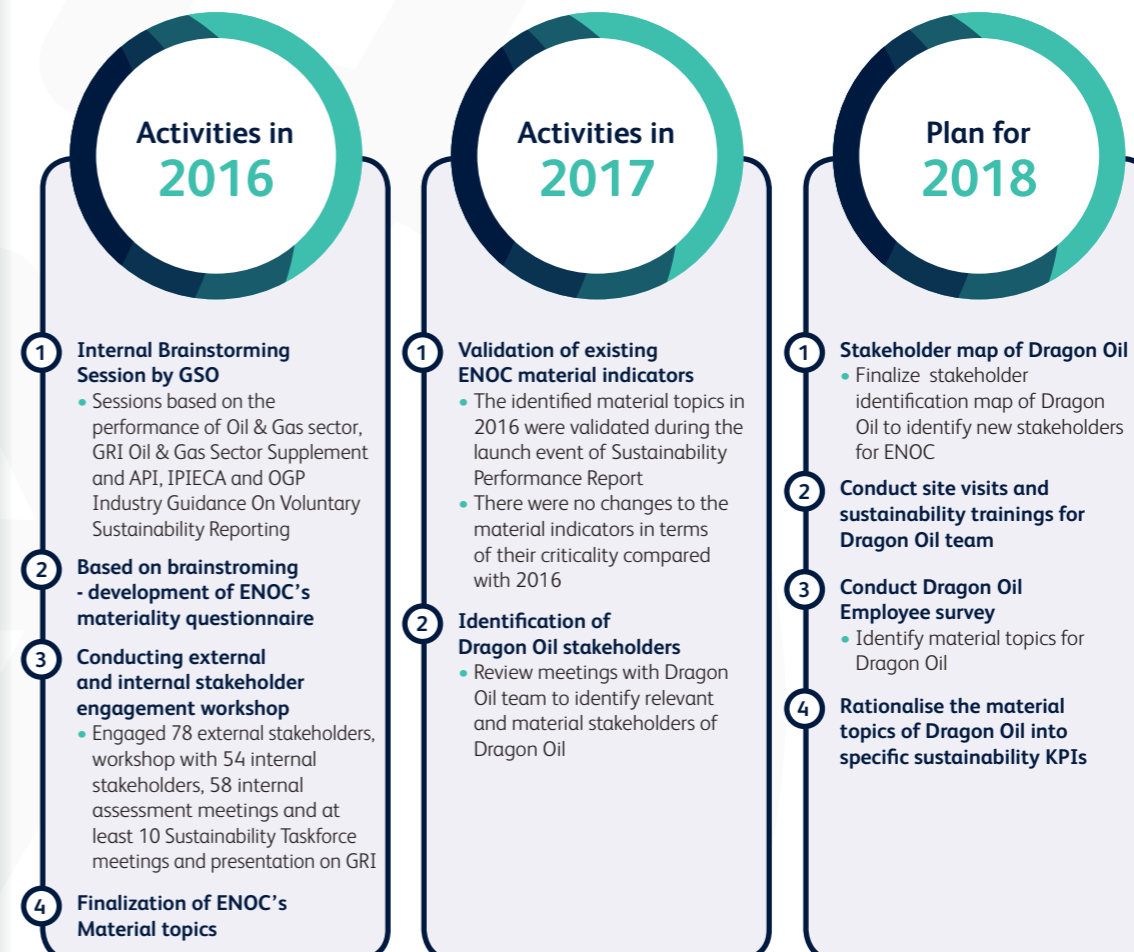


ENOC considers topics that are important to stakeholders and have an impact on ENOC as material. The material topics for ENOC were identified in 2016 through a detailed stakeholder engagement (internal & external) workshop and through conducting peer reviews (local & international oil companies).

The material topics identified in 2016 were validated during the Sustainability Report Launch Event by conducting a specific poll on the material topics. The event was attended by both internal and external stakeholders and the engagement results were analysed. The analysis

concluded that ENOC's material topics were unchanged during 2017, although with the scope of reporting extending to Dragon Oil, ENOC has planned a series of activities to identify additional stakeholders and material indicators from the upstream operations in 2018.

Going forward we are planning to validate the material topics in our ongoing engagements with external stakeholders. Subject matter experts from key functions in our organization will further insight to prioritize the topics based on level of interest or concern to key stakeholders and strategic importance to the company.



Based on the materiality assessment, the sustainability topics with the highest priority are included in the sustainability performance report and lower priority issues are covered less comprehensively.

As part of Dragon Oil's integration with ENOC, we are planning to conduct a survey with Dragon Oil employees during 2018 to identify material aspects in the environmental, labour practice, social and economic categories. The topics identified from the Dragon Oil employee survey will be discussed with external stakeholders specifically the government regulators to cross validate the material topics. Later, the material topics will be converted in to specific KPIs with targets for improving Dragon Oil's sustainability performance.

### Critical Indicators

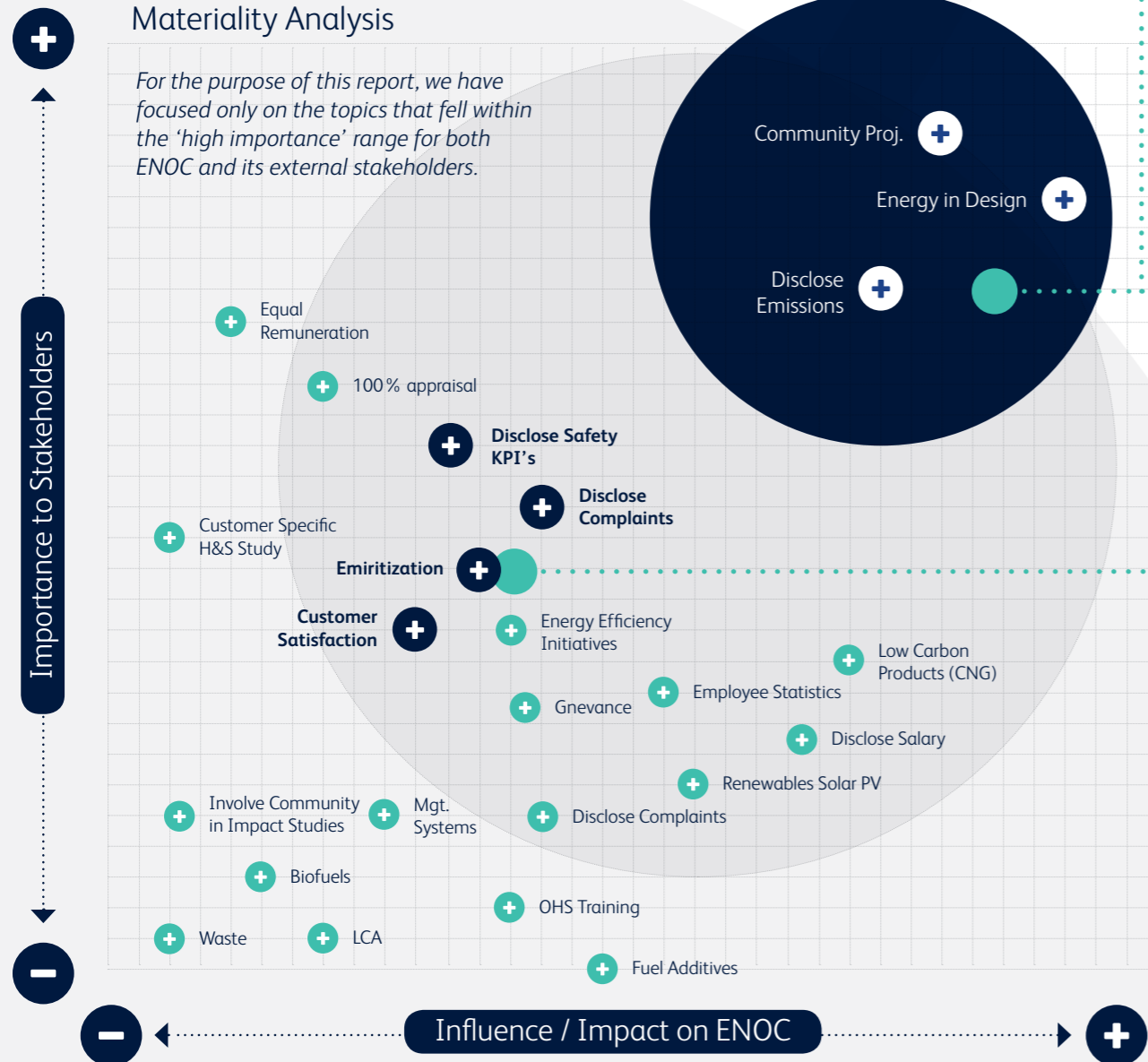
Indicators which are critical to sustain and improve business performance

### Regulatory Indicators

Indicators which are related to compliance and Government mandates

### The Outcome Materiality Analysis

For the purpose of this report, we have focused only on the topics that fell within the 'high importance' range for both ENOC and its external stakeholders.



## Social

- Improving staff development (training and engagement)
- Increasing staff retention
- Improving emiritization and gender equality
- Minimizing health & safety incidents

ENOC's Material Topics Include:

## Environmental

- Reducing energy demand
- Reducing air emissions
- Reducing water consumption
- Minimizing waste generation

## Economic

- Increasing community investment
- Minimizing corruption events
- Increasing green procurement
- Enhancing customer satisfaction

## ENOC's Progress on Material Topics

We reviewed our progress on the material topics regularly in 2017 to ensure we capture the information needed to improve our sustainability performance. For example, we introduced process to gather the sustainability performance data on a quarterly basis from all our Business Units and ensured measures for improvement in performance.

| Sl. No | Material Topics                 | Performance or Progress in 2017  |
|--------|---------------------------------|--|
| 1      | Reducing energy demand          | -16% reduction in energy intensity from 2014<br>6.5% energy cost savings achieved (against 2013 energy cost) |
| 2      | Reducing air emissions          | -14% reduction in GHG emission intensity from 2014   |
| 3      | Reducing water consumption      | -20% reduction in water intensity from 2014  |
| 4      | Minimizing waste generation     | -11% reduction in waste intensity from 2014  |
| 5      | Improving staff development     | Achieved 18.8 hours of training per employee   |
| 6      | Improving nationalization       | UAE Nationals grown year on year by 12% and by 24% since 2014  |
| 7      | Increasing staff retention      | Reduced workforce attrition to 7% vs. 15% in 2014  |
| 8      | Ensuring gender equality        | Number of female employees reached 1,588 vs. 1,272 in 2014   |
| 9      | Health & Safety                 | Reduced LTIFR to 0.36* from 0.51 in 2016   |
| 10     | Increasing community investment | ENOC invested USD 1.4 million in CSR projects and Dragon Oil invested USD 2.7 million                        |
| 11     | Minimizing corruption events    | Rolled out of online ethics and Code of Business Conduct training  |
| 12     | Increasing green procurement    | Achieved 83% green procurement vs. 25% in 2016   |
| 13     | Enhancing customer satisfaction | Achieved 83% customer satisfaction from 81% in 2014  |

(\*LTI calculated based on 3 days off work)

To measure and improve performance within ENOC, the material topics were converted into specific Key Performance Indicators (KPIs) and are incorporated into the ENOC Sustainability Index. Performance of the Sustainability Index are driven through inclusion in the scorecards of business segments, business units and individual departments.

During course of discussions on integrating sustainability Index within the scorecards, two social KPIs and one economic KPI was changed based on the relevance for improving sustainability performance, ease of measurement and setting specific targets. These KPIs include:

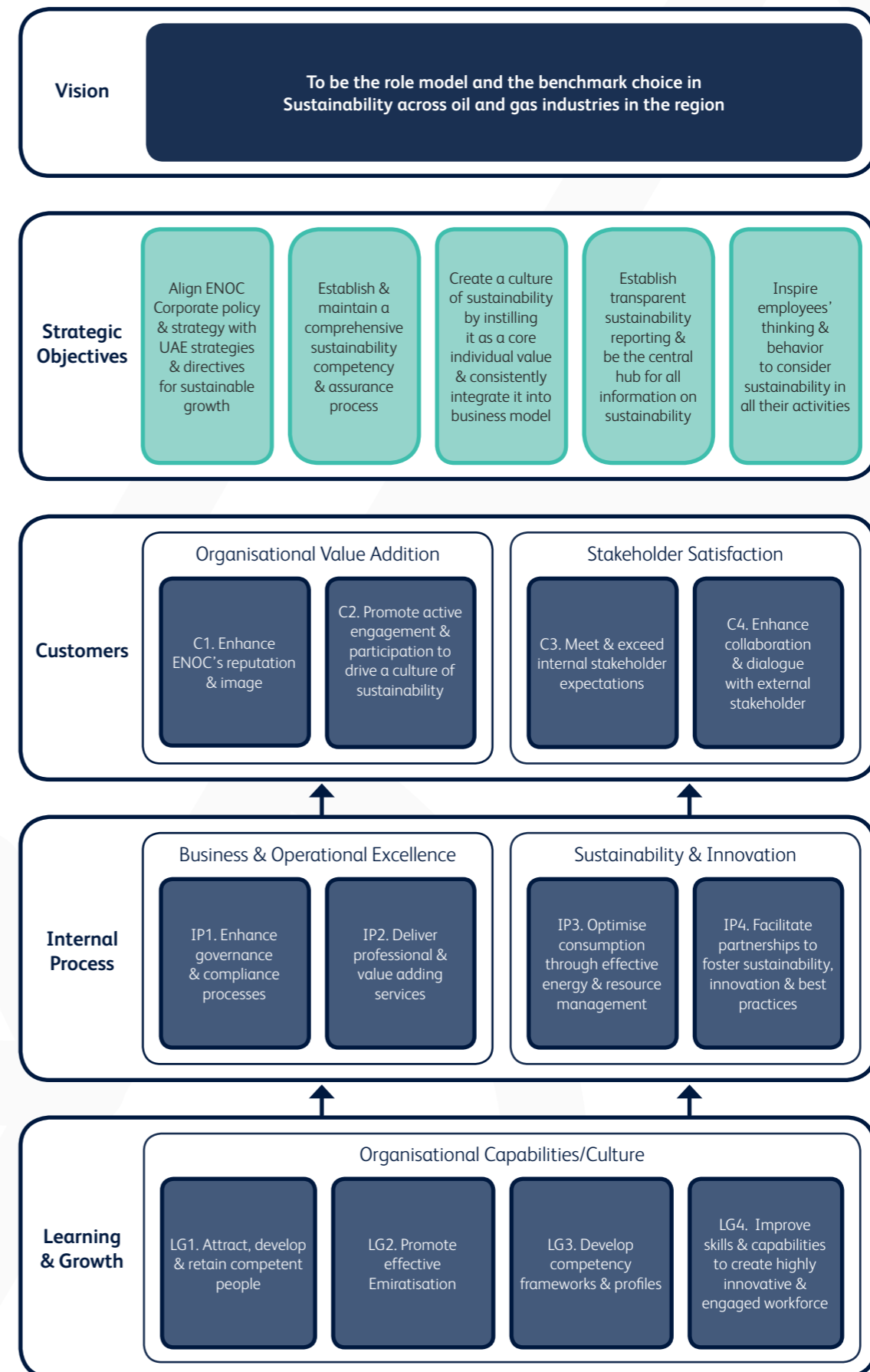
- **SI. No 15:** Changed from “Ratio of basic salary of women to men” to “Percentage women to men ratio”. This is to give more emphasis of having gender representation within ENOC.
- **SI. No 16:** Changed from “Number of potential events” to “Percentage of completion of Code of Business Conduct Training”. This change is to ensure all the employees are trained well up to COBC definitions.
- **SI. No 19:** Changed measure of Community Investment from “% investment against revenue” to “% investment against economic value retained”. This change is to ensure social accountability of giving back to the society from the economic value retained.

| SI. No                    | Description of KPI   | Measurement unit  |
|---------------------------|--|---|
| <b>Environmental KPIs</b> |  |   |
| 1                         | Thermal energy consumption per unit reduction                                | GJ/ton or GJ/m <sup>2</sup>                                 |
| 2                         | Electrical energy consumption per unit reduction                             | kWh/ton or kWh/m <sup>2</sup>                               |
| 3                         | Energy demand reduction from baseline  | % (GJ/GJ)   |
| 4                         | Renewable energy generation against consumption                              | % (kWh/kWh total)   |
| 5                         | GHG emission per unit reduction  | tCO <sub>2</sub> e/ton or tCO <sub>2</sub> e/m <sup>2</sup> |
| 6                         | Air emissions (SO <sub>x</sub> , NO <sub>x</sub> , 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)                         |
| <b>Social KPIs</b>        |  |   |
| 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                        | Women to men ratio   | % of women to men employees                                 |
| 16                        | Completion of Code of Business Conduct Training                              | % of employees  |
| 17                        | LTI Incident Rate (people safety)  | Incidents per 1 million man-hours                           |
| 18                        | Process Safety Incidents (process safety)                                    | Rate  |
| <b>Economic KPIs</b>      |  |   |
| 19                        | Community Investment   | % investment against economic value retained                |

These KPIs define our focus areas of sustainability activities and will help to achieve the Group’s objectives of improving sustainability performance year on year. The Group’s Sustainability Office have developed a strategic map in this regard to strengthen ENOC’s position as a leading energy company in sustainability as the world’s energy system changes.

The strategy is founded based on our outlook for the changing Oil & Gas sector in Middle East and align with Dubai and UAE’s ambitions for sustainable growth. The execution of GSO strategy is based on becoming a more performance-centric and culture driven company towards improving the KPIs identified in the Sustainability Index.

Group Sustainability Office Strategic Map



# Governance, Risk Management and Ethics

ENOC strongly believes that high standards of corporate governance will contribute to our long-term success, encourage trust and engagement with our stakeholders, and reinforce our ONE ENOC culture. To that end, the ENOC has established a clear, well-understood governance framework. We regularly review and adjust this framework to reflect changes in the ENOC's businesses, regulation, best practices and the external environment. We continuously enhance and improve our governance principles and framework, emphasising transparency, integrity, accountability and fairness.

ENOC plays  
a key role in

6

Emirate level  
governing  
committees

03

9

Specific committees to  
manage sustainability  
issues in ENOC

34

employees honoured  
in Business Ethics  
Recognition  
Ceremony

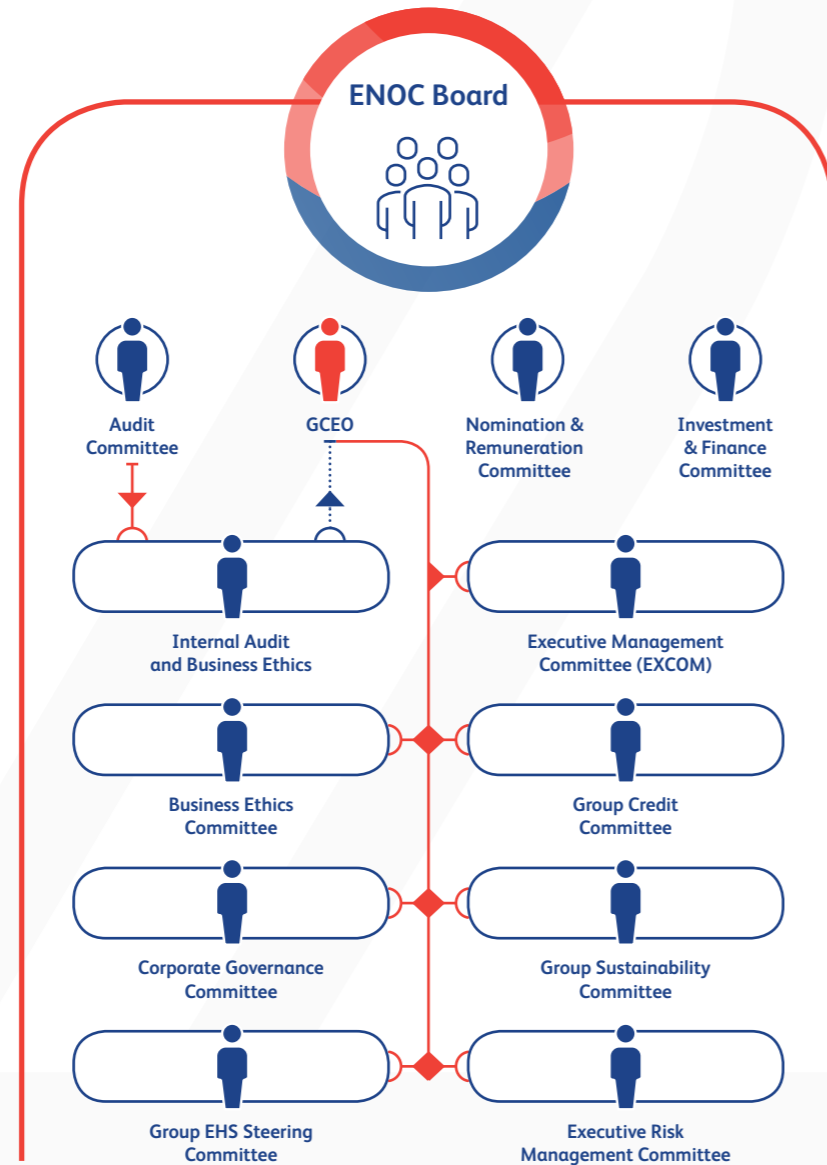
## Corporate Governance

Accountability to 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.

The Board of Directors which is the highest level of authority within the organisation, is made up of experienced business leaders with diverse skillsets and competencies and are responsible for preserving and enhancing the long-term value of ENOC for stakeholders. All major decisions such as choosing management individuals, setting the strategic direction for the company, establishing policies, setting the ethical tone for the organisation and monitoring corporate outcomes are made by the Board.

The Board relies on the integrity and diligence of senior management, 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.

The Board has established three committees that report directly to it: The Audit Committee (AC), Investment and Finance Committee (IFC) and the Nomination and Remuneration Committee (NRC).



## ENOC Board of Directors



**HH Sheikh Hamdan bin Rashid Al Maktoum**  
Deputy Ruler of Dubai, and UAE Minister of Finance, Chairman of ENOC Group



**HE Saeed Mohammed Al Tayer**  
Vice Chairman of ENOC Group and Dragon Oil Company



**Hussain Hasan Mirza Al Sayegh**  
Board Member, Chairman of the Audit Committee



**Ahmed Sharaf**  
Board Member, Chairman of the Investment & Finance Committee and Member of the Audit Committee



**Dr Abdul Rahman Al Awar**  
Board Member of ENOC and Dragon Oil (Holding) Limited, Chairman of the Nomination & Remuneration Committee, Member of the Investment & Finance Committee and Member of the Audit Committee



**HE Ahmad Al Muhairbi**  
Board Member, Member of the Nomination & Remuneration Committee and Member of the Investment & Finance Committee



**HE Abdulrahman Al Saleh**  
Board Member, Member of the Investment & Finance Committee

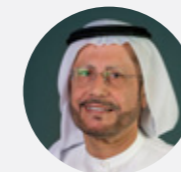
## Executive Management



**Mr Saif Humaid Al Falasi**  
Group Chief Executive Officer



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



**Tayyeb Al Mulla**  
Managing Director, Supply, Trading and Processing



**Yusr Hussain Sultan Al Junaidy**  
Managing Director, Horizon Terminals



**Zaid Alqufaidi**  
Managing Director, ENOC Retail



**Hesham Ali Mustafa**  
Executive Director, Shared Services Centre, Group HR and New Business Development



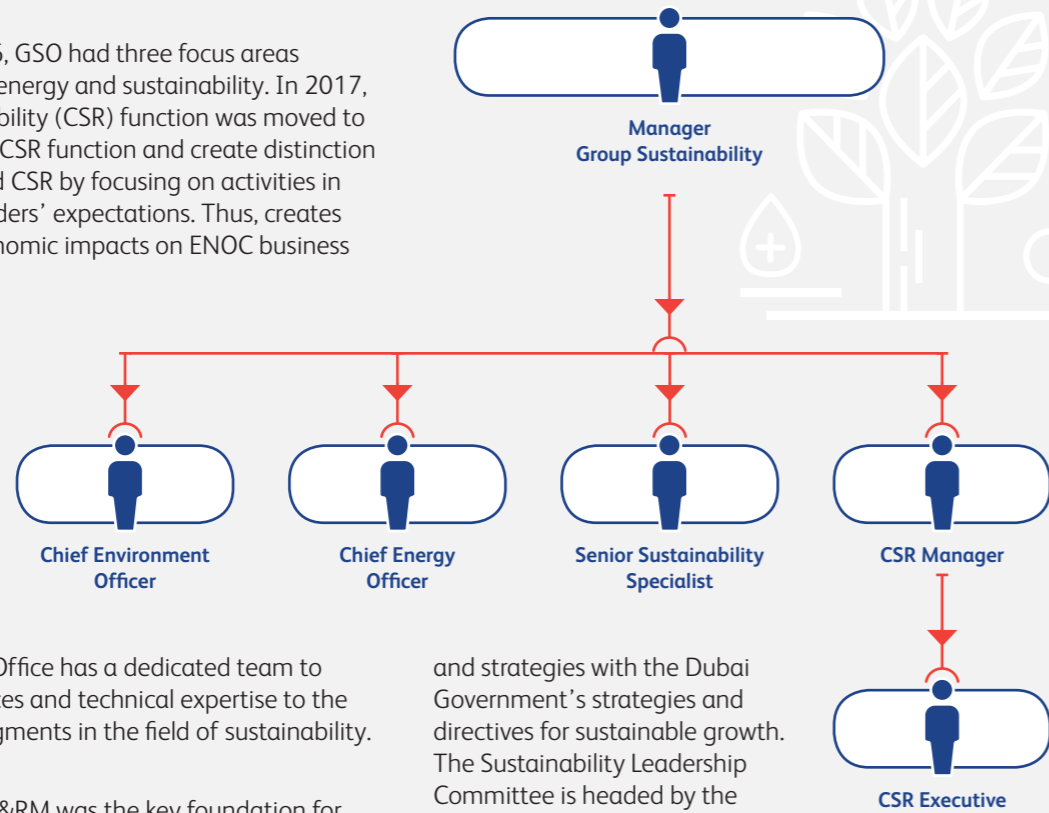
**Burhan Al Hashemi**  
Managing Director, ENOC Marketing



**Dr Waddah Ghanem Al Hashmi**  
Executive Director, EHSSQ and Corporate Affairs\*  
\*Till May 2018

## Sustainability Governance

Since its inception in 2016, GSO had three focus areas which were environment, energy and sustainability. In 2017, Corporate Social Responsibility (CSR) function was moved to GSO to improve upon the CSR function and create distinction between philanthropy and CSR by focusing on activities in line with ENOC's stakeholders' expectations. Thus, creates large scale social and economic impacts on ENOC business and society in large.

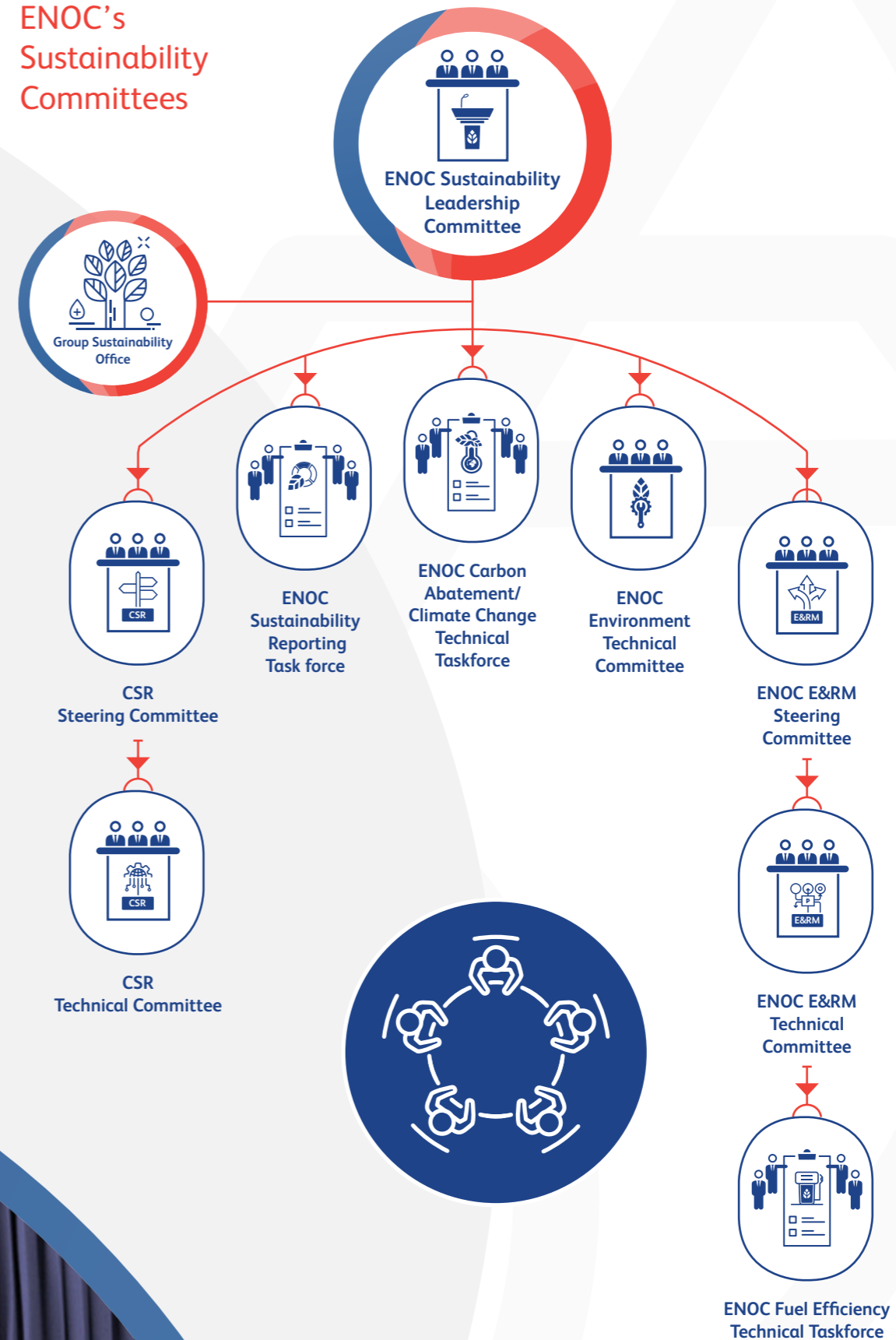


The Group Sustainability Office has a dedicated team to provide professional services and technical expertise to the Group and all business segments in the field of sustainability.

ENOC's commitment to E&RM was the key foundation for ENOC's sustainability journey. The commitment in the Group's E&RM Policy is achieved through the formation of several steering and technical committees and taskforces, driven by the Group Sustainability Office. Each sub-committee and taskforce of the ENOC Sustainability Leadership Committee has a defined role in addressing ENOC's sustainability matters, fulfilling the Group's goals and aligning ENOC's policies

and strategies with the Dubai Government's strategies and directives for sustainable growth. The Sustainability Leadership Committee is headed by the Group CEO, and is tasked with governing and approving sustainability policies and frameworks and providing oversight, advice and assistance to the ENOC Board.

## ENOC's Sustainability Committees





## Responsibilities of ENOC Sustainability Committees



### ENOC Sustainability Leadership Committee

- Chaired by the Group CEO, ENOC Sustainability Leadership Committee is the umbrella for all the committees and is tasked with governing and approving sustainability policies and frameworks.
- It provides oversight, advice and assistance to the ENOC Board.
- The committee also provides guidance in developing, implementing and monitoring economic, social and environmental policies, practices and strategies that foster the sustainable growth of ENOC.



### ENOC Carbon Abatement/Climate Change Technical Taskforce

- Advises ENOC management and the Sustainability Leadership Committee on emission targets and progress thereof.
- Ensures ENOC's strategies are aligned with UAE Government strategies, including the Dubai Carbon Abatement Strategy which is set to reduce carbon emissions by 16% by 2021 (BAU).



### Energy and Resource Management Steering and Technical Committees

- Manages ENOC's energy and resource management strategy by establishing key performance indicators and enhancing energy and resource management competencies at every operational level.
- Developing a long-term plan to ensure ENOC's energy management practices and projects are aligned with the requirements and strategies of the Dubai Supreme Council of Energy (DSCE), such as the Dubai Demand Side Management Strategy (DSM), and Group Sustainability guidelines.



### ENOC Fuel Efficiency Technical Taskforce

- Focuses on fuel efficiency and quality, trial of additives, measurement of emissions, and other related matters.



### ENOC Environment Technical Committee

- Focuses on waste management, soil and water contamination and the control of air emissions.
- Assists ENOC's business units in tackling critical environmental issues and ensuring that practices, guidelines and manuals used to manage environmental matters are established and in compliance with government requirements and international standards.



### ENOC Sustainability Reporting Taskforce

- Advises the Sustainability Leadership Committee on matters related to ENOC's sustainability commitments and the associated environmental, financial and social implications for the future of the Group.



### ENOC CSR Steering and Technical Committees

- Aligns ENOC's CSR programmes and activities to the vision and strategy of the UAE and ENOC's vision and mission to reflect the culture of 'One ENOC'.
- Executing ENOC's CSR strategy and defining targets to develop long-term plans for the company's CSR programmes.

## Shaping the Energy Transition of Dubai

As key contributor to the economic diversification and sustainable development of the UAE, ENOC takes its responsibilities seriously with regards to shaping the energy sector, along with its contribution to the economic development and prosperity of the nation and its people.

ENOC is involved in various committees at Dubai playing a vital role in providing a strategic framework to support Dubai's commitment to sustainability, embodied in strategies such as Dubai Plan 2021 and the Dubai Integrated Energy Strategy 2030 (DIES 2030).

## ENOC's Role in DSCE Committees



### Dubai Supreme Council of Energy (DSCE) Advisory Committee

- The committee comprises of DSCE member entities, including ENOC, and provides counsel to the DSCE on energy programmes and projects and presents any necessary recommendations.
- The Committee also develops methodology frameworks to ensure the effectiveness of the progression of sustainability initiatives supporting the energy sector in Dubai.



### DSCE Integrated Gas Supply Committee

- The Committee was established in 2011 and advises the Dubai Supply Authority (DUSUP) on gas pricing formulae.
- As a member of this Committee, ENOC provides invaluable support to strategy development.



### Demand Side Management Executive Committee

- The Committee supervises the implementation of the DIES 2030 to reduce energy demand and water consumption by 30% by 2030.
- As a member of this committee, ENOC provides strategic support and implements the DSM strategy across its operations



### Dubai Carbon Abatement Strategy (CAS) - Technical Committee

- Looks at tangible measures to reduce greenhouse gas (GHG) emissions with a target to achieve target of 16% reduction by 2021 from business as usual scenario.
- As part of this Committee, ENOC provides support and implements carbon abatement strategies in its operations, reporting progress to DSCE on a quarterly basis.



### Green Procurement Committee

- The Committee is tasked with implementing green procurement guidelines among member entities in a two-year pilot phase, to prepare an extended roll out within the Dubai Government.
- ENOC has prepared and submitted a job description for a Green Procurement Officer and has begun implementing the indoor lighting procurement criteria given by the Committee
- In addition, ENOC has developed a draft guideline with recommendations on the energy efficiency criteria for electric motors.



### DSCE Committee for Compressed Natural Gas (CNG)

- Committee for CNG in transport was introduced in June 2016 to strategically align activities and facilitate the development of an implementation roadmap for CNG.
- The Committee, with ENOC's involvement, has developed initial supporting material for issuing directives and other regulations and drafted a directive to promote CNG in transport.

## Risk Management

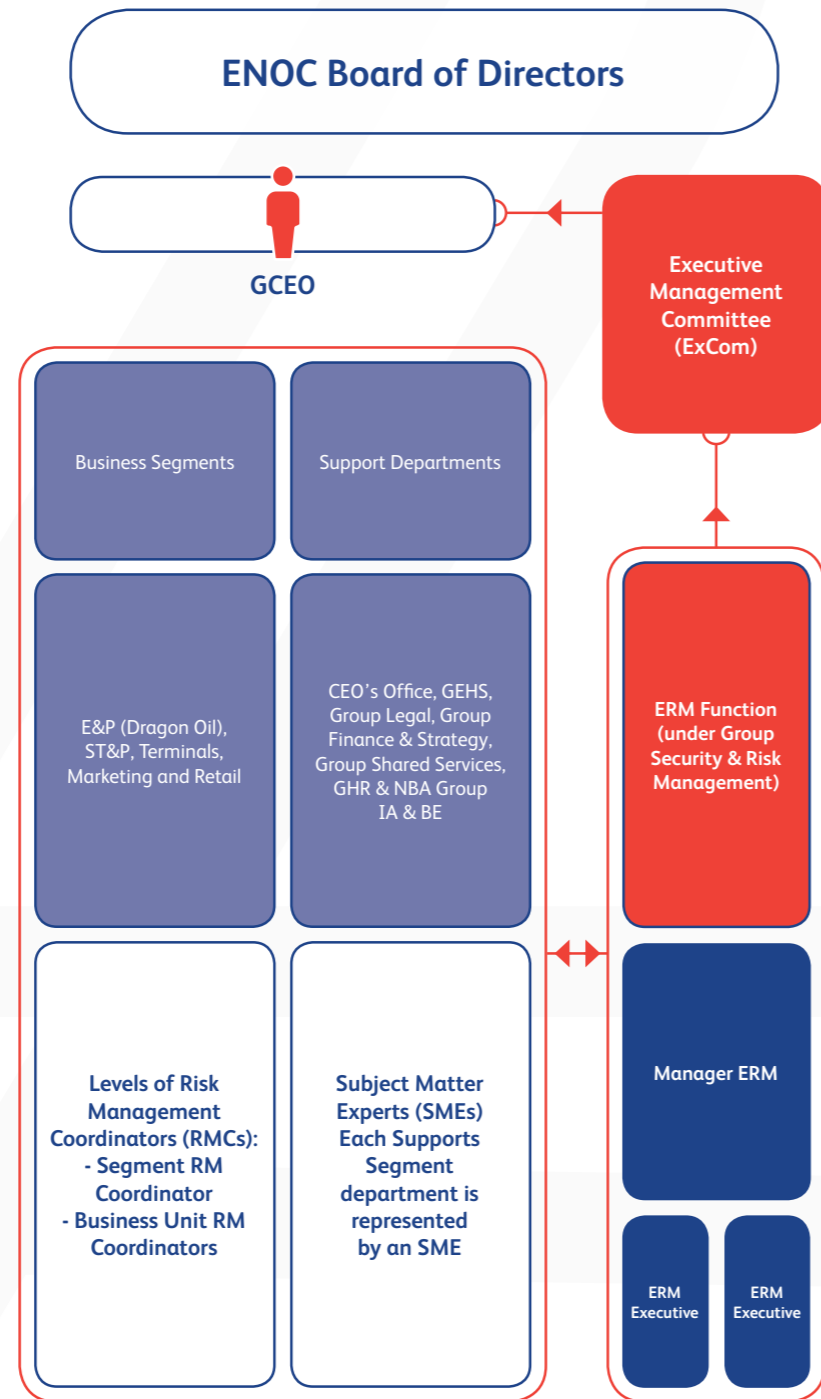
ENOC's executive management is committed to providing the necessary support to the Group to enable the implementation of best in class enterprise risk management practices to manage risks and strengthen corporate governance. The Group's Enterprise Risk Management (ERM) Policy is intended to ensure the protection of share-holders' value through the establishment of a Risk Management Framework.

The Risk Management Function is responsible for the establishment and governance of an effective ERM Framework across the Group. The ERM Framework provides a process for identifying, analyzing, evaluating, mitigating, monitoring and reporting all risks. The Framework is based on best practice guidelines: ISO 31000:2009 – "Risk Management Principles and Guidelines"; Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework; and the PricewaterhouseCoopers (PwC) Business Risk Model.

The Framework also comprises an ERM Manual and a Risk Management Guidelines. The ERM Manual provides guidance on the mechanisms for undertaking risk management processes and independently assessing and ensuring the effectiveness of the process. The ERM Manual is currently undergoing an update to align with ISO 31000:2018 and the revision expected to be completed during late 2018. The Risk Management Guidelines have been developed for each business segment and unit and includes the procedure, methodology, tools and techniques to be adopted for identifying, analyzing, evaluating, mitigating, monitoring and reporting risks pertinent to the line of business for the respective business units.

The Company's integrated, structured and disciplined approach to risk management ensures that both existing and emerging risks that may adversely impact our strategic efforts are managed effectively and proactively.

### ENOC Enterprise Risk Management Governance Structure



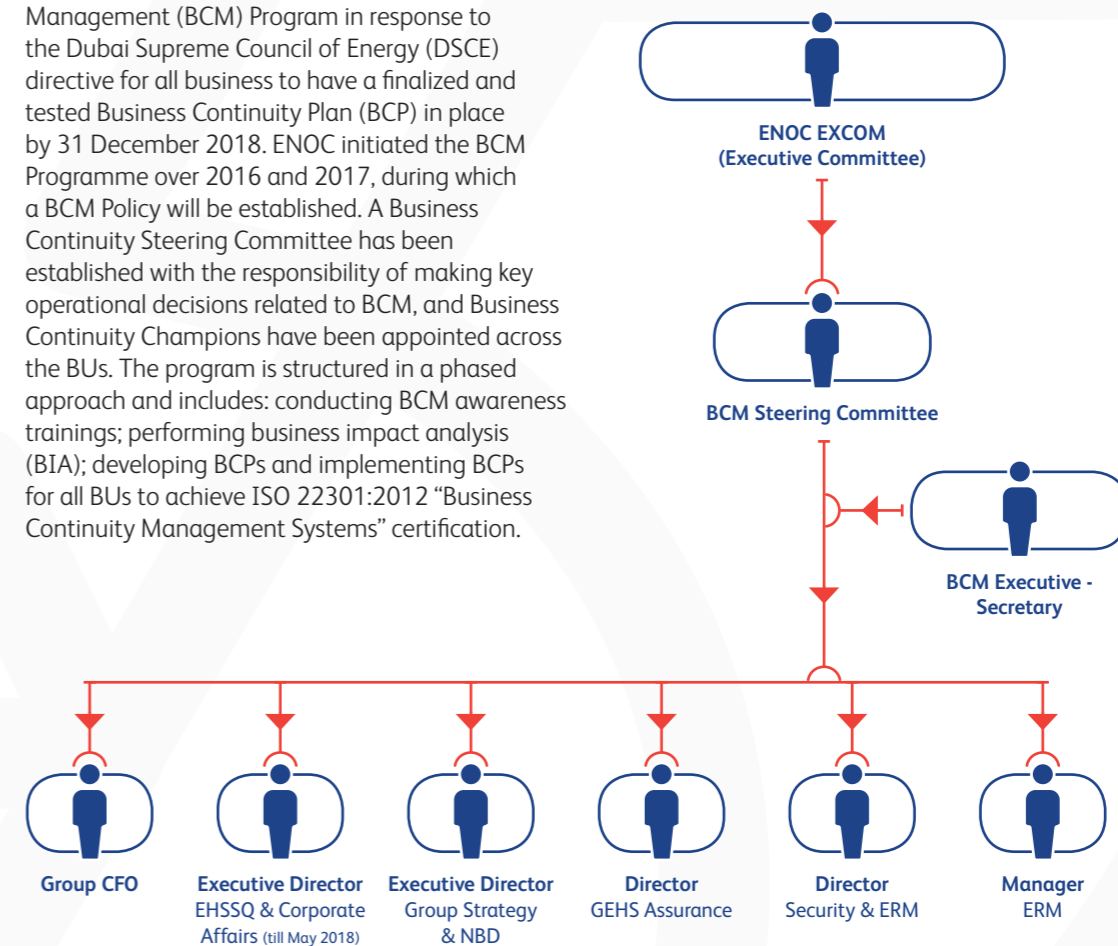
ENOC takes a cohesive approach to risk management with ensuring that resources are channeled to address key risks in the most effective and efficient manner. Furthermore, opportunities that may provide avenues for growth and development are also used to inform the strategy and objective-setting process.



### Business Continuity Management

Within the scope of the ERM framework, the Group has also established a Business Continuity Management (BCM) Program in response to the Dubai Supreme Council of Energy (DSCE) directive for all business to have a finalized and tested Business Continuity Plan (BCP) in place by 31 December 2018. ENOC initiated the BCM Programme over 2016 and 2017, during which a BCM Policy will be established. A Business Continuity Steering Committee has been established with the responsibility of making key operational decisions related to BCM, and Business Continuity Champions have been appointed across the BUs. The program is structured in a phased approach and includes: conducting BCM awareness trainings; performing business impact analysis (BIA); developing BCPs and implementing BCPs for all BUs to achieve ISO 22301:2012 "Business Continuity Management Systems" certification.

### ENOC Business Continuity Steering Committee Structure



ENOC has performed a number of BCM awareness training sessions since late 2016. During 2017, 49 awareness training sessions were conducted across all BUs and corporate departments with participation from over 450 employees, including Business Continuity Management Champions (BMCs) and mid and senior management. BIAs and BCPs will be finalized and implemented during 2018 at the local BUs and during 2019 at international operations.

### Top Enterprise Level Risks for 2017

ENOC's inherent risks are determined based on the risks identified for each business segment that are rated based on their likelihood of occurring and their impact on ENOC. These risks are then re-rated based on the control measures in place and are presented as the residual risks.

Concentration risk has remained the number one risk for ENOC during 2017, although competition and cyber risk have moved up the ranks from seventh and sixth place in 2016, to second and third place respectively for 2017.

### ENOC Group – Top 10 Enterprise Level Risks for 2017

| Risk # | Risk Category | Risk Sub Category              | Inherent Risk Rating in 2017 | Residual Risk Rating in 2017 | Residual Risk Trend* vs 2016 |
|--------|---------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| R1     | Strategic     | Concentration Risk - Strategic | Significant                  | High                         |                              |
| R2     | Strategic     | Competition Risk               | Significant                  | High                         |                              |
| R3     | Operational   | Cyber Risk                     | Significant                  | High                         |                              |
| R4     | Strategic     | Reputation Risk                | Significant                  | High                         | New                          |
| R5     | Strategic     | Commodity Pricing Risk         | Significant                  | Moderate                     |                              |
| R6     | Operational   | Health & Safety Risk           | Significant                  | Moderate                     |                              |
| R7     | Financial     | Credit & Default Risk          | High                         | Moderate                     |                              |
| R8     | Operational   | Infrastructure Risk            | High                         | Moderate                     |                              |
| R9     | Strategic     | Business Interruption Risk     | High                         | Moderate                     |                              |
| R10    | Compliance    | Regulatory Non-Compliance Risk | High                         | Moderate                     |                              |

- Significant** Risks which are inherently significant and current treatment mechanisms (controls) are inadequate and/or absent to mitigate these risks.
- High** Risks which are inherently high or significant and current treatment mechanisms (controls) range from satisfactory to inadequate.
- Moderate** Risks which are inherently range from low to significant and current treatment mechanisms range from good to inadequate.

### Risk Management in Dragon Oil

Dragon Oil recognizes that management of risk is an integral part of our business and manages key risks within the ERM framework. Dragon Oil is impacted by a variety of risks, not all of which are within its control. We run our business ensuring the impact of such risks is mitigated wherever possible.

Dragon Oil's business is potentially exposed to different risks, oil and gas industry-specific risks as well as business-

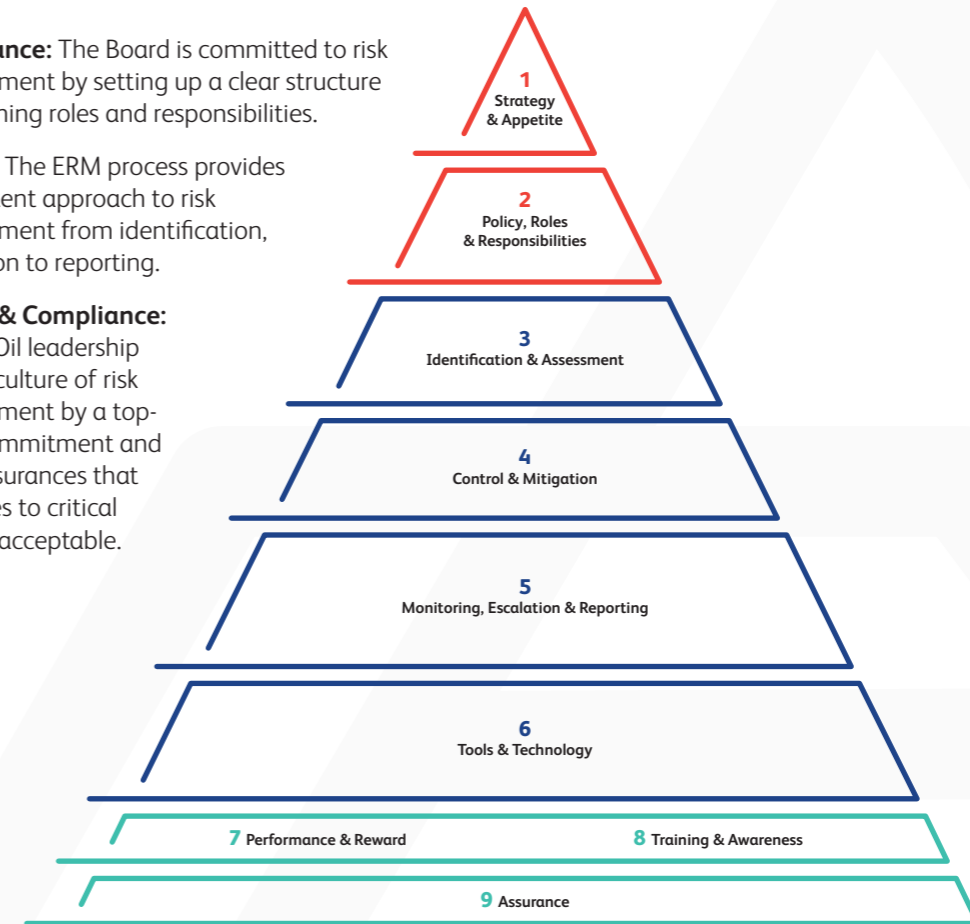
specific risks. However, some business risks can be accepted by the Group provided that acceptance of such risks creates value and that the risks are properly managed. The Dragon Oil Enterprise Risk Management (ERM) Framework consists of three core elements: governance, process and culture & compliance. It comprises policies, procedures and the Dragon Oil's organizational structure with clear roles, responsibilities and accountabilities aimed at risk identification, risk assessment, risk treatment and risk monitoring and reporting.

### Dragon Oil's ERM Framework

**1-2 Governance:** The Board is committed to risk management by setting up a clear structure and defining roles and responsibilities.

**3-6 Process:** The ERM process provides a consistent approach to risk management from identification, mitigation to reporting.

**7-9 Culture & Compliance:** Dragon Oil leadership drives a culture of risk management by a top-down commitment and seeks assurances that responses to critical risks are acceptable.

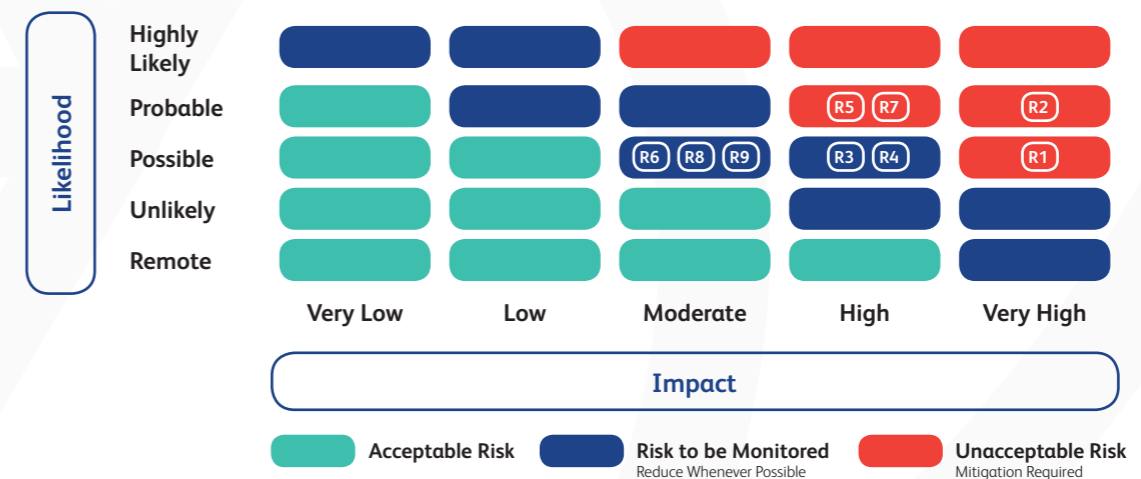


Dragon Oil's risks are ranked based on their likelihood of occurring and their impact and are presented as the 'net risk', taking into consideration the controls in place to manage the risks.

### Risk Categories Chart

- R2** Single Asset
- R1** Reserve Uncertainty and Production
- R3** Organisational Growth/Competency
- R4** Marketing and Sales
- R5** Limited Pool of Contractors
- R5** Facility Integrity Management
- R6** HSE Limitations
- R7** Technology Deployment/Innovation
- R8** Non-compliance with Internal Policies and International Laws and Regulations



### 2017 Net Risk Heat Map



## Key Risks and Control Actions Taken in 2017 to Mitigate the Risks






 Risk  Mitigation








### Exploration & Production (Dragon Oil)





**Concentration Risk – Strategic**  Majority of production from the single Turkmenistan asset and reliance on one logistical channel  Diversification to other production regions such as Algeria, Iraq, Egypt, Tunisia and Afghanistan







**Commodity Pricing Risk**  Reducing oil prices  Business strategy  
 Extension of Production Sharing Agreement  
 Potential new avenues of E&P revenue generation  
 Integration of Dragon Oil into ENOC







### Supply Trading & Processing








**Concentration Risk – Strategic**  Availability of economically priced quantities of feedstock only from specific sources  Close monitoring of supply sources  
 Regional political developments affecting the viability of alternate sources of procurement  Initiation of diversifying procurement sources  
 Initiation of diversifying procurement sources





**Cyber Risk**  Breakdown or breach of the trading system at our terminals  
 Ineffective firewalls  
 System breaches through malware/phishing mechanisms  
 Use of unauthorised software/storage devices by employees  The trading system operates on a 'high availability' model with a main and standby server  
 New firewall software is being implemented and all IT traffic of the STP segment will securely pass through here  
 Cyber Security Project by Internal Audit and an external management consultancy to address cyber risks







**Commodity Pricing Risk**  Procurement at higher prices and sales at lower prices with the inability to charge counterparties higher rates, driven by reducing oil prices logistical channel  Compliance to ENOC's Trading Mandate with effective hedging strategies  
 Daily monitoring of profit and loss limits that are regularly reviewed by management  
 Resources include competent traders



**Health & Safety Risk**  EPCL: Safety hazards in the refinery and inventory storage locations at EPCL and at the DUGAS plant with the potential to result in employee injuries  Annual EHS Management Programme  
 Inspections from JAFZA authorities  
 Ongoing HSE training to EPCL staff  
 Procedures to manage EHS risks are adhered to at DUGAS  
 Daily EHS inspections at DUGAS with all incidents and near misses reported



**Health & Safety Risk**  EPCL: Safety hazards in the refinery and inventory storage locations at EPCL and at the DUGAS plant with the potential to result in employee injuries  Annual EHS Management Programme  
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 Daily EHS inspections at DUGAS with all incidents and near misses reported

**Credit/Default Risk**  Counterparties not honouring deal commitments or defaulting on payments  
 Outdated authorisation of counterparties  Constitution of a Credit Board to evaluate all counterparties prior to initiating trade deals  
 A list of authorised counterparties are circulated to all traders  
 New counterparties are evaluated by the Credit Board  
 Existing counterparties are evaluated on an 'anniversary basis' or as needed  
 Diversification of customer base

**Business Interruption Risk**  Disruptive events/situations during product shipping and handling  
 Absence of insurance coverage for sourced products  
 Lack of availability of economic feedstock for refinery  
 Use of single jetty for operations




 Defined backup practices with alternative sources, policies and procedures  
 Arrangement with multiple suppliers  
 Maintenance of 10-day inventory  
 Process coordination meetings  
 Maintenance program for tanks and jetty  
 Tanks and jetty connected with ENOC on other berths



**Regulatory Non-Compliance Risk**  Non-compliance with EU/US Sanctions on sourcing cargoes from Iran  
 Traders entering into non-beneficial deals




 Maintaining a relationship with and reporting to the relevant authorities  
 Trading Mandate, policies and procures provided to traders who sign a 'Recruitment & Authorisation Letter' affirming their awareness and understanding of these documents


### Terminals




**Concentration Risk – Strategic**  Concentration with a single customer or change in customer needs  
 Exposure to loss due to participation in a narrow market with a limited group of counterparties  
 Inability to consummate transactions at reasonable prices within a reasonable timeframe  
 Operations in countries that are susceptible to social and political uncertainties


 Selective and prudent customer selection process in place  
 Contractual product lien protection with the ability to replace customers with relative ease  
 Maintaining a close watch on pertinent developments as well as constant liaison with authorities






**Competition Risk**  Competition from other global terminal players, impairing ENOC's competitive advantage  
 New storage capacity targeting same customer base


 Focus on service excellence as a retention mechanism for existing customers  
 Existing rates are reasonably competitive  
 Strong barriers to entry in locations where ENOC's terminals have already been established


**Health & Safety Risk**  Unsafe facilities and product handling (spills) related hazards resulting in incidents



 Safety Management System in place  
 HSE training provided to personnel  
 Auditing to maintain compliance to systems




**Credit/Default Risk**  Non-recovery leading to bad debts, write offs and loss of business


 Key customers selected are usually shareholders  
 Exposure is limited to individual trading customers  
 Credit controls in place  
 Contractual product storage lien protection  
 Advance recoveries made



**Infrastructure Risk**  Entities do not have the necessary infrastructure to effectively support the current and future operational and information requirements of the business

 Policies and procedures in place to ensure effective and efficient maintenance of infrastructure, including preventative maintenance programs and monitoring mechanisms

**Business Interruption Risk**  Single points of failure and inadequate mutual aid mechanisms in terms of addressing issues with allocation of resources and back up facilities  
 Operational stoppages due to bad weather, sabotage, terrorist attacks and tank storage and general facility failure

 Diesel generators and UPS battery systems available  
 Contracts and insurance covers force majeure and the listed business interruptions  
 Security and surveillance systems for early warning/detection of interruptions

**Regulatory Non-Compliance Risk**  Non-compliance to regulatory requirements in Jebel Ali Free Zone, Port of Fujairah, Djibouti and Morocco

 Robust compliance policies and procedures in place  
 Liaison with joint-venture partners in terminal locations to maintain compliance and retention of updated regulatory information impacting operations

**! Risk** **✓ Mitigation**

**Marketing**

**Concentration Risk – Strategic**

- ! Risk** Business prospects aligned to the Dubai economy and activity concentrated at the Dubai International Airport
- ✓ Mitigation** Business expansion to other locations across the region, including gradual emergence of Dubai World Central Airport as a key area of operation in the future
- ✓ Mitigation** Diversification into other markets with direct and partner fueling agreements

**Competition Risk**

- |  |  |
|--|--|
| <p><b>Aviation and Gas</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> Competitor entry to market with competitive pricing</li> </ul> <p><b>Industrial Products</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> Failure in delivery of goods</li> <li><b>! Risk</b> Higher than expected cost of goods</li> <li><b>! Risk</b> Loss of diesel volumes to smaller licensed operators</li> </ul> <p><b>Lubrication</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> Competition with competitive pricing</li> <li><b>! Risk</b> Consumer preference for international brands</li> </ul> | <p><b>Aviation</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Entry to market requires infrastructure support locally which is difficult to obtain</li> <li><b>✓ Mitigation</b> Building customer relationships to enhance brand loyalty</li> <li><b>✓ Mitigation</b> Provide superior add-on services (such as lubrication)</li> </ul> <p><b>Gas</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Competitive marketing strategy in place</li> <li><b>✓ Mitigation</b> Liaison with government regulatory bodies</li> </ul> <p><b>Industrial Products</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Professional staff sales training conducted</li> </ul> <p><b>Lubrication</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Long terms toll blending arrangements in place to secure product sourcing</li> </ul> |
|--|--|

**Commodity Pricing**

- |   |   |
|---|---|
| <p><b>Aviation</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> Net margins in the aviation industry shrinking on account of competition and market condition of airlines</li> </ul> <p><b>Gas</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> No control over cost setting as product costs are set by Saudi Armco</li> <li><b>! Risk</b> Supplier dependency increasing product premiums</li> </ul> <p><b>Industrial Products</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> Margin erosion on account of oil price volatility and high cost of goods</li> </ul> <p><b>Lubrication</b></p> <ul style="list-style-type: none"> <li><b>! Risk</b> Fluctuations in product monthly costs and reduced product margins</li> <li><b>! Risk</b> Limited capacity of raw materials stores necessitating the monthly procurement of base oil and additives at the prevailing rates</li> </ul> | <p><b>Aviation</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Contract rollover strategy and hedging mechanisms in place</li> </ul> <p><b>Gas</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Vendor agreements in place</li> <li><b>✓ Mitigation</b> 5-year planning to mitigate the risk of increased premiums</li> </ul> <p><b>Industrial Products</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Daily review of margins and alignment with other government national oil companies</li> <li><b>✓ Mitigation</b> Aggressive margin and price management</li> </ul> <p><b>Lubes</b></p> <ul style="list-style-type: none"> <li><b>✓ Mitigation</b> Extended contracts with suppliers, stabilising price</li> <li><b>✓ Mitigation</b> Production priority lists in place to reduce the effect of margin erosion</li> </ul> |
|---|---|

**Health & Safety Risk**

- ! Risk** Fire incidents at ELOMP that could lead to injury
- ! Risk** Unsafe practices and inappropriate operational controls
- ✓ Mitigation** EHS controls in place across all Business Units (audits procedures, personnel training, Safety Management Systems) within Marketing which has ensured no incidents

**Credit/Default Risk**

- ! Risk** Overdue balances from government entities with the potential to result in non-recovery of funds and bad debts
- ! Risk** Cost of borrowing funds affecting liquidity status
- ✓ Mitigation** Credit Risk Committee enforcing strict compliance to the Credit Policy with a robust credit tracking system
- ✓ Mitigation** Secure financial instruments such as bank guarantees, letters or credit and advances
- ✓ Mitigation** Stringent oversight and significant emphasis on the Marketing segment's credit exposure at ENOC Group Credit Committee meetings

**Infrastructure Risk**

- ! Risk** Operational stoppage due to IT/ABB system failure or breakdown
- ! Risk** Piracy during logistics and delays in supply
- ✓ Mitigation** Execution of daily back up procedures
- ✓ Mitigation** IT and preventative maintenance breakdown plans in place

**Business Interruption Risk**

- ! Risk** Product and service failure
- ! Risk** New government regulations
- ! Risk** Loss of offtake due to demand fluctuations
- ! Risk** Capacity curtailment
- ! Risk** Stock outs
- ✓ Mitigation** Compliance with procedures
- ✓ Mitigation** Liaison with regulatory bodies regarding regulatory amendments
- ✓ Mitigation** Consolidation of international market position
- ✓ Mitigation** Exploring further global expansion opportunities
- ✓ Mitigation** Hospitality arrangements and alternative product supply strategies
- ✓ Mitigation** Increase in plant capacities

**Regulatory Non-Compliance Risk**

- ! Risk** Non-compliance with government regulations and regulatory body laws pertaining to aviation operations, gas marketing and distribution of industrial products and lubricants
- ✓ Mitigation** Maintaining compliance to regulations through stringent application of policies and procedures

**Retail**

**Competition Risk**

- ! Risk** Competition leading to brand erosion and loss of revenue
- ✓ Mitigation** Close monitoring of market trends
- ✓ Mitigation** Customer retention programmes

**Health & Safety Risk**

- ! Risk** Customers, staff, suppliers and contractors exposure to from operational activities, heat and volatile organic compounds
- ! Risk** Non-adherence to safety standards whilst testing vehicles resulting in safety mishaps
- ! Risk** Food and beverage items that contravene health norms
- ! Risk** Inability to expand business due to infrastructure limitations
- ! Risk** Technology failure
- ✓ Mitigation** Policies and procedures in place
- ✓ Mitigation** Site specific risk registers with effective monitoring and controlling of risks through KPIs
- ✓ Mitigation** HSE controls in place
- ✓ Mitigation** Strict procedures followed regarding food and beverage safety and franchise activities

**Infrastructure Risk**

- ! Risk** Inability to expand business due to infrastructure limitations
- ! Risk** Technology failure
- ✓ Mitigation** Existing service level agreements for infrastructure suppliers
- ✓ Mitigation** Weekly project tracking mechanisms
- ✓ Mitigation** Maintaining relationships with Government Authorities
- ✓ Mitigation** Dedicated engineering team

**Regulatory Non-Compliance**

- ! Risk** Non-compliance with regulations pertaining to retail site operations, Tasjeel, Autopro activities and franchises
- ✓ Mitigation** Regular maintenance programs
- ✓ Mitigation** Legal compliance operational audits



## Way Forward in Risk Management

In efforts to apply a consistent approach to the identification and ranking of risks across the departments, ENOC intends to launch an online risk management platform for use across all business segments during 2018. This tool will also serve to ease the monitoring and management of risks and should facilitate the cross-application of subject matter experts for more accurate identification of risks. Aligning the Dragon Oil ERM Framework to the ENOC ERM Framework is one of the priorities for 2018.



## Chapter 03 Governance, Risk Management and Ethics

# ENOC's Code of Business Conduct

In line with the ONE ENOC model, in 2017 the Horizon Terminals Limited (HTL) Code of conduct was replaced by the ENOC Code of Business Conduct. An assessment of HTL policies was conducted to align it with ENOC Code of Business Conduct.

The ENOC Code of Business Conduct (COBC) codes helps to promote transparency, consistency, and impartiality, which benefits not only employees, but also investors, and all of ENOC's stakeholders.

As ENOC continues to grow, we work hard to ensure that ethics and compliance remain the foundation of all our business practices. ENOC integrated governance systems and processes helps to manage the different aspects of sustainability across our business, thereby ensuring ethical business practices are embedded in our operations.

Whilst the COBC provides clear guidance on day-to-day activities, it is supplemented by very specific governance policies, which include:

- ENOC Anti Fraud Policy and Fraud Framework
- ENOC Conflict of Interest Policy
- ENOC Whistleblowing Policy
- ENOC Gifts and Entertainment Policy

**ENOC Gifts and Entertainment Policy 2017**  
The Gifts and Entertainment Policy for ENOC companies within the UAE was launched in 2017. The Policy establishes clear guidelines for employees and representatives giving and receiving gifts and entertainment to and from external parties while conducting business on behalf of the company.

## Being Alert to Corruption

At ENOC, employees and suppliers are expected to abide by the highest standards of business ethics and are explicitly banned from engaging in any form of non-ethical behaviour such as bribery. During 2017 ENOC's Business Ethics & Compliance (BE&C) function introduced a series of mandatory and optional e-learning modules, respectively including an ENOC Code of Business Conduct Game and Conflict of Interest Video; Anti-Bribery and Corruption, Conducting Effective Investigations, Data Privacy and Security modules. In 2017, 89% of employees have completed the mandatory modules.

The effectiveness of BE&C is governed by the Business Ethics Committee (BEC) which reviews BE&C policies, reported cases and conflict of interest resolutions. BEC comprises of the following members Group Chief Executive Officer (GCEO), Chief Ethics & Compliance Officer (CECO), Director Group HR, Director Group Legal and Chief Financial Officer (CFO). The GCEO is the chairman of the committee and Manager Ethics & Compliance is the Secretary of the committee.

The Retail business segment presents a greatest risk of fraud and corruption and a Retail Ethics Sub-Committee was formed during 2017 to review reported cases from the Retail business segment and to reduce this risk. This sub-committee also serves to enhance the efficiency of handling reported cases relating to Retail sites. The BEC will have oversight responsibility of the Retail Ethics Sub-Committee operations and activities.

Establishing an ethical culture in the company at its core, requires an effective communication framework reaching employees: in raising awareness; education; and message reinforcement. The BE&C function utilizes different communication tools such as internal e-newsletter, emails, posters, e-learning modules and face to face awareness sessions. These tools are utilized to provide an update on the business ethics and compliance program and encourage active engagement in understanding and complying with ENOC Code of Business Conduct and its related policies.

### Trainings

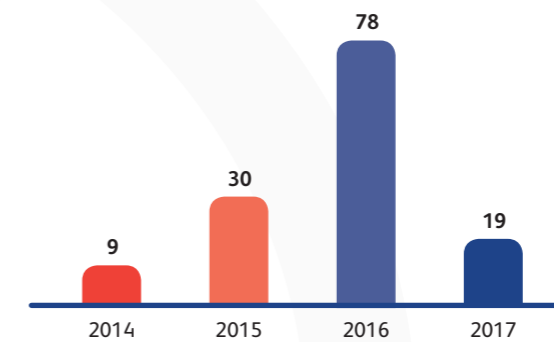
- Awareness sessions on COBC and its related policies
- BE&C Inductions
- BE&C Quiz

The number of trainings and workshops from 2013 to 2017 has increased by many folds although in 2017 the actual workshops conducted are lower due to introduction of e-learning platforms.

### E-learning

- ENOC Code of Business Conduct
- Conflict of Interest Video
- Market ready modules on various compliance topics

### BE&C Training and Workshops



\*In 2017, e-learning platform was utilized as training tool

### Events

- Ethics Week
- Business Ethics and Compliance networkings session
- BE&C recognition ceremony

### Other Tools

- Ethics and Governance E-newsletter
- Emails
- Press Release
- Social Media Coverage
- Posters
- Giveaways

In addition to that, BE&C dedicates a one week/month of full activities under the theme of Ethics Week/Month which takes place every year to raise awareness on Business Ethics and Compliance policies, ENOC Code of Business Conduct, communicate new updates in the program and discuss emerging compliance topics.

## ENOC's Ethics Hotline Reporting Mechanism

Our Ethics Hotline cultivates a positive work environment and enables employees to easily report any unethical conduct or a violation of our codes.

### ENOC Ethics Hotline:

United Arab Emirates:

**800 ENOC ETHIC**  
(800 3662 38442)

Singapore:

**1800 ENOC CBC**  
(1800 3662 222)

ENOC Ethics Hotline Online Reporting Tool:

[www.enoc.ethicspoint.com](http://www.enoc.ethicspoint.com)



## Chapter 03 Governance, Risk Management and Ethics

The Hotline is a confidential, multi-lingual and independent platform available through phone and via an online reporting system. It is managed by an external service provider with professional and experienced consultants who are able to obtain sufficient information effectively and take initiative in appropriately dealing with sensitive disclosures. The reporter can follow up on the case and interact confidentially with ENOC's BE&C team through the online system. We also maintain an independent e-mail address wherein employees can directly write-in and address any questions they have relating to ethics and compliance policies across the Group.

The 'Ethics Week' conducted in October 2017, highlighted several important milestones and achievements of BE&C. The objective of ENOC Ethics Week is to raise awareness on ENOC Code of Business Conduct, communicate new updates on our policies and introduce new initiatives.



## Business Ethics Recognition Ceremony – Recognizing Excellence in Business Ethics

The BE&C team honoured 34 employees at its Business Ethics and Compliance (BE&C) Recognition Ceremony. The ceremony was held to acknowledge the efforts of employees who have consistently supported BE&C in various activities from 2015 to 2017. The award categories are (Support BE&C in Reported Cases Investigation, Business Ethics Champions, Gift and Entertainment Task Force Members and Other Activities). The event was attended by ENOC's Group CEO, the Business Ethics Committee and members from ENOC's leadership team. The event included a training session conducted by an external party through the use of drama and acting scenes to illustrate fictitious unethical scenarios while engaging audience by asking them to assess the case and suggest solutions.

## Highlights of 2017 Ethics Week Activities:

- Conflict of Interest session conducted by GCC Board Directors Institute for Board Members who represent the Group at Subsidiaries and JV Boards.
- BE&C Awareness Sessions at DUGAS and EMGAS.
- Launch of Gift and Entertainment Policy.
- Cyber Security session by Protiviti Global.
- Two sessions on Gift and Entertainments Policy best practices by Protiviti Global.
- BE&C Q&A session.
- BE&C Champions (Train the Trainer) Sessions.
- Introduction of new e-learning modules.
- Group HR, EHSSQ & Corporate Affairs session on Ethics and Compliance matters related to their disciplines.
- Launch of the third Conflict of Interest Disclosure Program.
- Compliance Networking and Knowledge Sharing session attended by 15 compliance professionals from leading regional companies.
- Quiz Competition with 82 participants.
- Social Media coverage including 8 Instagram story posts that were viewed more than 6,700 times.



# Building Our Economic Value

A key measure of the Group's sustainability is its ability to maintain and develop economic viability. The Group's revenue increased by 24% over the year, reaching US \$16.7 billion, testament to ENOC's focus on diversifying our offerings to achieve sustained value for our stakeholders. These results were characterised by delivering value at every touch point of our operations, resulting in an increase in revenues, fuel volumes, sales, and customer satisfaction.



**\$16.7**  
billion

Direct economic value generated in 2017

**04**

**\$314**  
million

Net economic value retained by ENOC in 2017

**249**  
million barrels

Sales volume achieved in 2017



# Overview of ENOC's Economic Performance

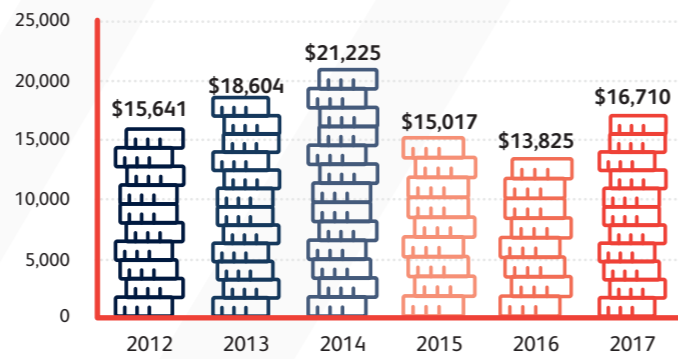


## Chapter 04 Building our Economic Value

The oil industry has endured several years of weak demand and low prices; however, during 2017 the average crude oil price displayed marginal recovery from US \$45 to US \$55 per barrel. Oil demand growth was also healthier, aided by an improvement in the global economy and low oil retail prices that boosted sales volumes.

### Direct economic value

(including Dragon Oil)  
Revenues (USD\*000)

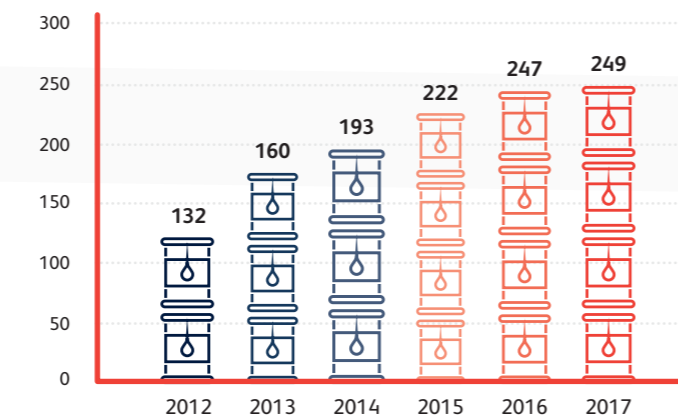


Group fuel sales volume of 249 million barrels was a new high for ENOC, maintaining our five-year compound annual growth of more than 17 percent.

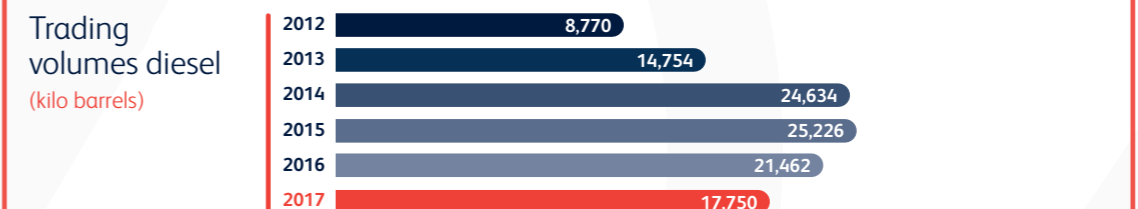
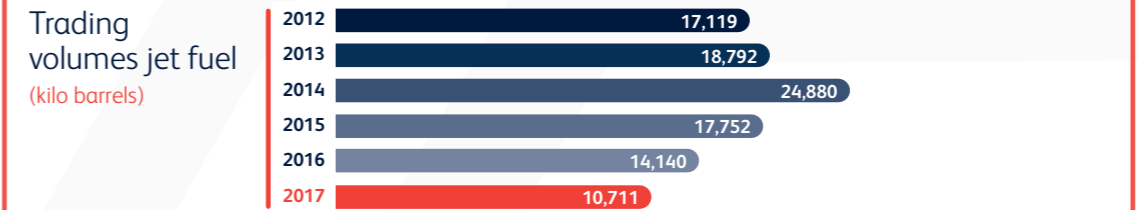
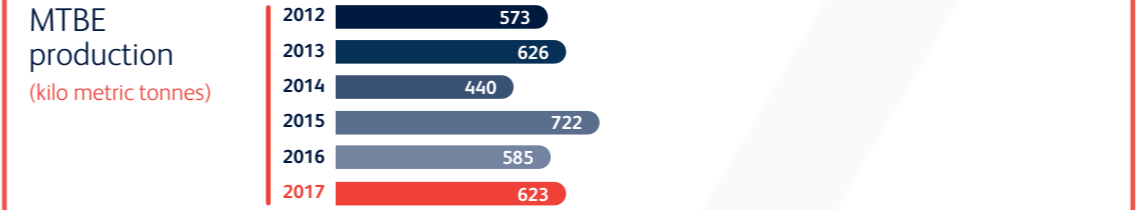
The average gross field production from our Exploration and Production (E&P) segment for 2017 was 83,950 bopd<sup>1</sup> (2016: 90,301 bopd). Production decreased by about 7% due to challenges in the field. During the year, the E&P segment entered into a marketing arrangement for a significant proportion of its entitlement export production to be marketed through Baku, Azerbaijan, and Makhachkala, Russia.

### ENOC's overall sales volume

(In millions barrels, including Dragon Oil)



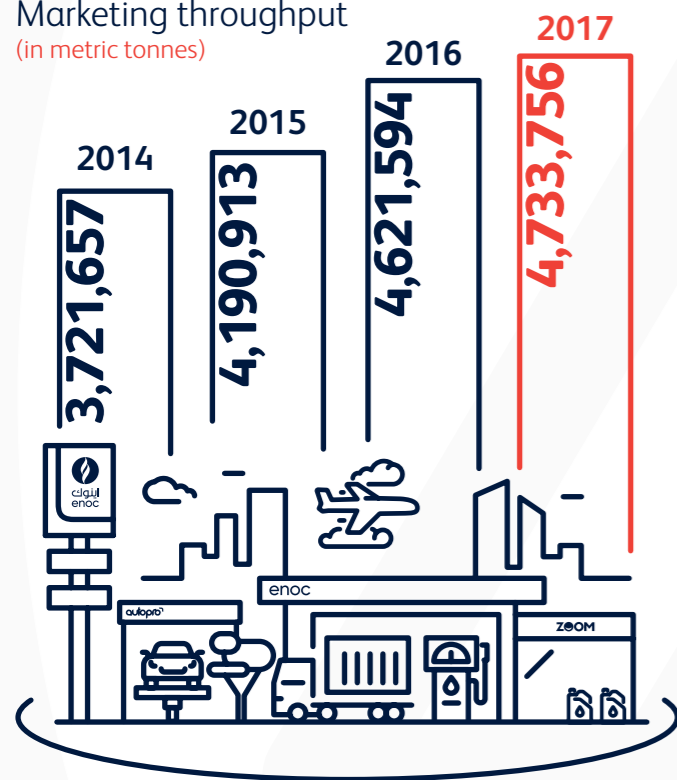
<sup>1</sup> Barrels of Oil per day



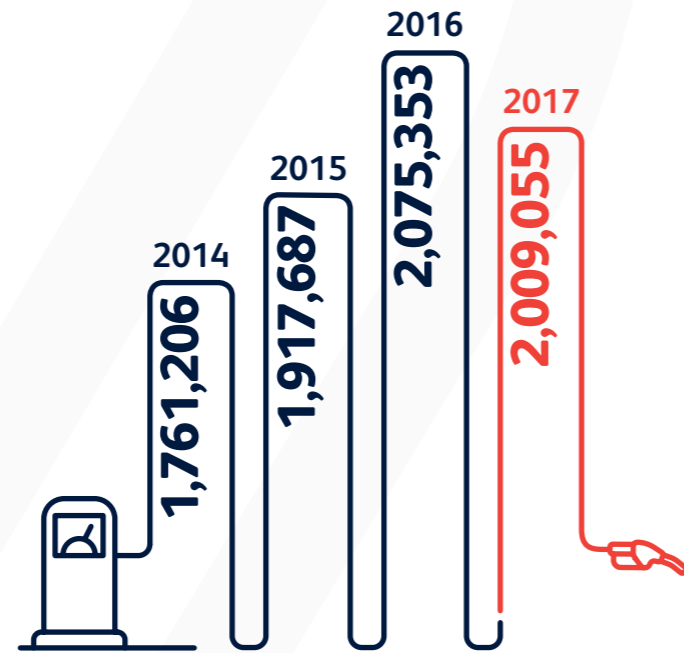
Trading reported strong volume and margin growth in a challenging and overcrowded oil market with relatively low volatility, few arbitrage opportunities, and thinning margins. A weak MTBE market impacted the profitability of the MTBE plant. The refinery achieved one of its highest-ever throughputs due to plant utilisation of more than 100%, 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 (like lubricants, LPG, Aviation fuel). 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.

Marketing throughput  
(in metric tonnes)



Retail throughput  
(in metric tonnes)



The retail business witnessed another year of stable 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.

Overview of ENOC's economic performance  
\$USD '000 (2014-2017)

|   | 2014           | 2015           | 2016           | 2017           |
|---|----------------|----------------|----------------|----------------|
| Direct Economic Value Generated                   | 21,224,870     | 15,016,721     | 13,824,619     | 16,710,374     |
| <b>Economic Value Distributed to:</b>             |                |                |                |                |
| Community investments (Excluding Dragon Oil)      | 609            | 729            | 615            | 1,413          |
| Suppliers   | 19,755,536     | 13,595,543     | 12,221,429     | 15,311,107     |
| Manpower (Payment to and provision for employees) | 292,593        | 357,307        | 333,474        | 366,921        |
| Lenders   | 76,768         | 56,621         | 126,185        | 126,292        |
| Government  | 34,898         | 58,830         | 67,413         | 77,090         |
| Shareholders - Dividends                          | 204,460        | 161,922        | 612,170        | 513,970        |
| <b>Economic Value Retained</b>                    | <b>860,006</b> | <b>785,769</b> | <b>463,333</b> | <b>313,581</b> |

**Note:** The above figures include Dragon Oil except community investments. Our performance on Community investments is covered under a separate chapter titled 'Supporting our Communities'

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 213,500. 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.

## Growth and Strategy: 2017 Developments

Our strategic revision exercise realigns our focus on high growth sectors like mobility, renewables and technology which are in line with Dubai's long-term vision. ENOC has adopted flexible and forward-looking approach that 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 (expanding refinery capacity and retail stations), inspiration in delivery, and being competitive and best-in-class.

Apart from organic growth, ENOC has ambitious plans to embrace digital technologies in its operations and also in potential new businesses thereby transforming ENOC to be more customer oriented and create additional profits from existing operations.

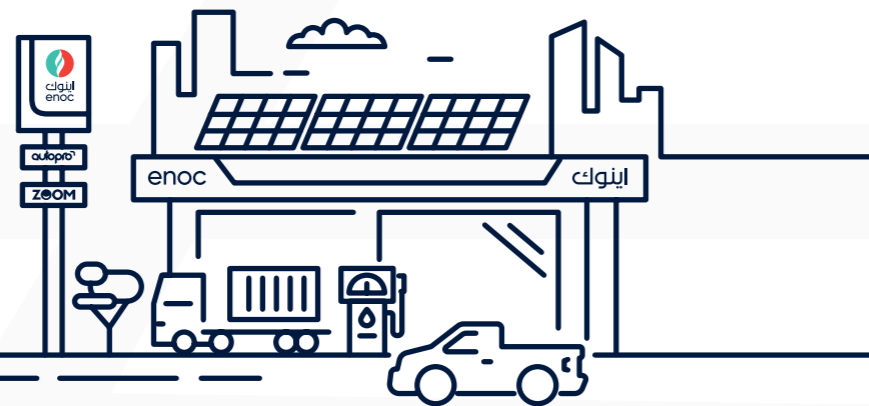
# 52.5%

Refinery expansion project to expand daily capacity by 2019



# 178

Number of retail sites by 2020



# 233

ZOOM outlets across the UAE and Saudi Arabia

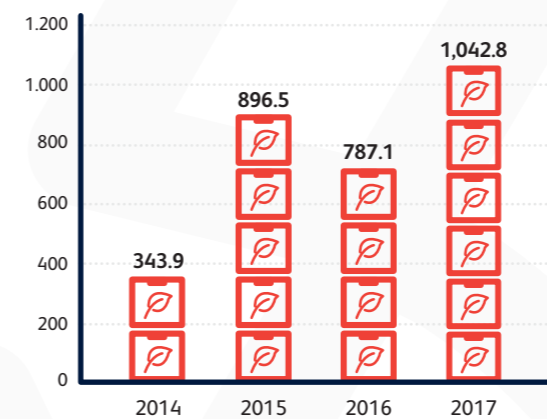


## Promoting Local Suppliers

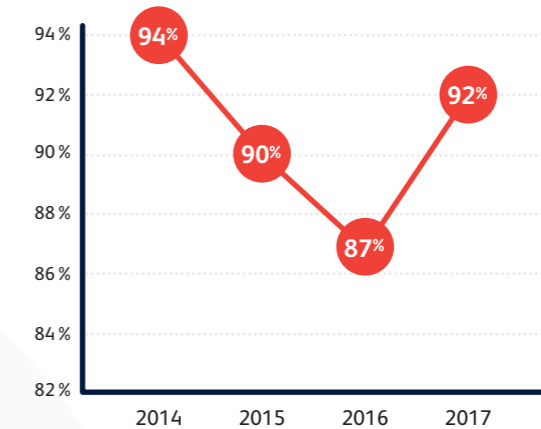
ENOC has a proud history of supporting local suppliers and manufacturers, including small and medium sized enterprises. The Group continues to support Dubai-based businesses with over 85% of our procurement being spent on local suppliers since 2014.

More than **90%** of ENOC's total spend in **2017** were on local suppliers.

ENOC local procurement (in millions AED)



Local procurement vs. total



## Sustainable Procurement

ENOC's sustainable procurement is about:

- Making purchases that are socially and ethically responsible
- Minimising environmental impact through the supply chain and in its life cycle
- Delivering economically sound solutions
- Maintaining good business practice

Sustainable procurement enables the Group to consider energy and water saving, waste reduction and transportation optimisation opportunities when making purchases. These practices support in minimising ENOC's environmental impact across the supply chain.

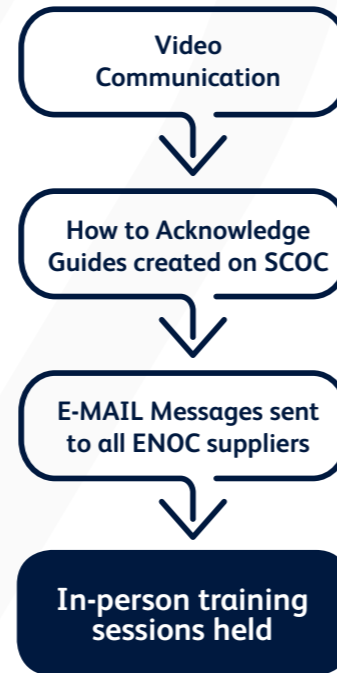
The 'Supplier Code of Conduct' (SCOC) developed by ENOC Business Ethics & Compliance function (BE&C) also serves to provide clear insights on the values, responsibilities, obligations and ethical standards at ENOC for its vendors. The BE&C conducted extensive communication and awareness campaigns during 2017 to obtain suppliers' acknowledgement of the SCOC. Face to face training for 80 strategic suppliers was also performed. The most current version of the Code is available on ENOC's website<sup>1</sup>.

### ENOC Supplier Code of Conduct

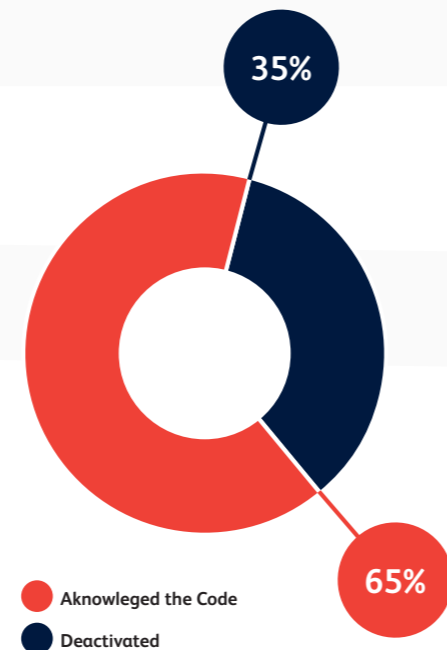
|   |   |
|---|---|
|  <p><b>PEOPLE</b></p> <ul style="list-style-type: none"> <li>Fair Treatment Tolerance</li> <li>Wages and Working Hours</li> <li>Environment, Health and Safety (EHS)</li> </ul>                                 |  <p><b>INTEGRITY</b></p> <ul style="list-style-type: none"> <li>Conflict of Interest</li> <li>Business Courtesies,</li> <li>Gifts and Entertainment</li> </ul>   |
|  <p><b>THIRD PARTY RELATIONS</b></p> <ul style="list-style-type: none"> <li>Suppliers, Vendor Selection</li> <li>Assesst &amp; Information Management</li> <li>Property and Proprietary Information</li> </ul> |  <p><b>COMPLIANCE</b></p> <ul style="list-style-type: none"> <li>Anti-Corruption Compliance</li> <li>Risk Management &amp; Audits</li> <li>Whistleblowing</li> <li>Antitrust and Competition</li> </ul> |

<sup>1</sup>[https://www.enoc.com/portals/0/ModuleContent/PDF/supplier\\_code\\_of\\_conduct\\_english.pdf](https://www.enoc.com/portals/0/ModuleContent/PDF/supplier_code_of_conduct_english.pdf)

### Supplier communication and awareness



### SCOC acknowledgment by ENOC suppliers 2017 Supplier Code acknowledgment



## Greening Our Procurement

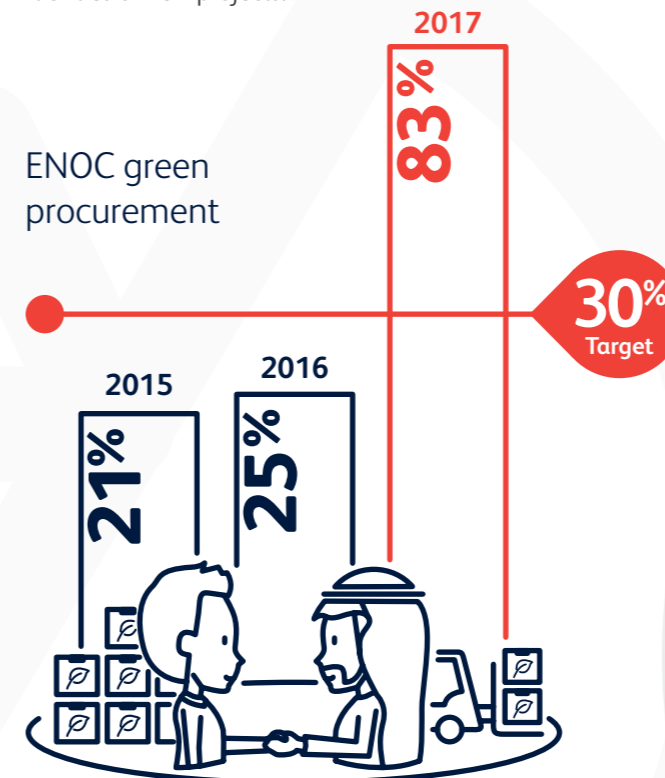
The Group aims to be a role model for green procurement through both committee involvement and business practices that leverage supplier innovation, community involvement, customer wellbeing, and happiness for all stakeholders. ENOC has a Green Procurement Committee, established in collaboration with the Dubai Supreme Council of Energy (DSCE) that continued during 2017, and promotes the embedding of energy and water-use efficiency and other environmental considerations in procurement practices of government entities. ENOC is a member of the Green Public Procurement for Energy and Water Efficiency (GPPEWE), established by DSCE, which stimulates the development and implementation of minimum threshold standards that will allow for energy and water savings in tenders wherever applicable. ENOC also has a dedicated team and a 'Green Procurement Officer' responsible for Green Procurement Practices and supporting Green Public Procurement (GPP).

During 2017 ENOC developed a guidebook detailing the minimum standards for the purchase of energy efficient electric motors as part of its role in the GPPEWE. This standard will be widely adopted in Dubai, by all Government entities. We also adopted ENOC Purchase and Design Energy Efficiency Standard in 2017, which sets the minimum energy efficiency guidelines for purchasing energy consuming equipment within ENOC. This Standard applies to all business units planning revamps and retrofits of existing facilities or new projects.

The green procurement effort within ENOC is led by Group Procurement and Contracts Department with support from different business units and key corporate departments. Our sustainable sourcing includes the deployment of green procurement practices that follow the ASHARE Standard 90.1 – 2013, Energy Star and LEED (Version 4) to generate cost savings, avoid supply risks and reduce the Group's social and environmental impact. ENOC's Group Procurement is responsible for ensuring that procurement processes encompass green criteria and life-cycle costs within technical specifications and bid evaluations. This function also works as a 'central gate keeper' for purchase requisitions, reviewing green procurement criteria compliance whenever appropriate.

The proportion of ENOC's procurement qualifying as green has almost quadrupled over the past two years (2015: 21%; 2016: 25%). During 2017, 83% of ENOC's procurement qualified as green, well surpassing our target of 30% set in 2016.

As green procurement becomes further embedded in 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 (SME) and local community engagement.



# Embracing Our People

As our company grows, so does the need to bring in and develop new talent into the business. We have successfully increased our work force to 11,340 members of staff. Our staff are treated equally and without prejudice and we have seen a steady increase in female colleagues, rising to 1,588 in 2017. Nurturing and developing our staff helps us retain staff and in 2017 we developed a number of new initiatives focused around providing a robust and rewarding career path. We have performed well against our Health and Safety leading indicators and have provided increased training to our staff. Our lagging indicators were also strong with no fatalities and four fewer loss time injuries across the year.

60  
different  
nationalities  
employed by ENOC

19  
hours of  
training provided  
per employee in ENOC  
(excluding Dragon Oil)

05

41  
hours of  
training provided  
per employee  
in Dragon Oil

1  
millions  
man hours  
at DUGAS  
without an LTI

## One ENOC

ENOC strives to cultivate the highest degree of excellence and professionalism among all our employees. This has helped to achieve ENOC employees' continual growth, supported by cohesive organisational culture and holistic work-life balance. 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 – to 7 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 is an equal opportunity employer, where we focus on talent development and growth, sparking innovation that leads to sustainable results for our customers and the company. We know this makes our employees our most valuable asset.

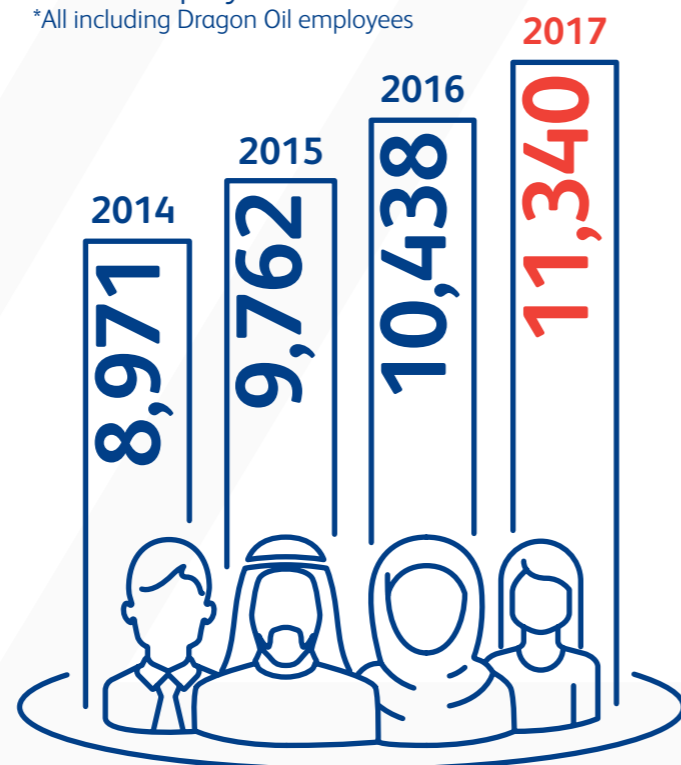
We also have a strong rewarding system which recognizes employee's achievement providing positive reinforcement for our people in their career aspirations including cross functional opportunities over the entire value chain of ENOC Group.

## Our Workforce

Since 2014, ENOC has witnessed 8% year-on-year increase in number of employees and we continued the growth to 9% increase in 2017. The employee growth we witnessed is driven by our increasing sales volumes and ongoing expansion projects in retail sites and refinery expansion. This year ENOC's total number of employee base is over 11,300 strong with the inclusion of Dragon Oil.

### ENOC employee numbers\*

\*All including Dragon Oil employees



## Inclusive and Diverse Work Culture

ENOC believes that diversity is key to the growth, innovation and creativity. Part of creating a diverse workforce is through active actions encouraging career opportunities for a diverse mix of people from across the globe.

To improve female representation within ENOC, the ENOC Women's Committee has taken many initiatives to encourage women and address any barriers to build career at ENOC. One such initiative is 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. The award was launched in Oct 2017 and will recognize women in the energy sector on categories like Best Woman Leader, Best Woman Leader in the Renewable Energy Sector, Best Woman Technocrat, Best Young Woman Leader and Best Woman Entrepreneur.

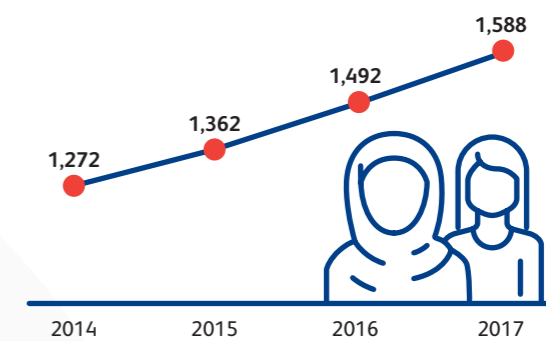
Our goal is to continually increase the share of female representation at all levels of the organization and the number of female employees is on an increasing trend year on year. The women representation overall at the ENOC group level stands at 14% however at the ENOC

corporate offices, women play a significant role. At the corporate level, females account for 43% of the EHSSQ and Corporate Affairs team, half of the Internal Audit and Business Ethics team, 31% of Strategy and New Business Development and 27% of Shared services team which comprises of departments like HR, Financial services, Engineering & Projects, Corporate Real Estate etc.

Based on our 'pay for job' framework, we see no systematic difference between the compensation received by male and female employees. ENOC follows a strong policy where salaries are awarded based on the job and skillset rather than the gender.

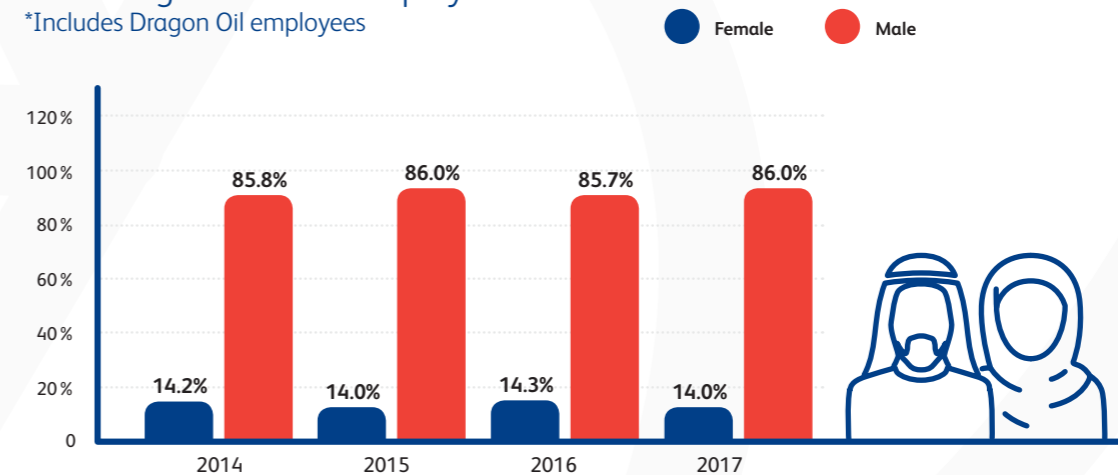
### ENOC employee numbers\*

\*Includes Dragon Oil female employees



### Percentage of female employees\*

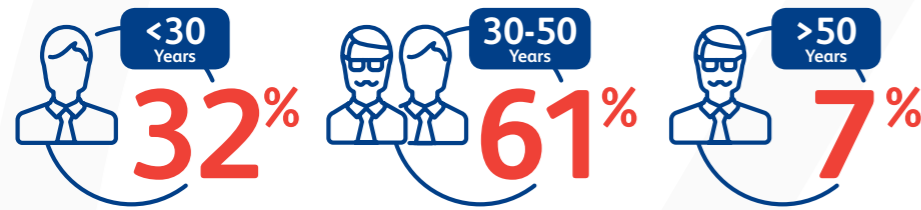
\*Includes Dragon Oil employees



### Employee Diversity by Age

In ENOC about 32% of the workforce are under 30 years of age and including the age bracket of 30-50, the percentage reaches 93%. Only 7% of ENOC employees are above the age of 50. ENOC believes and invest in young people who will play an important role in ENOC's operations and future expansions.

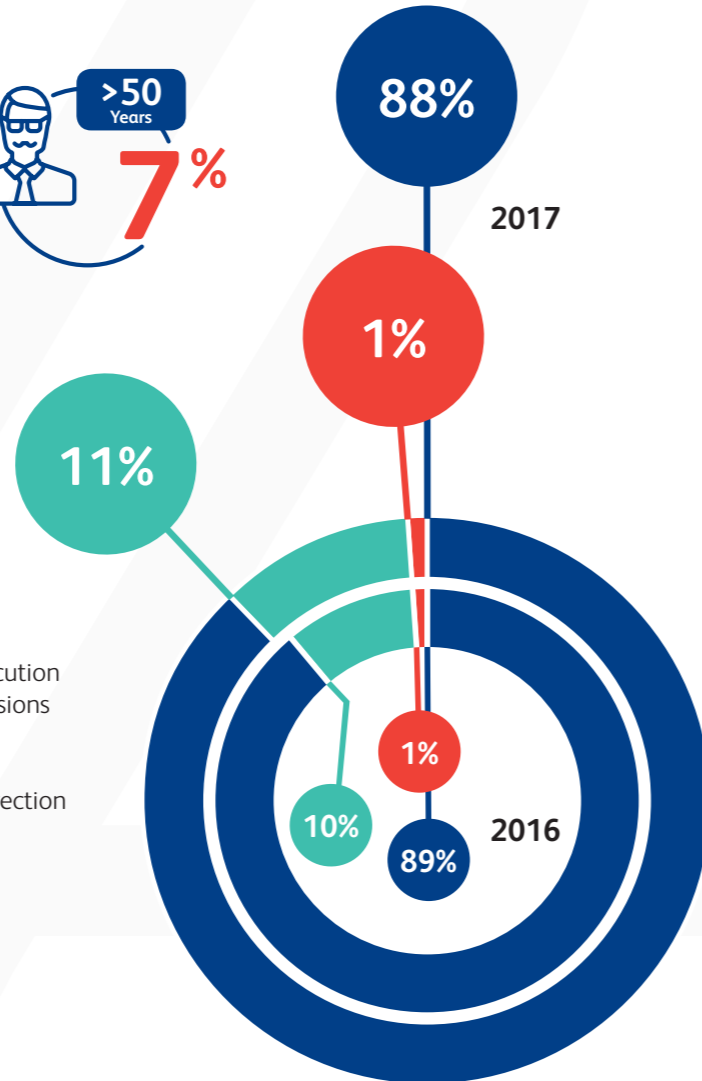
#### Percentage of Workforce



### Employee Diversity by Employee Type

ENOC maintains a good balance between the technical staff and management for efficient execution of workflow within the organization. ENOC ensures a lean management approach to empower its employees and differs from the traditional top-down approach.

The majority of our staff (88%) focus on the planning and execution of tasks and operations and rely on the timely support and decisions from middle management (11%) to assist in successful project completions. The leadership team just accounts for 1% of our workforce who will provide necessary resources and strategic direction to fulfil operational demands.



#### Employment type in ENOC & Dragon Oil

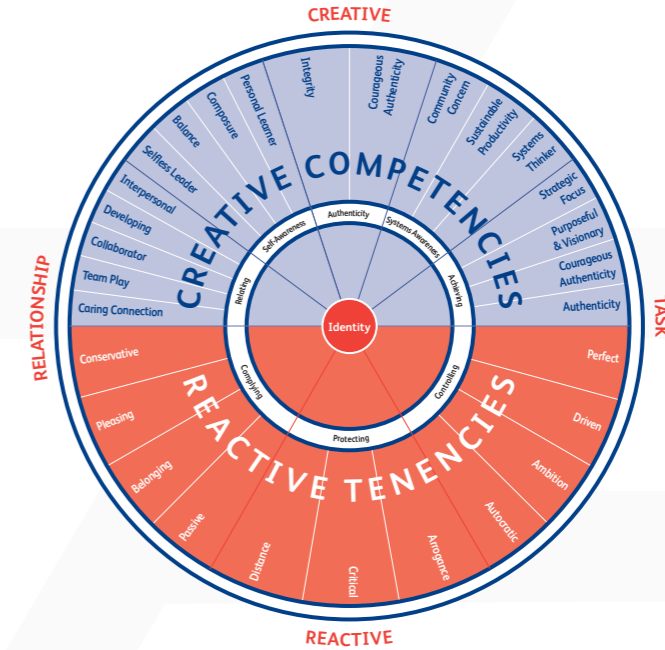
- Executive & Senior Management
- Middle Management
- Staff (professional, operational and administrative)



### Developing the ENOC Leadership Index

During 2017 the ENOC Leadership Culture diagnostic survey was completed as part of ENOC's continued efforts to build a robust Leadership Framework. Several workshops were conducted with management early in the year to understand the results from the survey which provided insights into current and desired Leadership Culture, both at the Group and Departmental level and by demographic categories.

The Leadership Culture Survey is currently being used to build readiness for change at the group level, although ENOC is also building a Leadership Index; established from the Leadership Circle Profile 360 instrument. This instrument serves to provide in-depth feedback for individual leadership development. The Leadership Circle Profile 360 is



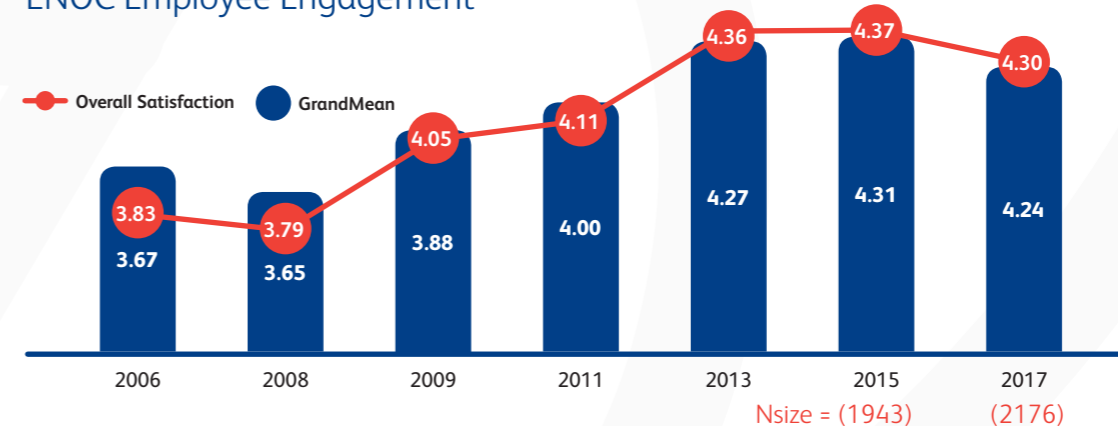
directly aligned to the Leadership Culture Survey and can be mapped, thus ensuring consistency in process and feedback. During October, the 360 instrument was implemented for all executives and departmental heads.

### ENOC Employee Engagement

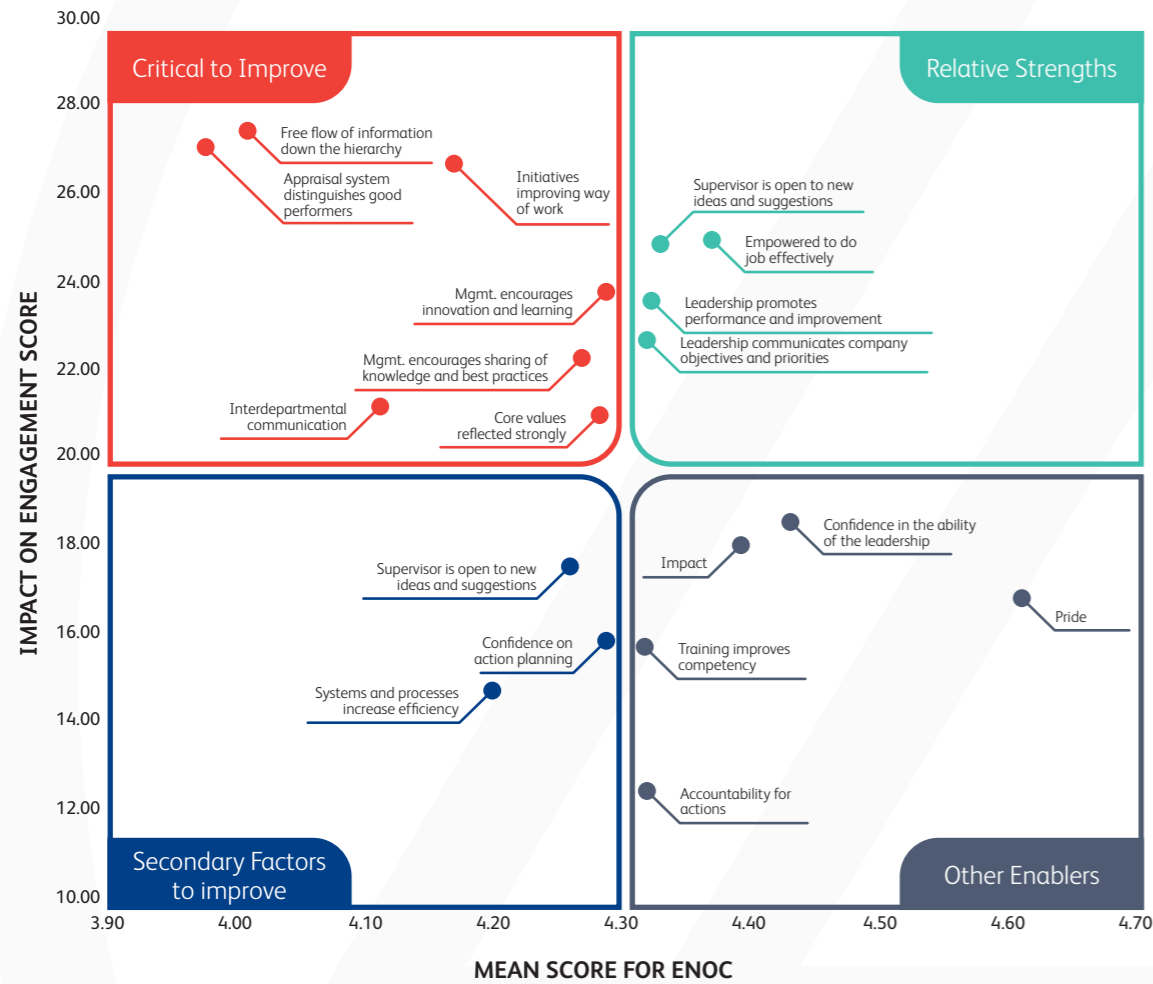
ENOC has been working towards building a winning performance culture and since 2006 we have been undertaking employment engagement surveys every two years to garner unbiased information about how our employees relate to the company.

The survey revealed that employees feel empowered to do their job effectively, leadership promotes performance and improvement and leadership communicates the company's objectives and priorities. The top enabler identified by employees was confidence in the ability of the leadership and the sense of pride employees have in working for ENOC.

#### ENOC Employee Engagement



## Analysing Employee Engagement



Engagement marginally declined year on year, although since the first survey in 2006, employee engagement has improved by a promising 12%. ENOC recognises that improving employee engagement is a long-term journey and endeavours to continue with efforts to improve engagement in the years to come.



The marginal decrease in the engagement score between 2016 and 2017 provides the basis and momentum for ENOC to improve engagement levels in the coming years. ENOC have already developed a way forward to address these areas of improvement that includes:

- Evaluation of ENOC's performance management system to ensure the clarity of goals, metrics, measurement and frequency of coaching
- Equipping managers to transform from being "supervisory" to being coaches
- Creating a coaching conversations roadmap and training leaders and managers on conducting effective expectation setting, regular check-ins and effective progress reviews
- Creating formal groups/ round table discussions for high performers to share experiences and concerns and offer suggestions for improvements.

ENOC has already been working on several engagement initiatives during 2017 which will serve to address a number of these areas. These initiatives include 'Ask HR' and the deployment of tools for employee development that are described later in this report.

## Ask HR - Leveraging Technology

ENOC launched an 'Ask HR' tool during late 2016 to provide an enhanced level of service and experience to employees, in line with ENOC's strategic goals to foster operational excellence and maximize happiness and value to employees. The tool allows for swift escalation processes and timely and eliminated the need for repeated follow up. There have been more than 10,000 calls logged since the tool was launched which has also enabled Group HR to tackle the volume of requests raised and the efficiency of services provided.





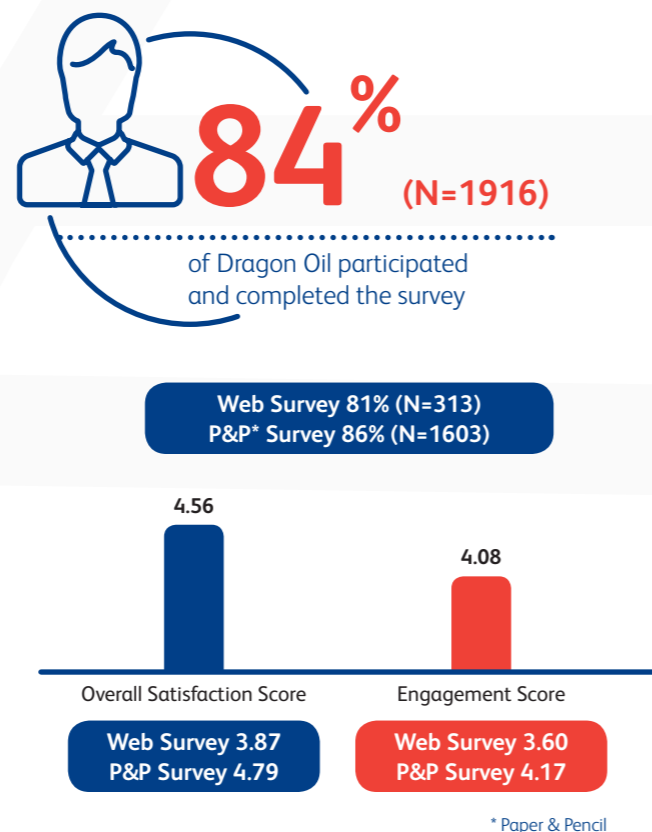
## Dragon Oil Employee Engagement

Part of the integration efforts between Dragon Oil and ENOC during 2017 included conducting an employee engagement survey for Dragon Oil employees to better understand employee engagement and satisfaction. Around 84% of the Dragon Oil employee base participated in the survey, and an engagement score of 4.08 and a satisfaction score of 4.56 was achieved. Employees were found to have confidence in the ability of Dragon Oil's leadership who were also found to promote performance and improvement of employees. The encouragement of 'innovation and learning' by management, the strong reflection of 'Dragon Oil's core values' and being 'empowered to perform their jobs' effectively were also identified as strengths by employees.

Some of the cross-cutting opportunities for improvement included the free-flow of information down the hierarchy, the appraisal system that distinguishes good performers, interdepartmental communication and training that improves competencies.

This first engagement survey serves as a good baseline for the integration between Dragon Oil and ENOC, with progressive efforts planned to address the opportunities for improvement to ensure an integrated and engaged workforce.

### Engagement vs satisfaction



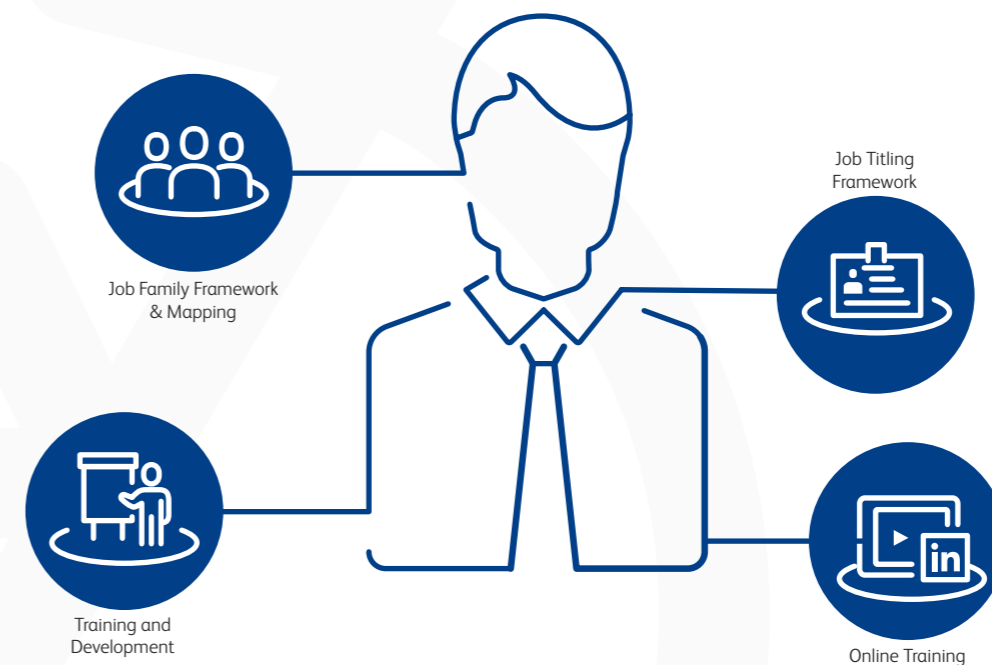
## Employee Diversity by Nationality

ENOC employees are from a diverse mix of nationalities from over 60 countries. ENOC believes in embracing diverse nationalities for its successful and productive operations which spread across different regions. In particular the Executive and Senior Management of ENOC is made up of 30 UAE (30%) Nationals and the remaining 72 are from GCC and Non GCC Nationals.

### Nationalities across ENOC and Dragon Oil in 2017



## Employee Development



Our people are critical to our success and we maintained a continued focus on training, development, and career opportunities for our employees during 2017. There have also been a number of developments during 2017 in terms of upgrading the human resources system to facilitate career development at ENOC.



### Job Family Framework & Mapping

To further enable career development, succession planning, job rotation and transfers, ENOC created a Job Family Framework and Mapping. The job family model grouped similar jobs/roles under meaningful categories and the different levels of work being performed under these categories were defined and mapped. Workshops and focus group discussions were conducted with SMEs for this exercise. ENOC identified 27 job families across the Group with defined levels of work and where job titles, grades, accountabilities, behavioural competencies and basic qualifications have been mapped. The focus for 2018 includes validating and developing functional competencies aligned to these job families and applying this framework to other HR processes.



### Job Titling Framework

It was found that there was a 1:4 ratio of job titles to the number of employees, compared to an industry benchmark of 1:7. This indicated that ENOC had many unique job titles. This resulted in complexities regarding job sizing, grading and overall organizational design and initiated a review and design of a Job Titling Framework to rationalize the number of titles and bring in consistency in the titling across different segments and across grades. The review yielded a 20% reduction in job titles and 30% of titles being positively impacted. The focus for 2018 will be to implement the Framework.

The development and implementation of the Job Family Framework & Mapping and the Job Titling Framework has been prioritised over the coming year to serve as a foundation of a robust talent management practice. ENOC is committed to increasing awareness and improving internal capabilities to successfully integrate and embed these frameworks in the organization.

The Job Family Framework and Mapping will also assist with the identification of behavioural and technical competencies, with ENOC's existing 'Learning Path' serving as a supporting platform.



### Training and Developing our Employees

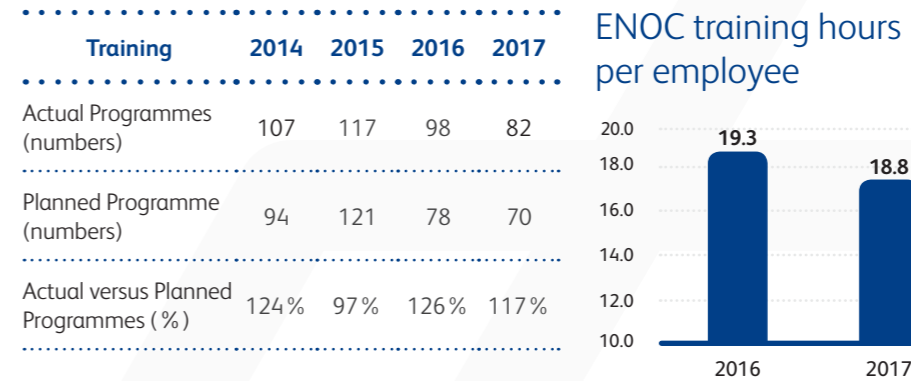
We understand that good training and development programmes can help ENOC retain the right people and contribute to generate steady growth and profit for ENOC. Securing top talent within the business has become increasingly competitive which means employee training and development programmes are more important than ever in supporting Employee retention and personal fulfilment.

In 2017, ENOC provided 82 training programmes over the course of the year against the plan of 70 programs. Both internal and external training programs offered is about 21,285 days or 170,828 training hours equivalent to 18.8 hours of training per employee.



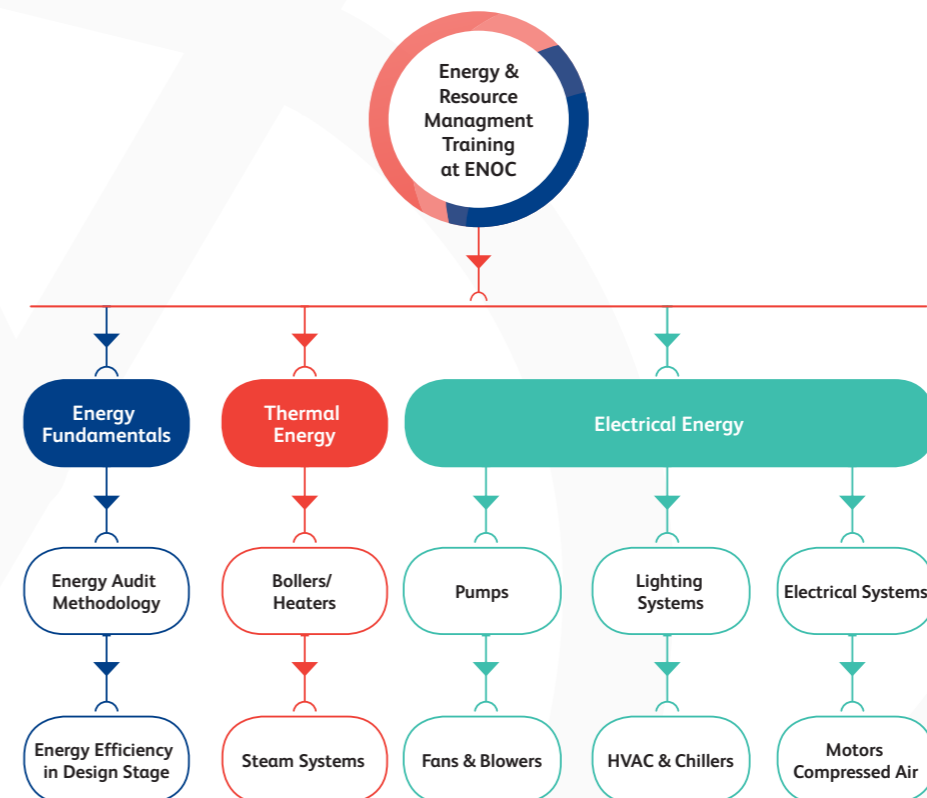
### Introducing LinkedIn Learning to ENOC Employees

We are excited to provide all our employees with access to one of the world's most premium platforms that will enrich learning on both a personal and professional level - LinkedIn Learning. The platform allows employees to personalize learning, develop skills in any field and learn from experts who are pioneers in their respective fields. LinkedIn Learning's library is an exceptional space with access to training modules on a variety of topics. Content varies from photography, graphic design and video editing for the media enthusiasts, to Blockchain and game design/development for the IT whizzes. There are also business excellence modules, such as Six Sigma and Entrepreneurship, for those aspiring leaders. Each course is delivered by a bestselling author or an iconic figure and we are excited to see how this new tool will help us grow as individuals and as a business.



### Training to Save - Developing Energy Champions

Employee engagement is a vital element in the implementation of E&RM and we need to build champions of energy management. Training plays a large role in this development. Based on feedback from the E&RM Technical Committee, we developed a series of training modules specifically related to the major energy-consuming equipment in ENOC's operations. In total, 11 training modules have been developed and delivered by the Group Sustainability Office team, covering the topics on major energy consumers. The initial training modules were delivered over a period of 12 days, with each module requiring five to six hours of training. Since 2016, about 500 qualified engineers have been trained in these modules to date. The feedback from the attendees were extremely positive with an average rating of 4.81 on a scale of 1 to 5, with 5 being 'excellent'.

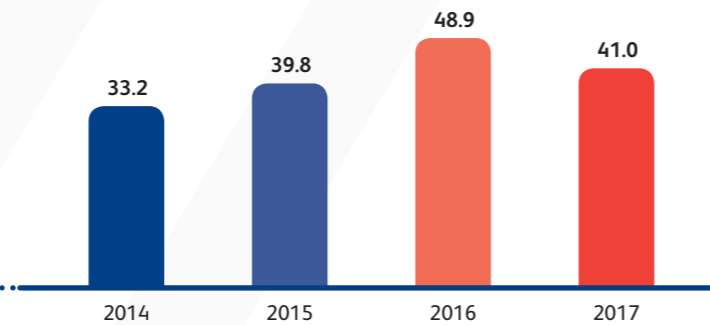


## Training and Development by Dragon Oil

Our upstream operations prioritize the training of Turkmenistan citizens to improve the professional capabilities of the company's national employees. During 2017, 143 training events were conducted with participation from more than 4,972 national employees and amounting close to 93,134 hours of training. This has resulted in an impressive training record of 41 hours per employee in Dragon Oil.

| Type of Training   | Dragon Oil (Turkmenistan)<br>Training Records for the Year 2017 |               |                 |              | Total Training Events | #of Employees Attended |
|--------------------|---|---------------|-----------------|--------------|-----------------------|------------------------|
|                    | Training Events   |               |                 |              |                       |                        |
|                    | External  |               | Internal        |              |                       |                        |
| Sum of Events      | No of Employees   | Sum of Events | No of Employees |              |                       |                        |
| Non-Technical      | 8   | 20            | 4               | 298          | 12                    | 318                    |
| HSE                | 5   | 60            | 47              | 3,477        | 52                    | 3,537                  |
| Technical          | 45  | 154           | 34              | 963          | 79                    | 1,117                  |
| <b>Grand Total</b> | <b>58</b>   | <b>234</b>    | <b>85</b>       | <b>4,738</b> | <b>143</b>            | <b>4,972</b>           |

Dragon Oil training hours/employee



The training courses, run at our Centre of Excellence in Hazar by internal and external specialists, cover HSE, focused technical training, specialized development and soft skills. Dragon Oil has two major programmes; the High Potential Programme and the Higher Education Assistance Programme. Dragon Oil also offers scholarships to a select number of applicants each year.

The High Potential Programme that was introduced in 2010 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.

## Dragon Oil Tomsk Scholarship Program

Dragon Oil launched in 2015 the Corporate Scholarship program for Turkmenistan nationals to sponsor Turkmen nationals from Hazar city and give them an opportunity to go and study in one of the most prestigious Polytechnic Institute in Russia: Tomsk Polytechnic University.

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 Hazar people in 2017, bringing the total sponsored by Dragon Oil to 21.

The Dragon Oil Training and Development strategy has evolved over the years to answer as effectively as possibly our business requirements. We have grown from 25 trainings and 165 trained employees per year to more than 130 training courses and more than 4,500 employees trained every year starting from 2014.



## Retaining Our Employees

Our efforts in training and development mechanisms, competitive compensation packages and other welfare initiatives has helped to reduce our workforce attrition to 7% during 2017, taking into consideration the turnover in ENOC and Dragon Oil.



End of 2014 **7,020** **1,026** (15%)

End of 2015 **7,811** **1,068** (14%)

End of 2016 **8,487** **876** (10%)

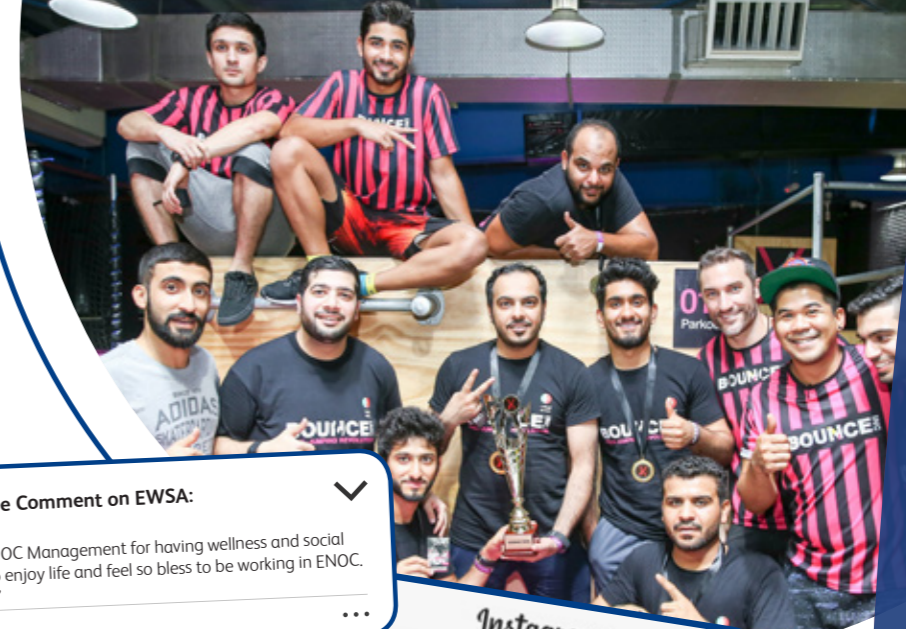
End of 2017\* **11,340** **772** (7%)

\*Includes Dragon Oil employee attrition

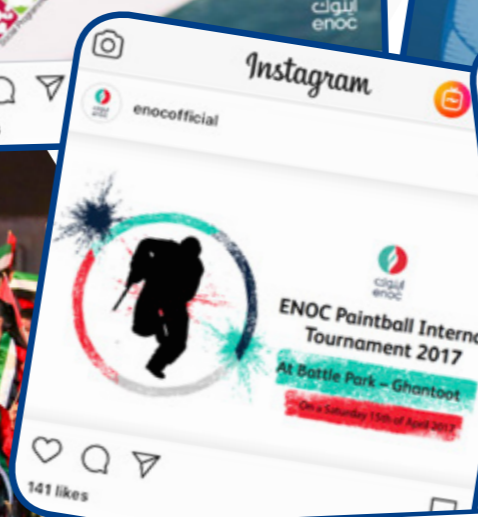
## Happiness at Work ENOC Wellness and Social Affairs

Our Wellness and Social Affairs (EWSA) 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.

The feedback from the employees expressed high levels of satisfaction with events and activities planned by EWSA and has reached an overall score of 87% in 2017.



Employee Comment on EWSA:  
274 likes  
"Just want to thank ENOC Management for having wellness and social affairs for staff. This to enjoy life and feel so bless to be working in ENOC. One happy staff here."



Employee Comment on EWSA:  
274 likes  
Employee Comment: "Very satisfied with the events and the voluntary work being done by the EWSA department."



## ENOC Elite Award for Employees

Talent is integral to the fabric of ENOC's success. We're committed to finding ways to empower and recognise them by creating a positive work environment that allows them to thrive and contribute to improving business performance and operations. The award recognizes employees for their distinguished service, exceeding expectations at work and contributing to enhancing business performance. In 2017, a total of five employees were recognised for their contributions, while 108 employees were honoured for their long employment service at the organisation.



Employees were assessed on five criteria across performance and achievement, initiative, co-operation with others, involvement and responsibility and supervisory skills. Submissions, which were evaluated by an independent and external assessment panel, demonstrated employees' ability to overcome challenges, contribute to improving productivity and quality and innovate to generate revenue, reduce costs and enhance customer satisfaction.

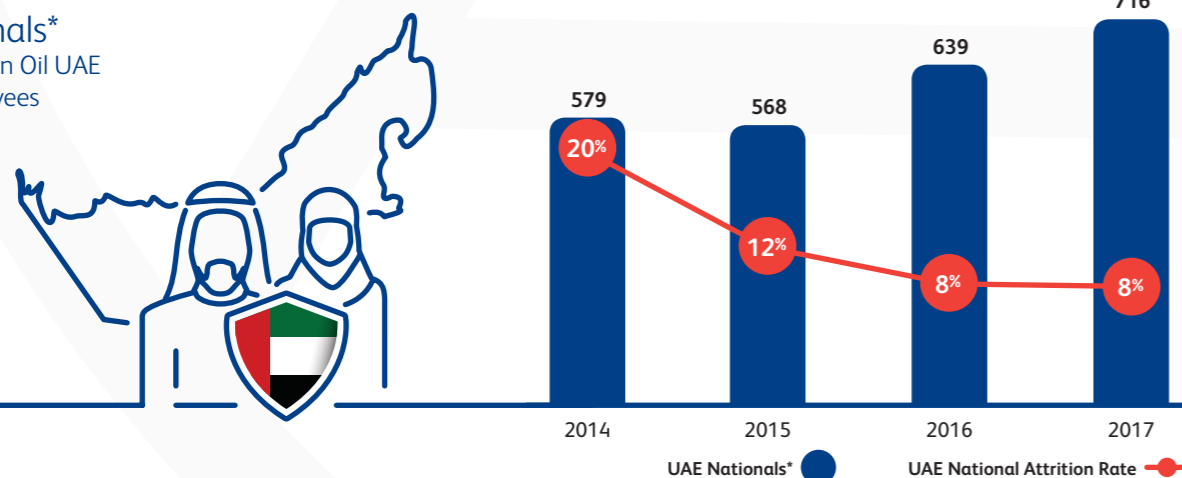


## Pushing Forward ENOC's Emiratisation Strategy

In line with Dubai's Strategic Plan 2021, ENOC aims to achieve 50% Emiratisation by 2021. During 2017 Group Human Resources performed in-depth analysis of skills and resource requirements based on business goals, talent availability, retirement and succession planning to inform the implementation plan for the Emiratisation Strategy. These were detailed at the Segment and Business Unit levels and were endorsed by ENOC Management and the Nomination and Remuneration Committee.

The proportion of UAE Nationals in our workforce has grown year on year by 12% and by 24% since 2014. Including Dragon Oil employees, the number of UAE employees stands at 716 for 2017; 6% of the total workforce. The UAE national attrition rate for ENOC was maintained at 8% for 2017, although there were 154 new UAE nationals who joined ENOC during 2017.

UAE Nationals\*  
\*Includes Dragon Oil UAE national employees



## ENOC's National Development Programmes

Since the launch of the revised National Development Plan (NDP) in 2016, ENOC has minimised employee turnover to less than 3% in 2017; reflecting employees' pride in being associated with ENOC and the brand.

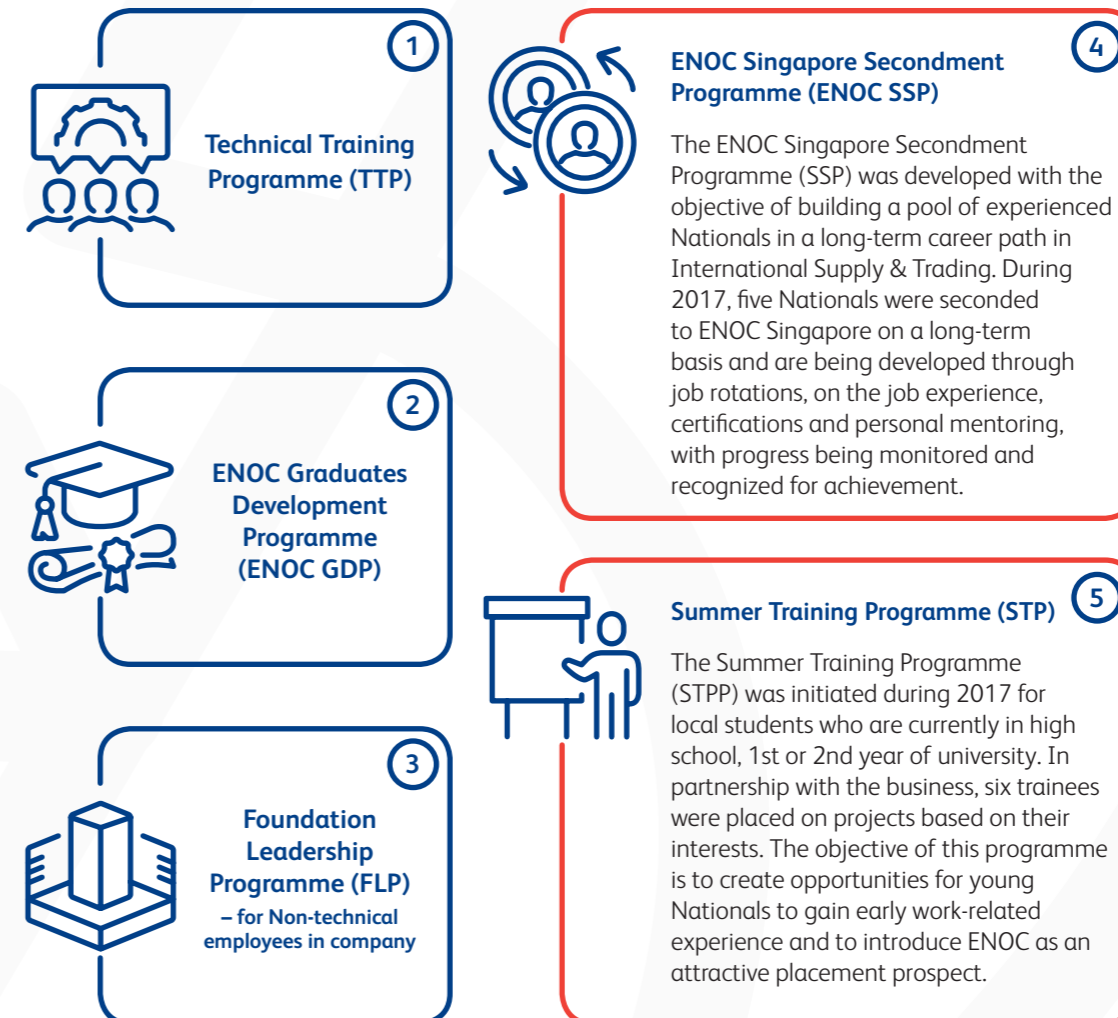
ENOC remains committed to ensuring the long term investment in education and capability building and coaching is now a key component of the NDP and leadership development approach. ENOC has recently partnered with K-Talk; a leading coaching organisation in the UAE, to provide one-to-one coaching for participants as well as build a Coaching for Managers Program and Mentoring Program. This will help ENOC build a coaching and mentoring culture to support leadership effectiveness, engagement and unlock greater potential.

During 2017 efforts were focussed on reviewing and designing processes and frameworks that form an integral part of the Talent Management practice for number of initiatives that were

launched during 2016. During 2017, two programmes in addition to the three existing programmes were launched; the ENOC Singapore Secondment Programme and the Summer Training Programme.

Currently 30 students are part of the Technical Training Programme (TTP) programme and following the successful completion of the pilot study with two graduates in the ENOC GDP during 2016, ENOC's target group of 20 graduates were inducted during 2017 with on-the-job exposure in non-technical areas of work. This assisted in the development of their expertise in corporate and support specialisations. After undergoing an assessment of acquired competencies and job knowledge, these graduates are now performing roles of their preference in various parts of the business.

TATWEER is the base of ENOC's National Development Programme and is the first level of the Foundation Leadership framework and consists of:



## Highway Emergency Response Specialist (HERS) Training

As part of the NDP to integrate young UAE Nationals into the workforce, Group Environment Health and Safety (GEHS) Assurance Directorate and EPPCO Retail Management sent four individuals to attend HERS Training at the Emergency Response Training Centre in Colorado, the United States during 2017. The training covered specific fundamentals and skills associated with emergency response to highway incidents involving Hazardous Materials (Haz Mat) and weapons of mass destruction (WMD). The training provided detailed technical information on cargo tanks (all types), intermodal (IM) portable tanks, freight vans, design and construction, non-bulk packaging, and compressed gas cylinders. Participants were trained to be proficient in hazard mitigation techniques for highway transportation incidents, transfer procedures, grounding and bonding, and safety considerations, including extensive hands-on practice of actions and responses to simulated HazMat/WMD incidents.

## ENOC Energy Scholarship

In 2017, ENOC announced the ENOC's Energy Scholarship, dedicated to helping deserving UAE Nationals who wish to pursue a career in the field of energy. The aim is to support UAE Nationals within ENOC Group and in the UAE to achieve their career goals through their pursuit of higher education in Energy Management. Developing a skilled workforce is fundamental to the UAE's vision to become a knowledge-based and sustainable economy which is the fundamental goal of the UAE Vision 2021. By providing financial assistance and a host of supplementary support services, ENOC ensures that the scholarship recipients have the resources they need to thrive academically. ENOC will provide an annual scholarship for UAE Nationals, selected from a pool of candidates from ENOC Group employees and external candidates, to pursue a master's degree (MSc) in Energy at the Heriot Watt University, Dubai. The scholarship covers the complete tuition fees for the selected candidates. ENOC will also offer employment to candidates who complete the program with distinction.



## Health & Safety of Our People



### Vision

To make Safety and Sustainability a way of life at ENOC



### Mission

To build a generative safety culture and enhance Business and Operational Excellence



### Objectives

#### Effective Governance

Providing assurance to the Executive Committee and the Board of Directors through Group CEO that appropriate levels of loss prevention and risk controls are maintained through assurance reviews, communications, facilitation, education and investigations and ensuring compliance with relevant regulations and procedures.



#### Centre of Excellence

Providing guidance and support to ENOC Group in developing and implementing effective EHS management systems and its journey towards operational excellence.



#### Generative Safety Culture Development

Providing support to the Business Units to achieve best-in-class EHS performance by promoting a generative safety culture across the organization and delivering value-added EHS technical services across ENOC Group.



All levels of ENOC management are supported in the assurance of their EHS performance by the ENOC Group EHS assurance process and the directorate acts as an independent appraisal function that reviews and evaluates the effectiveness of EHS management systems, documented processes, operations, control systems, management reviews and field verification audits.

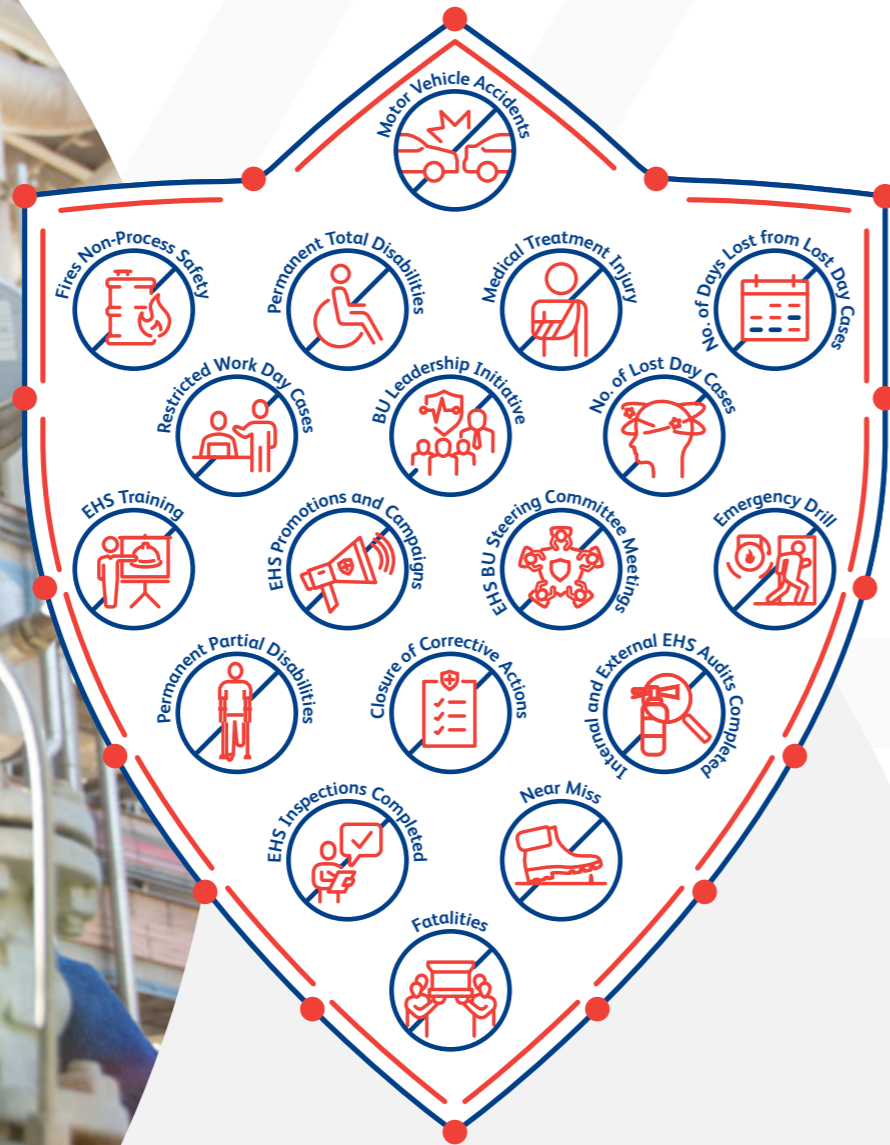




## Safety

We measure our safety performance as part of our Key Performance Indicators across the business which are set by the Environment, Health and Safety (EHS) Assurance Directorate and approved by the Group CEO and Executive Directors at the EHS Steering Committee and the EHS KPI Committee.

In efforts to understand how safe our employees are and what we need to focus on to improve things, we have set a mix of leading and lagging indicators. Leading Indicators reflect the measures initiated to prevent incidents from happening; while lagging, indicators reflect the occurrence of incidents.



ENOC achieved the zero fatalities target during 2017; testament to our efforts to continually monitor our health and safety statistics to better understand our high priority and risk topics that impact our employees and our business. The topics range from Near Miss reporting, EHS Inspections completed to Disabilities and Fatalities.

## Leading Indicators:

| KPI                                  | Definition  | Unit                          | ENOC Target 2017 | ENOC Actual 2017 |
|--------------------------------------|---|-------------------------------|------------------|------------------|
| Major Emergency Drills               | Major Drill which includes emergency services (1 per facility per annum)  | Total no. of Emergency Drills | 28               | 23               |
| EHS Training                         | 8 hours for office staff, 3 days for field staff. Includes permanent contractors                                      | Total no. of hours            | 68,376           | 92,385           |
| Business Unit Leadership Initiatives | Choose from EHS inspection, lead an initiative, lead an accident/incident investigation, lead a hazard review meeting | Total no. of Initiatives      | 400              | 827              |
| Closure of Corrective Actions        | Close out of critical EHS recommendations from internal/external audits and incident reports within agreed timelines  | %                             | 60%              | 68%              |

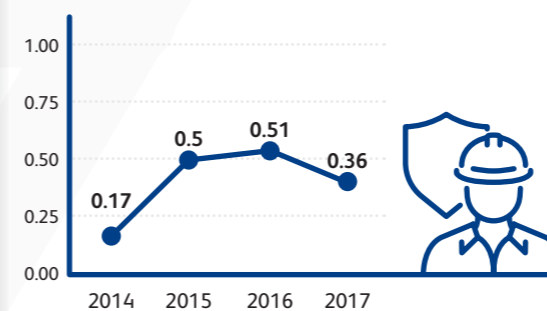
## Lagging Indicators:

| KPI                                     | Definition   | Unit   | ENOC Target 2017 | ENOC Actual 2017 |
|---|--|--------|------------------|------------------|
| Fatalities                              | Total number of work-related fatalities – company employees and contractors  | Number | 0                | 0                |
| Lost Time Injuries (LTI) Frequency Rate | The number of lost time injuries (fatalities + lost day work cases + permanent or partial disability incidents) per 1 million man hours  | %      | 0.37             | 0.36*            |
| Process Safety Incidents                | Total number of Tier 1 Process Safety Incidents. (fatalities, LTIs, fire/explosion) leading to damages over US\$ 100,000 or release of LPG/NG > 500 kg; gasoline > 1000 kg in one hour | Number | Report only      | 1                |
| Hipo Near Miss                          | An event which has the potential, in slightly different circumstances – to result in consequences that would have led to a major incident such as fire, toxic release, casualties etc. | Number | Report only      | 5                |

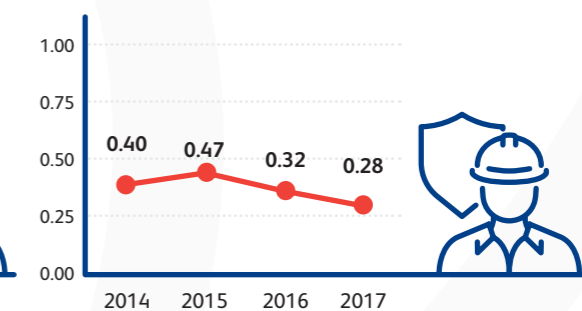
(\*based on 3 days off work)

There was a 100% increase since 2016 in EHS leadership participation within the Group; with ENOC business segments completing 827 (2016: 401) EHS leadership initiatives. This participation contributed to the 29% reduction in Loss Time Injury Frequency Rate (LTIFR) during 2017. Although the LTIFR Group Target for 2017 was not achieved, there were 4 fewer lost time injuries during 2017. The scope of the business segments' EHS leadership initiatives is expected to expand to include safety meetings, safety observations, and stoppage of high risk actions. Our Health and Safety performance in Dragon Oil is improving steadily year on year reaching 0.285 LTIFR in 2017 – a 11% reduction from 2016.

### ENOC LTIFR



### Dragon Oil LTIFR



ENOC has amended the calculation methodology used to calculate LTIFR and now reports LTIFR based on 1,000,000 manhours to align with the GRI's methodology, compared with 200,000 manhours that was previously used in the calculation. LTIFR for 2014-2016 have also been restated here based on 1,000,000 manhours.

There are two major achievements that we are proud to report for 2017; DUGAS achieving 1 million man-hours without an LTI for the new propane sphere storage facility project and EPPCO International Limited achieving 3 million man-hours without an LTI. The significant milestone for DUGAS' and its contractor Cylingas Company LLC's reflects their efforts and firm commitment to safety by setting high standards to continually improve safety performance despite the many challenges and work disruptions experienced. Rigorous efforts were also undertaken by EPPCO's management team to ensure that all employees strive to prioritize safety at work.

## Occupational Health



### ENOC Group Organisational Safety Culture Survey

As part of our continuing efforts to improve our safety performance, we conducted a survey of our organisation on safety culture with 'DEKRA Insight Consultants' – experts in both the cultural dynamics of large organizations and the physical challenges of an industrial work environment. The survey and results were analysed to identify areas of improvements that can be worked on collectively to improve safety culture across the organisation. The focus for 2018 will be to use these results to improve our safety culture to help reduce risk exposure and create the safest possible environment for ENOC's people and assets.

The Process Improvement Institute performed independent EHS review of 10 ENOC facilities in the UAE during late 2016 with focus on Process Safety Management in plants and Fire & Safety Compliance Reviews. Action plans based on priority and criticality were developed from the review to assist the facilities in addressing the findings.



ENOC's Group Environment, Health and Safety (GEHS) engaged the British Safety Council to conduct their Five Star Occupational Health and Safety Audits for the EHS Management in the Engineering and Planning, Group Procurement and Contracts, HR, Risk Management & Security, and IT Departments. The objective of the audits were to achieve best-in-class EHS performance and to ensure continual improvement. The audit also enabled GEHS to benchmark ENOC's standards against local and international companies.



NOC's Occupational Health Services Centre in Jebel Ali is the focal point for delivering a wide range of occupational health services to business units across the Emirates ranging from one-to-one health evaluations to promote good health to training activities. The main objective of these services is to encourage a healthy, active and productive workforce. Following a recent approval stamp from Trakhees to extend occupational health services to other business set up in the free zone, the number of medical examinations and referrals have steadily grown over the years and today stands at about 3,000 per annum and

are expected to double over the next five years. New premises will be required to accommodate the additional people and services and will act as a centre of excellence, approved by multiple governance bodies such as DHA, Trakhees and certified to relevant OHSAS 18001, ISO 14001 and ISO 9001 standards.



### CYLINGAS Commitment to Occupational Health & Safety Rewarded by Dubai Municipality

Dubai Municipality conducted a number of EHS-compliance audits of registered companies throughout the emirate over 2016 and 2017. Cylingas was rated one of the best 10 companies in terms of EHS-compliance and was awarded a Certificate of Appreciation by the Director of Public Health and Safety (Dubai Municipality) at a major event during April 2017, with participation from Health and Safety experts of International Labour Organization (ILO), Institute of Occupational Safety and Health (IOSH), Dubai Health Authority (DHA), Ministry of Human Resources & Emiratization and many other renowned subject matter experts from across the accredited administrative bodies.





## EPPCO Health and Wellbeing Program

EPPCO recognises the demands of operating a terminal round the clock; coupled with increased energy demands in Dubai, an ageing facility and extreme summer temperatures proves as challenging circumstances for employees. In line with EPPCO's commitment to excellence in the health and wellbeing of employees, a partnership with a Dubai-based company Celolab was forged to implement a health and occupational wellbeing program. So far 8 out of 11 intervention group participants have shown a marked improvement in their health and wellbeing.

## Industrial Hygiene

ENOC's Industrial Hygiene (IH) function was reorganised in 2016 to use a team of external Industrial Hygiene specialists to support our Industrial Hygienist in setting up an Industrial Hygiene Framework and undertake exposure assessments in the field.

ENOC Group's EHS Assurance Directorate defined the scope of work for conducting a comprehensive Industrial Hygiene Occupational Hygiene Risk Assessment for the Group's business segments located in UAE. The Directorate – along with a Senior Industrial Hygienist, three Certified Industrial Hygienists from the American Board of Industrial Hygiene (ABIH) representing International Safety Systems (ISS), Inc. in the USA – conducted a Qualitative Exposure Assessment (QLEA) (Phase-I of comprehensive IH assessment) and a Quantitative Exposure Assessment (QNEA) (Phase-II of comprehensive IH assessment) over 2017.

The QLEA identified the top 3 risk as heat stress for operators and maintenance technicians outdoors; grit blasting and painting activities; and welding and grinding activities. The QNEA found that employee exposure for air quality were below local UAE regulatory limits (adopted from Trakhees or local order 1991 of Dubai Municipality); employee exposure to noise was within the limits across all business segments; the Thermal Work Limit (Heat Stress Index, developed and validated for gulf countries by Health Abu Dhabi) was in the high risk zone (< 115 W/m<sup>2</sup>) for half of the 50 locations sampled across all business segments; and one of a sample of five for exposure to vibration exceeded the UK HSE daily limit, and one exceeded the action limit. The recommendations for QLEA and QNEA were detailed in reports and shared with EHS representatives of each business segment to action.

## Health Contributions by Dragon Oil

Dragon Oil makes a voluntary top-up contribution into the state health scheme equivalent to 2% of employees' salary. This scheme covers basic healthcare and gives benefits on further treatments and medication. On-site medical facilities are also provided with a doctor and nurses on duty to attend to routine and emergency medical cases. This facility is also open to citizens of Hazar and is offered in addition to the medical care provided by the state.

## Fire Safety & Fire-fighting Training

ENOC is planning for a dedicated ENOC Fire Training Centre in Jebel Ali South which will be a centre of excellence for industrial fire-fighting specialized in Oil and Gas. The Centre will train and develop competence of over 5,000 employees annually for emergency fire response and preparedness within the group. The Centre can also be extended to provide specialized training to Dubai Civil Defence and members of the Dubai Supreme Council of Energy (DCSE) where deemed appropriate. It will also train and develop professional fire fighters for the ENOC Emergency Response Centre who must be familiar and knowledgeable with the Fire Response strategy of each of the business units in the area. The Centre will be commissioned at the end of 2019, although a temporary Fire Training Centre in DUGAS will be operated in 2018 with the objective of training 3,135 employees.

## First Aid Training

In 2017 GEHS conducted 23 sessions of First Aid Training, and 238 employees attended across the ENOC Group. In response to feedback from employees and to further enhance the importance of First Aid Training, training will continue to be offered during 2018 with the offering of a second new 12 hour course in Paediatric First Aid. This new course will equip employees with essential skills to perform first aid on children at home.



More than **95%** of fires at sites are controlled by ENOC staff during its early stage.

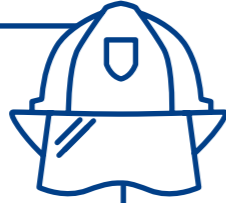
Hero of the Month awards given to **Retail Station** staff for their outstanding effort in controlling a **bus fire accident**.



Our Emergency Preparedness and Response Section (EPRS) provides specialist advice and support services to ENOC BU's in achieving Emergency preparedness and Response capabilities within their respective Business Units and operations in the UAE and abroad. In 2017, EPRS conducted various firefighting training courses including:

Total number of trained employees

**1,646** Attendees



Site in Charge Fire - Emergency Responder (Retail) Course

**156** Attendees

**Intended Audience**

Designed for supervisory employees under ENOC's retail business segment who are based at service stations including: Site In-Charge (SIC) and the Shift In-Charge (SHIC) who are assigned the responsibility to play a command and coordination role during in the event of an incident at a service station.



Fire Warden Course

**178** Attendees

**Intended Audience**

Designed for building wardens (Corporate office employees)



Initial Fire Responder (Industrial) Course

**119** Attendees

**Intended Audience**

Designed for aviation drivers and EMGAS operators



Initial Fire Responders Forecourt (Retail) Course

**554** Attendees

**Intended Audience**

Designed for forecourt employees under ENOC's retail business segment who are based at service stations.



Initial Fire Responder Non-Forecourt (Retail) Course

**457** Attendees

**Intended Audience**

Designed for non-forecourt employees under ENOC's retail business segment who are based at service stations such as: car-wash operators, mechanics, and sales assistants.



On-Scene Response Teams (ORT) Course

**49** Attendees

**Intended Audience**

Designed for all terminal operators, process plants and any employee assigned the responsibility of first-line respondent in the event of an emergency.



PIP Basic Awareness Training Course

**133** Attendees

**Intended Audience**

Designed for terminals and processing plant operators, or any employee assigned the responsibility of first-line respondent in the event of an emergency.

## Emergency Management

In addition to providing firefighting training to our business units, we were also involved in observing and participating in fire emergency drills and providing our feedback to the concerned business units and ways to improve. During 2017 the Retail EHS coordinated with retail operations, Automotive services and Tasjeel to launch a recognition program, 'Hero of the Month' for its frontline staff to recognize outstanding efforts by staff in responding and successfully controlling fires at the sites using hand held fire extinguishers.

ENOC's five-year MoU with the Dubai Civil Defence on Fire and Safety Training co-operation at the Al Awir Fire Training Centre came to an end during mid-2017. Since its inception in 2012, over 7,000 ENOC employees have been successfully trained in industrial fire-fighting.

Based on the audit findings of past years, it was observed that the majority of our facilities do not have actionable Pre Incident Plans (PIPs) for tackling various emergencies. It was also concluded that operating units do not have requisite resources and competencies to develop these plans in-house. In order to support business units, we took initiative to engage an independent consultant to prepare PIPs for potential incidents. A total of about 265 plans were prepared by the specialist consultant for 8 different facilities and rolled out during 2017 with dedicated members from the Group EHS and finalising them.

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. Emergency preparedness was tested throughout the year in efforts to ensure that the plans has in place are effective. As part of the Retail emergency preparedness, in collaboration with Dubai Civil Defence, Dubai Police and Jebel Ali Free Zone Security conducted a major fire drill at Site 1,096 with over 50 staff and 150 customers. The Emergency Notification Plan and Emergency Response Plan that were tested were both achieved successfully. A major mock drill for emergency evacuation was also conducted at ENOC Complex in collaboration with Dubai Civil Defence, Police and Ambulance to evaluate the emergency preparedness, train fire wardens and occupants, and identify areas of improvements. An action plan for improvement was discussed during the post-drill briefing.



### Excellence in Fire Safety Management



EPPCO Aviation won the prestigious "Dubai Airports Safety Award 2017" for "Overall Excellence in Fire Safety Management" in 2017 for its long and sustained effort in enhancing safety standards by imbibing safety culture all across to achieve "Safe Operations". This achievement was possible also due to the commitment shown by the entire EPPCO Aviation team to ensure safety at all times while refuelling more than 350 refuellings a day, delivering more than 14,000 m<sup>3</sup> a day while catering to 54% of Dubai International Airport jet fuel sales.



# Focusing on Our Environment

We have made great strides in managing our impact on the environment by focusing on the areas that we impact most, those being the consumption of energy and resources. Our Energy and Resource Management programmes have yielded great successes for us and in 2017 we saved more than AED 10 million on Energy and Resource Management, against an investment of just over AED 20 million. We have also continued to reduce our GHG emissions, energy, water and waste intensity, although absolute numbers have increased overall due to our expansion in portfolio. We continue to work closely with individual business units to manage our emissions and our generation of waste.



More than  
**10**  
millions AED  
savings on Energy and  
Resource Management

**6.6%**  
E&RM savings  
against the  
2013  
baseline

**14%**  
reduction  
in specific  
emissions intensity

**13%**  
reduction  
in the group's  
water intensity

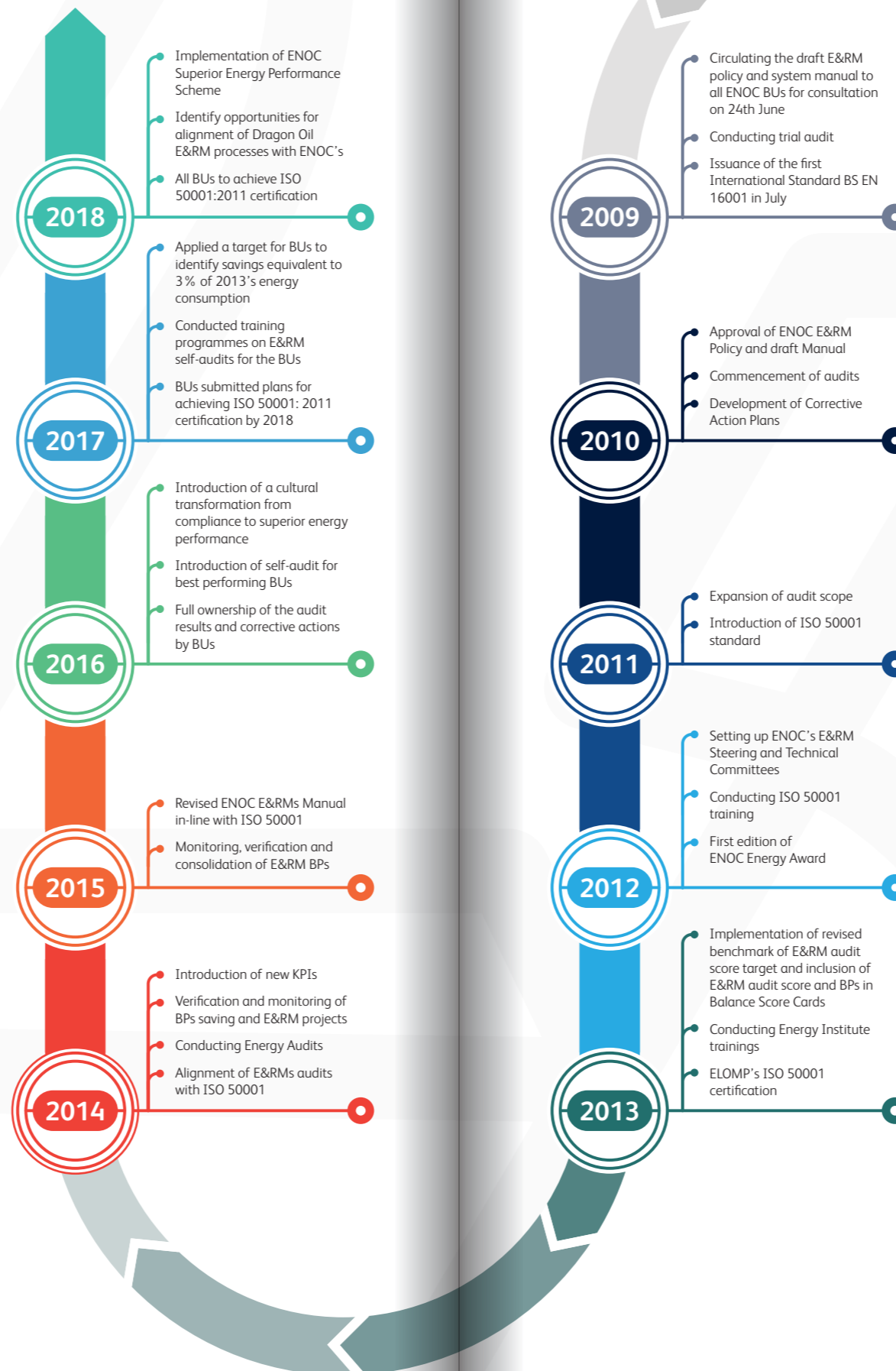
**06**

Today's challenge is to manage and meet growing demand for energy while addressing climate change and other environmental issues. Minimizing our environmental impacts has been part of ENOC's business approach and routine operations for a number of years. Our material environmental impacts include emissions to air, water and energy consumption and waste generation. We have measures in place across our businesses to minimize these environmental impacts and we continue our efforts in reducing the consumption of resources and waste generation.

Our approach to managing our environmental impacts is embedded in our vision and mission, with our commitments in this regard contained in two specific policies:

- 1 The ENOC Energy and Resource Management (E&RM) policy focusing on reducing the energy and resource footprint of operations.
- 2 The Group's Environment, Health, Safety, Security and Quality (EHSSQ) Policy, with our commitment to business and operational excellence and being 'best-in-class' for stakeholder satisfaction, prosperity and sustainable growth.

We also have well-established committees and taskforces to lead the management of our environmental impacts and we have set objectives and targets to help improve our environmental performance. This section of the report details our performance in energy and resource management over the last four years.



## Our E&RM Journey

ENOC is committed to using cost-effective methods to manage resource consumption through operational excellence aligned with internationally recognised policies and strategies. ENOC's Energy and Resource Management System Manual is developed based on ISO 50001:2011 and contains both management system elements, expectations and an audit protocol with relevant qualification criteria.

During 2017 all BUs submitted their plan for achieving ISO 50001: 2011 certification by 2018. There are two BUs (Lubricants and Grease manufacturing plant in Jebel Ali and Fujairah) and 11 service stations that have already received certification. Over 25 of ENOC's departments across a number of BUs are also ISO 14001: 2015 certified.

ENOC also set a target for the BUs to identify savings equivalent to 3% of 2013's energy consumption by the end of 2017. The second edition of ENOC's Energy and Efficiency Report was launched at the Water, Energy, Technology and Environment Exhibition (WETEX) during 2017 and details our efforts in building a culture of superior energy performance and institutionalising E&RM practices within operations.

As part of ENOC's cultural shift from compliance to performance, self-audits on E&RM were introduced to give the BUs full ownership of their audit results and the need to take corrective action, if any. Training programmes on these self-audits were performed during 2017. Suitably qualified internal auditors – ideally with training in energy management are part of these self-audits. Finally to address the discrepancies in the energy savings that are tracked and monitored, a plan to install sub-metering in all the major energy consumers were proposed in late 2016 and were executed in phases during 2017.

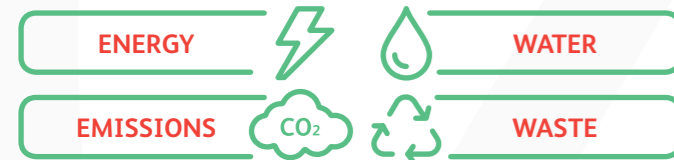
## Recognizing Excellence in E&RM – ENOC Energy Award

Over the past nine years, ENOC has made extensive efforts in the field of energy conservation and efficiency. ENOC Energy Awards was launched in 2012 to recognize the individuals and business units for their achievements in E&RM. Over the last six editions of Energy Award, it has helped to establish a platform to integrate a culture of efficient use of energy and rationalisation within ENOC. In 2017, we re-vamped the award categories in line with Superior Energy Performance (SEP); presenting 12 awards; 9 to recognise achievements by business units and 3 categories to recognise and honour individuals in the fields of E&RM.



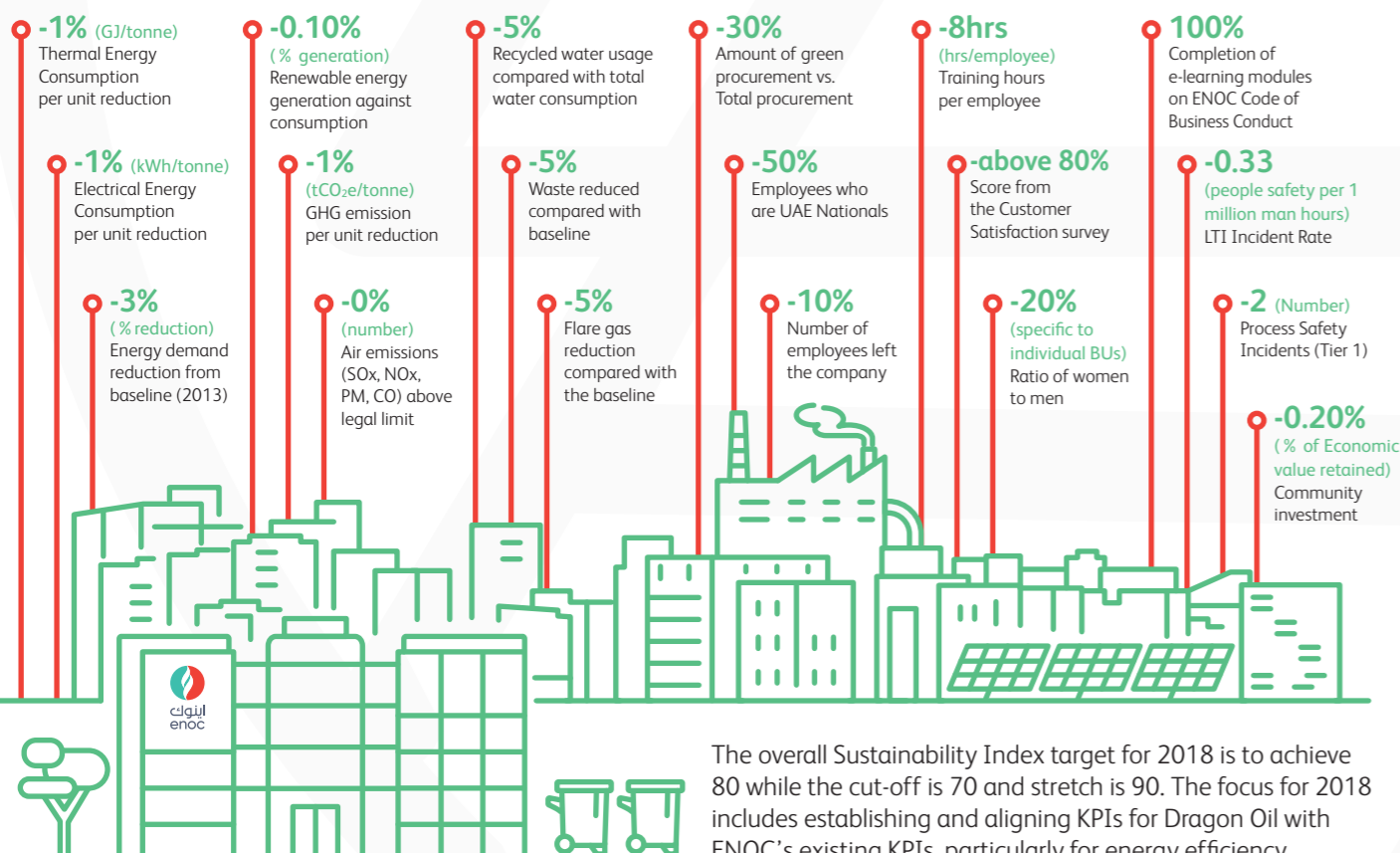
## ENOC's Sustainability Index Targets

Through our materiality determination process, we identified a need to manage four key environmental topic areas closely to drive performance improvement:



ENOC has established targets for these material topics by incorporating them into 19 KPIs that are part of ENOC's Sustainability Index. The Sustainability Index is incorporated into the performance scorecard of all business segments, business units and departments.

The targets for each of the KPIs in the sustainability index for 2018 are set as below:



The overall Sustainability Index target for 2018 is to achieve 80 while the cut-off is 70 and stretch is 90. The focus for 2018 includes establishing and aligning KPIs for Dragon Oil with ENOC's existing KPIs, particularly for energy efficiency.

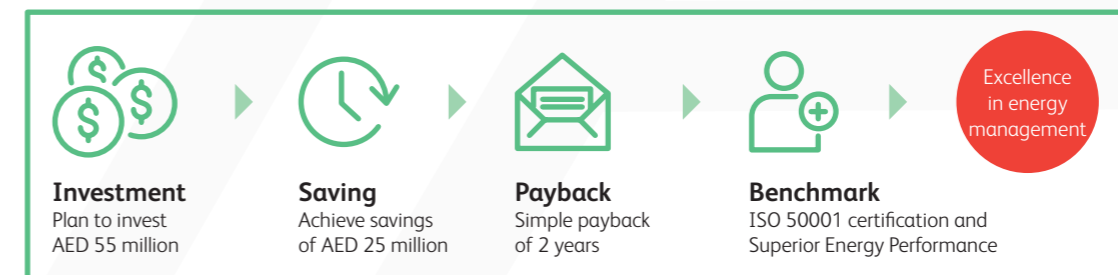
## Energy and Emissions

ENOC strives to minimise the generation of excessive emissions and the use of energy resources. In efforts to achieve excellence in energy management, a framework for ENOC's Superior Energy Performance (SEP) Scheme was developed and implemented during 2017, which is aligned with the US Department of Energy Advanced Manufacturing Program. The SEP provides guidance, tools and protocols to drive sustained savings from an ISO 50001:2011 energy management system. To qualify, facilities are required to implement an energy management system that meets the ISO 50001:2011 standard and demonstrate improved energy performance based on the set of criteria defined under "Enablers" and "Results".

The SEP will help to achieve our E&RM aspirations of realizing systematic energy performance improvement across BUs.

### ENOC Superior Energy Performance

| Type         | Criteria                                    | Weightage (%) |
|--------------|---|---------------|
| Enablers     | Benchmarks                                  | 10            |
|              | Metering                                    | 10            |
|              | Investments in projects                     | 10            |
|              | Training                                    | 5             |
|              | Green procurement                           | 5             |
|              | Employee suggestions                        | 5             |
| Results      | Research & development                      | 5             |
|              | Energy savings (as % of baseline)           | 30            |
|              | Renewable energy (as % of total energy use) | 10            |
|              | No. of new innovative projects              | 10            |
| <b>Total</b> |   | <b>100</b>    |



|  | 2014 | 2015 | 2016 | 2017 |
|--|------|------|------|------|
|--|------|------|------|------|

#### ENOC Group\* Energy Consumption#

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Total Direct Energy Consumption (GJ) – Other energy sources | 23,145,292        | 24,501,580        | 22,213,654        | 23,836,955        |
| Total Indirect Energy Consumption (GJ) – Grid electricity   | 483,049           | 500,704           | 547,083           | 637,601           |
| <b>Total Energy Consumption (GJ)</b>                        | <b>23,628,342</b> | <b>25,002,284</b> | <b>22,760,737</b> | <b>24,474,556</b> |
| <b>Dragon Oil Total Energy Consumption (GJ)</b>             | <b>2,175,728</b>  | <b>2,315,996</b>  | <b>2,101,460</b>  | <b>1,965,085</b>  |

#### Direct Energy Consumption (GJ) – Other Energy Sources#

|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Retail  | 1,313            | 4,767            | 6,582            | 9,207            |
| Marketing                                       | 51,907           | 53,793           | 63,178           | 71,527           |
| Terminals                                       | 137,258          | 160,984          | 160,960          | 146,119          |
| STP   | 22,954,814       | 24,257,383       | 21,954,957       | 23,581,223       |
| Cylingas  | Not available    | 24,652           | 27,977           | 28,880           |
| <b>Dragon Oil Total Energy Consumption (GJ)</b> | <b>2,141,800</b> | <b>2,282,873</b> | <b>2,069,409</b> | <b>1,924,380</b> |

#### Indirect Energy Consumption (GJ) – Grid Electricity

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Retail  | 241,164       | 255,781       | 267,733       | 262,609       |
| Marketing                                       | 54,756        | 55,075        | 55,764        | 43,893        |
| Terminals                                       | 84,512        | 96,550        | 107,993       | 110,871       |
| STP   | 48,990        | 38,664        | 60,682        | 192,928       |
| Corporate Real Estate                           | 49,691        | 50,149        | 50,472        | 23,556        |
| Cylingas  | 3,936         | 4,485         | 4,440         | 3,745         |
| <b>Dragon Oil Total Energy Consumption (GJ)</b> | <b>31,928</b> | <b>33,123</b> | <b>32,052</b> | <b>40,705</b> |

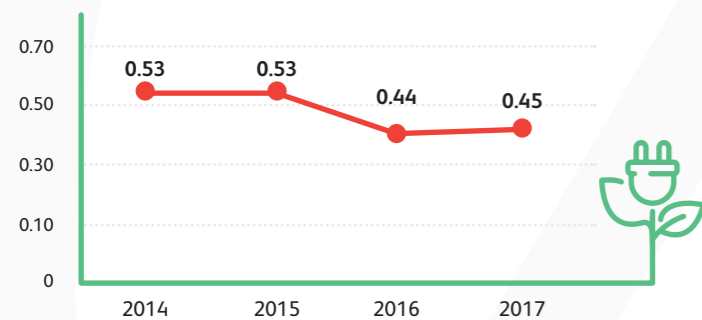
\* Excluding Dragon Oil and reported separately.

# Where updated or new data is available we restate figures for previous years to improve the accuracy of our reporting.

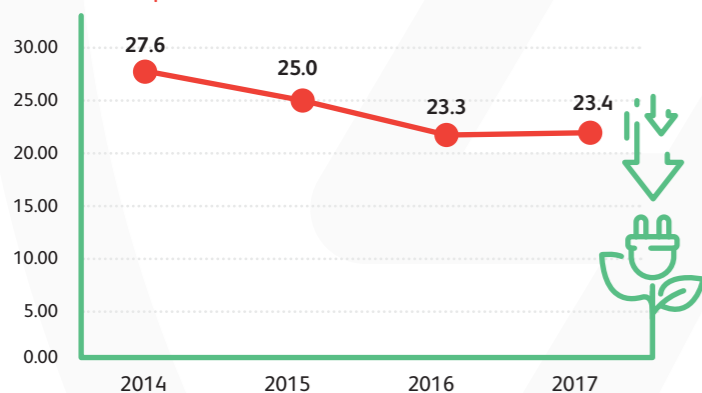
Our biggest consumer of energy is the STP segment that includes the EPCL Refinery and DUGAS, accounting for over 90% of consumption. This is expected due to the nature of the energy intensive processing to refine the products that are utilised by the other segments of our business. However, this is expected to improve with the adoption of green technologies for DUGAS's new propane sphere storage facility.

There was a year-on-year 1% increase in energy consumed per tonne of production for ENOC Group, although a 16% reduction over the last four years was achieved.

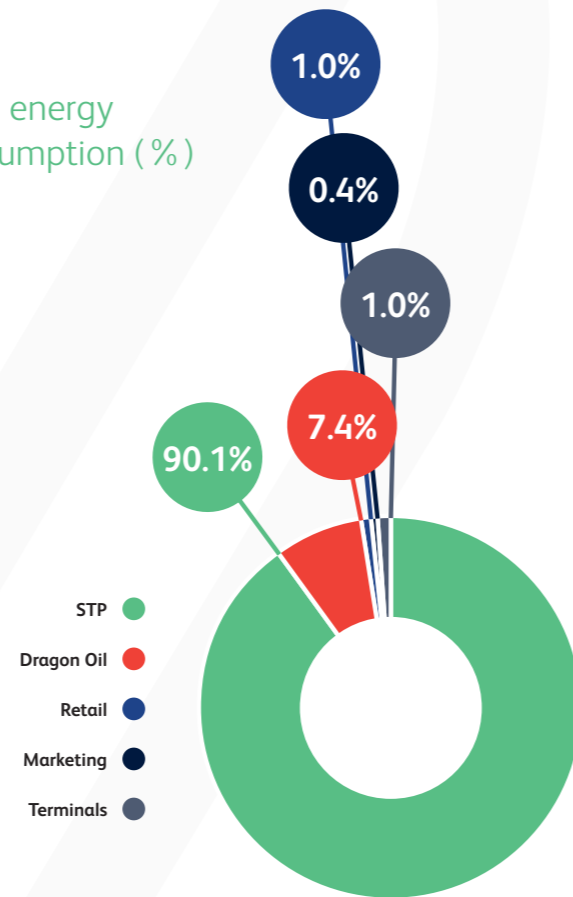
### ENOC Group specific energy consumption (in GJ/tonne)



### Dragon Oil energy intensity (in GJ/bopd)



### Total energy consumption (%)



As the key energy infrastructure partner to the Dubai Government, ENOC has made good progress to support the UAE Energy Plan 2050 with aims to cut carbon dioxide emissions by 70%, increase clean energy use to 50% and improve energy efficiency by 40% against consumption on a 'business as usual' case. Our ongoing initiatives to improve energy efficiency include waste heat recovery at our refinery operations, greening our buildings and integrating renewable energy into ENOC's operations. Some of the initiatives that we embarked on during 2017 include adopting green technologies; incorporating solar PV panels in the design of our retail sites; installation of smart energy metering systems; installation of vapour recovery systems and the launch of Biodiesel5.



Dugas propane sphere project team 2017

### Adopting Green Technologies

DUGAS commissioned the propane sphere project during 2017 with the objective of reducing energy demand. The original system held propane in an insulated tank, which was chilled to -46°C and required electrical heat tracing at the bottom of the tank to prevent freezing. The original system had a number of components with high electricity demands. The new pressurised spheres for propane storage allow for large volumes of compressed gasses in a liquid state without a refrigeration system and only two electrical components. This system is expected to save DUGAS 23,585 MWh of electricity and 19,127 tonnes of CO<sub>2</sub> annually. DUGAS is committed to continually evolving its processes and practices to adopt advanced technology and reduce energy consumption.

- AED 8,962,377**  
annual cost savings
- 23,585 MWh**  
annual energy savings
- 19,127 tonnes**  
annual carbon footprint reduction

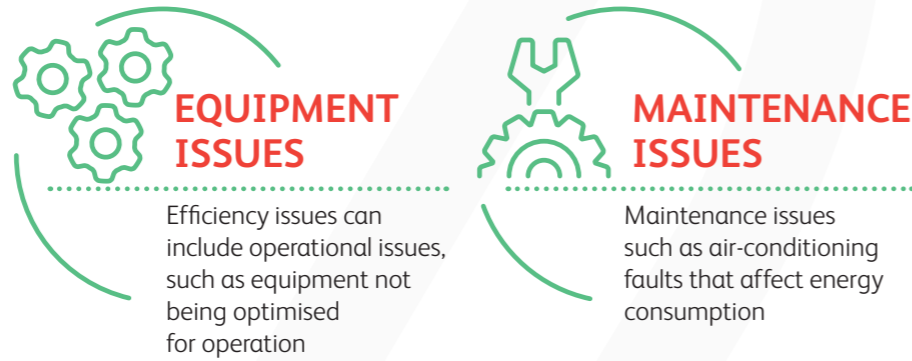
### Metering and Monitoring Energy

The first requirement of ENOC's Energy and Resource Management Policy is for BUs to measure, monitor and analyse energy and resource use with the ultimate goal to reduce energy and resource consumption in a sustained manner. ENOC recognises that without accurately knowing the consumption for different areas of our operations, it is difficult to identify savings opportunities. As such, ENOC employed technology by way of introducing smart monitoring systems at our retail sites and energy monitoring systems at the Autopro and Sharjah Auto Village sites in efforts to achieve our annual target of 3% energy savings.

Energy monitoring systems were implemented at the Sharjah Auto Village and Autopro sites to determine energy consumption across equipment and utilities. The system at Sharjah Auto Village generates detailed reports with individual power parameters such as carbon emissions and power consumption costs. Lighting and HVAC were identified as the highest energy consumers and steps to reduce consumption by these utilities have been planned. The web-linked monitors at Autopro resulted in the installation of programmable thermostats and door sealers, which has reduced energy consumption by 30%.

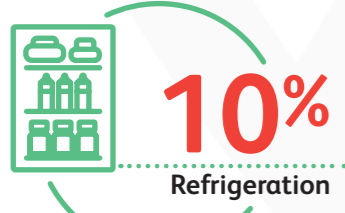
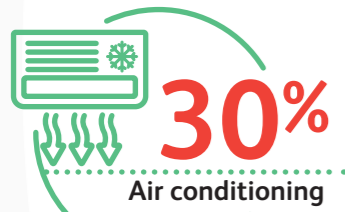
One of the major issues hindering efficiency of the retail sites in particular is the lack of sub-metering for detailed energy monitoring to identify the main areas of energy consumption. The ENOC Retail team piloted 'Project Pulse' during 2017 with the installation of smart monitoring systems for energy and resource consumption, equipment performance and breakdowns. The system allows ENOC to identify operational, maintenance and design-engineering-related efficiency issues timeously. The potential savings realised by having an objective tool to measure consumption will vary across sites, although it is estimated that service stations will realize an overall minimum savings potential of 10%.

Installing an energy monitoring system minimises:



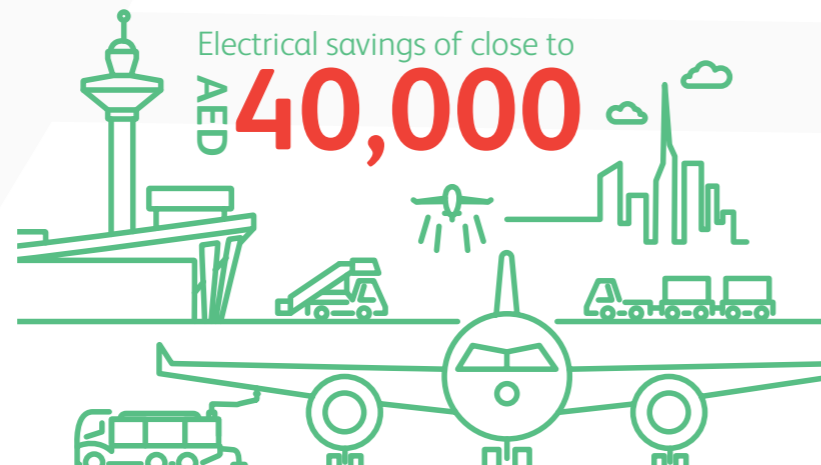
The smart monitoring system provides the data required for true energy savings and supports the requirements for ISO 50001: 2011, aiding the retail sites' efforts in achieving certification. The smart monitoring system is also intended to become the standard design for new service stations and there are plans to roll them out at the existing stations throughout Dubai.

Anticipated savings



Efficient Fuel Farms

EPPCO Aviation manages the hydrant system and Jet A-1 fuel farm constructed by Dubai World Central (DWC), Dubai's second airport. Current demand is low compared to capacity; when the 450 m<sup>3</sup>/hr pump is in operation, the requirement for fuelling tends to be approximately 200-300 m<sup>3</sup>/hr. The remaining product, over 150 m<sup>3</sup>/hr, is not utilised for fuelling and is recirculated in the system. EPPCO Aviation saw this as an opportunity for energy savings proposed the installation of a Variable Frequency Drives (VFD) on the main pumps, so when the demand is lower than full pump capacity, the VFDs could control the pump motor speed, thereby reducing electricity consumption. VFDs were subsequently installed on two of the main pumps. The installation has been working smoothly and we anticipate electrical savings of close to AED 40,000 over the span of the year at the current demand level.

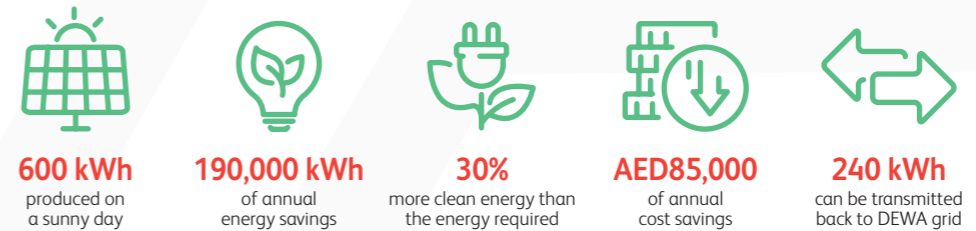


ENOC launches the First Solar-powered Service Station in the UAE

ENOC performed a rebuild of the Dubai Internet City 24-hour service station with the use of solar PV panels to reduce grid electricity consumption. The system is expected to generate approximately 120kWh during the day, 30% more than what is required to run the station. On a clear sunny day, 600-700 kWh of energy can actually be generated, with excess power of approximately 240kWh, which can be transmitted, back to the DEWA grid. This contributes to significant cost reductions in the service station's electricity bills and dependence on fuel-

based grid power. Annual energy savings are anticipated to be 190,000kWh, with a corresponding cost saving of AED 85,000.

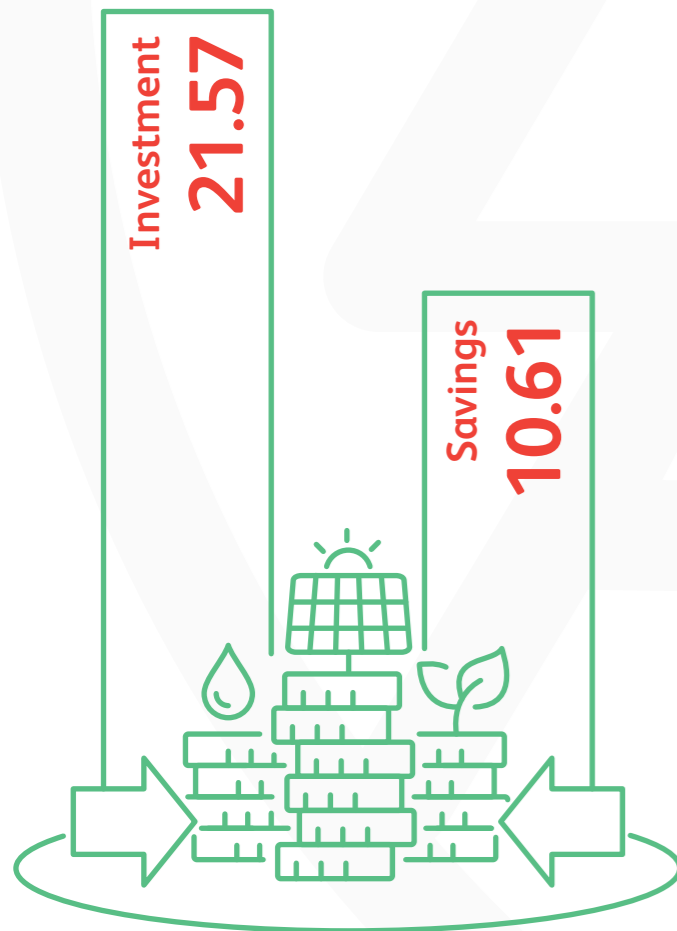
ENOC's service station network is planned to expand by an additional 54 stations by 2020 and the success of this solar-powered service station paves the way for the use of solar PV panels. It is expected that converting all ENOC retail stations to solar-powered service stations will produce 23 GWh of solar energy, minimising the load on grid and power-generation capacity.



## Energy and Resource Management Savings

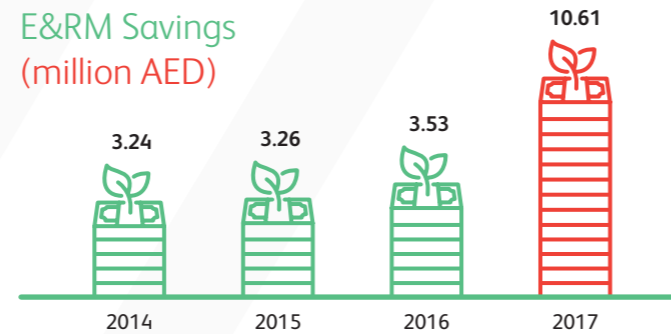
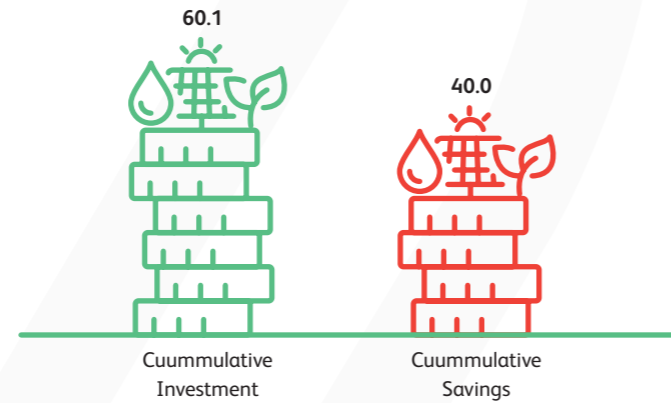
The innovative initiatives that ENOC has implemented to improve E&RM has translated into annual savings of 1,888,858 kWh, 505,636 GJ of thermal energy and 53 418m<sup>3</sup> of water. The past year has seen ENOC's E&RM savings triple to around AED 10,600,000 compared with the 3-year long trend of savings just over AED 3,000,000. These savings are a momentous achievement for ENOC and serves to highlight the residual benefits of efficient and reduced use of resources. Also since 2013, the cumulative savings achieved in E&RM is about AED 40 million much ahead of the plan AED 25 million and made investment of AED 60 million again higher than our planned investment of AED 55 million.

ENOC Group - E&RM savings vs. investment in 2017 (million AED)

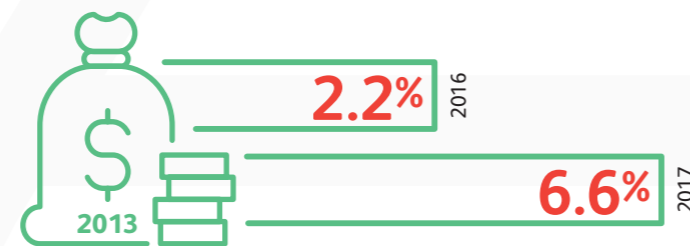


## Chapter 06 Focusing on Our Environment

### E&RM - Cummulative achievement in 2017 since 2013 (million AED)



### E&RM Savings Against 2013 Baseline (%)



## Managing Emissions

Understanding our emissions footprint is important to us as we take actions to reduce emissions thereby minimizing our impact on the environment. One of the most critical concerns of ENOC's is our impact upon climate change and our contribution of greenhouse gasses (GHGs) on the environment. Since 2014, our efforts in E&RM projects have helped us reduce our specific emissions intensity (kgCO<sub>2e</sub>/tonne production) by 14%. The Company has a Carbon Abatement/Climate Change Technical Committee, which serves to ensure that we are in line with national and international requirements, and standards and that we analyse our GHG emissions to seek ways to reduce this impact.



### GHG Emissions for the ENOC Group and Segments (tCO<sub>2e</sub>)

|  | 2014             | 2015             | 2016             | 2017             |
|--|------------------|------------------|------------------|------------------|
| <b>ENOC Group</b>                                | <b>1,012,322</b> | <b>1,052,038</b> | <b>1,002,125</b> | <b>1,064,732</b> |
| Retail   | 34,933           | 37,289           | 39,141           | 38,550           |
| Marketing  | 11,768           | 11,955           | 12,751           | 11,657           |
| Terminals  | 24,074           | 27,575           | 29,406           | 28,726           |
| Supply Trading & Processing - STP (EPCL & DUGAS) | 933,801          | 965,495          | 910,816          | 979,708          |
| Others BUs                                       | 7,746            | 9,724            | 10,011           | 6,091            |
| <b>Dragon Oil</b>                                | <b>1,344,153</b> | <b>1,839,669</b> | <b>2,213,209</b> | <b>1,742,174</b> |

### GHG Emissions Intensity for the ENOC Group and Segments (kg CO<sub>2e</sub>/tonne production)

|  | 2014         | 2015         | 2016         | 2017         |
|--|--------------|--------------|--------------|--------------|
| <b>ENOC Group</b>                                | <b>22.77</b> | <b>22.50</b> | <b>19.54</b> | <b>19.49</b> |
| Retail   | 19.83        | 19.44        | 18.86        | 19.19        |
| Marketing  | 3.16         | 2.85         | 2.76         | 2.46         |
| Terminals  | 0.74         | 0.75         | 0.75         | 0.65         |
| Supply Trading & Processing - STP (EPCL & DUGAS) | 99.14        | 140.87       | 110.13       | 146.11       |
| <b>Dragon Oil (tCO<sub>2e</sub>/bopd)</b>        | <b>17.06</b> | <b>19.80</b> | <b>24.51</b> | <b>20.75</b> |

The STP business segment has the highest GHG emissions intensity across the Group due to the energy intensive nature of these operations, with a year-on-year increase of 33% due to the construction of the new DUGAS propane sphere facility. The green technologies adopted for this facility are however expected to result in annual savings of 19,127 tonnes of CO<sub>2</sub>, which would also likely decrease the GHG emissions intensity of this business segment in future.

With the viability for the use of solar PV energy for retail service stations being realised during 2017, the expected rollout of this technology across the ENOC's retail network is imminent. Grid electricity consumption should therefore be reduced, resulting in a decrease in the GHG emissions intensity for the Retail business segment.

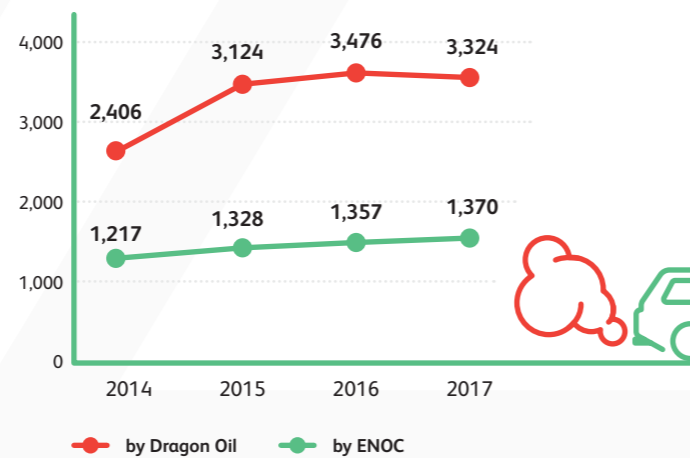




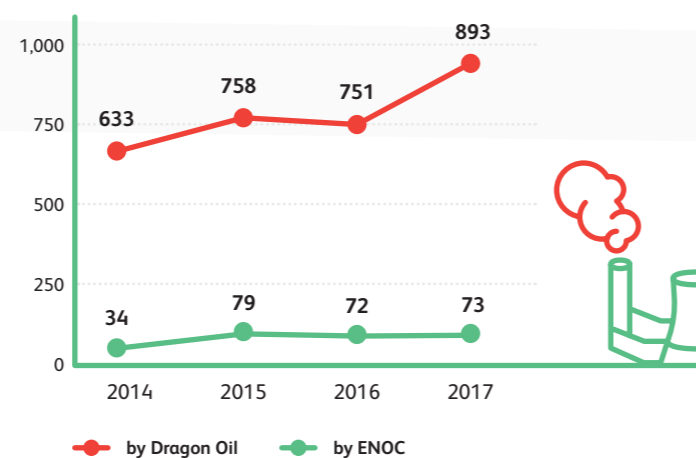
## Other Emissions and Volatile Organic Compounds (VOC)

Petroleum processing involves operations in closed containers, storage tanks, piping systems and relevant filling equipment. As a result, due to volatile nature of the petroleum products handled by ENOC, there are fugitive emissions of volatile organic compounds (VOCs) that are emitted during refining and handling. Our refinery operations combust fuels in our furnaces, diesel generator sets, flare exhausts and boilers. During the combustion process, Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) are emitted to atmosphere. ENOC is in the process of implementing sulphur hydro-treaters to reduce the sulphur content in diesel oil to meet the product specifications of Ultra Low Sulphur Diesel (ULSD) for use in our refinery operations.

### Nitrogen Oxides emitted (metric tonnes NO<sub>x</sub>)



### Sulphur Oxides emitted (metric tonnes SO<sub>x</sub>)



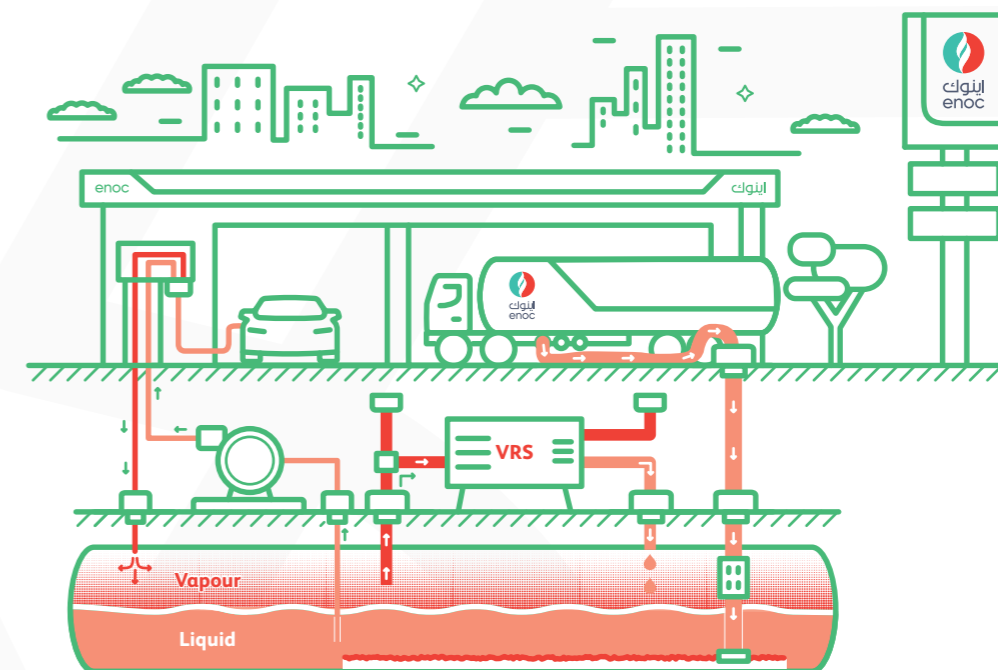
## From Fumes to Fuel

In 2017, we estimated the VOC emissions from our operations to be about 3,073 tonnes per year based on the European Environment Agency factors. We are taking efforts to accurately estimate our VOC emissions by installing sensors in our terminals and retail stations. In efforts to reduce VOC emissions during refuelling, ENOC has installed vapour recovery systems in service stations that enable close to 100% recovery of gasoline vapours. The system recovers vapour released from the petrol dispensers and storage tanks, condensing it back into fuel form. At the current rate of sales, these systems allow for annual savings of 64,450 litres of fuel, along with a reduction in VOCs released into the atmosphere.



### Vapour Recovery System (VRS)

*With the VRS in use, all hazardous fumes are captured and converted back to fuel, guaranteeing a minimum 0.12% saving on the total volume of petrol dispensed by the service station*



## Flaring

Occasional flaring is part of the operational and maintenance requirements of three of our business segments: EPCL, DUGAS and Dragon Oil. In absence of a complete monitoring mechanism for the measurement of flaring volumes from DUGAS, we have partially estimated volumes using internationally accepted methodologies. During 2017 there was a 17% increase in flaring volumes for DUGAS and a 6% decrease in flaring volume for EPCL. The 17% increase is attributed to DUGAS reporting of flare gas changing from estimation to partial metering.

| Flaring (Metric Tonnes)                  | 2014           | 2015           | 2016           | 2017           |
|--|----------------|----------------|----------------|----------------|
| DUGAS <sup>#</sup>                       | 5,018          | 5,261          | 6,746          | 7,907          |
| EPCL                                     | 5,593          | 2,558          | 6,285          | 5,910          |
| <b>ENOC Group (excluding Dragon Oil)</b> | <b>10,611</b>  | <b>7,819</b>   | <b>13,031</b>  | <b>13,817</b>  |
| <b>Dragon Oil</b>                        | <b>430,876</b> | <b>607,875</b> | <b>750,088</b> | <b>581,615</b> |

<sup>#</sup> Where updated or new data is available we restate figures for previous years to improve the accuracy of our reporting.



## Reducing Emission Intensity for our Customers: BIODIESEL5

As part of our journey towards achieving sustainable ENOC, we are committed to providing our customers with fuel related products that help reduce our fuel's emission intensity and the impact on the quality of air. In order to fulfil our commitment, we have embarked on several initiatives to help lower greenhouse gas emissions as well as other emissions found to be harmful to the environment.

Studies show that biodiesel outperforms gasoline, ethanol, and conventional diesel in reducing climate altering carbon dioxide emissions and in overall fuel efficiency. During 2014, a new UAE federal standard for diesel was established, reducing the permitted sulphur content from 500 to 10ppm. In response to this, we analysed methods to reduce the carbon footprint of conventional fuels and identified the opportunity to develop biodiesel.

Biodiesel5 is a more environmentally friendly fuel, compared with conventional diesel, and is produced from vegetable oil and waste cooking oil; resulting in a composition mix of 5% Biodiesel and 95% 10ppm

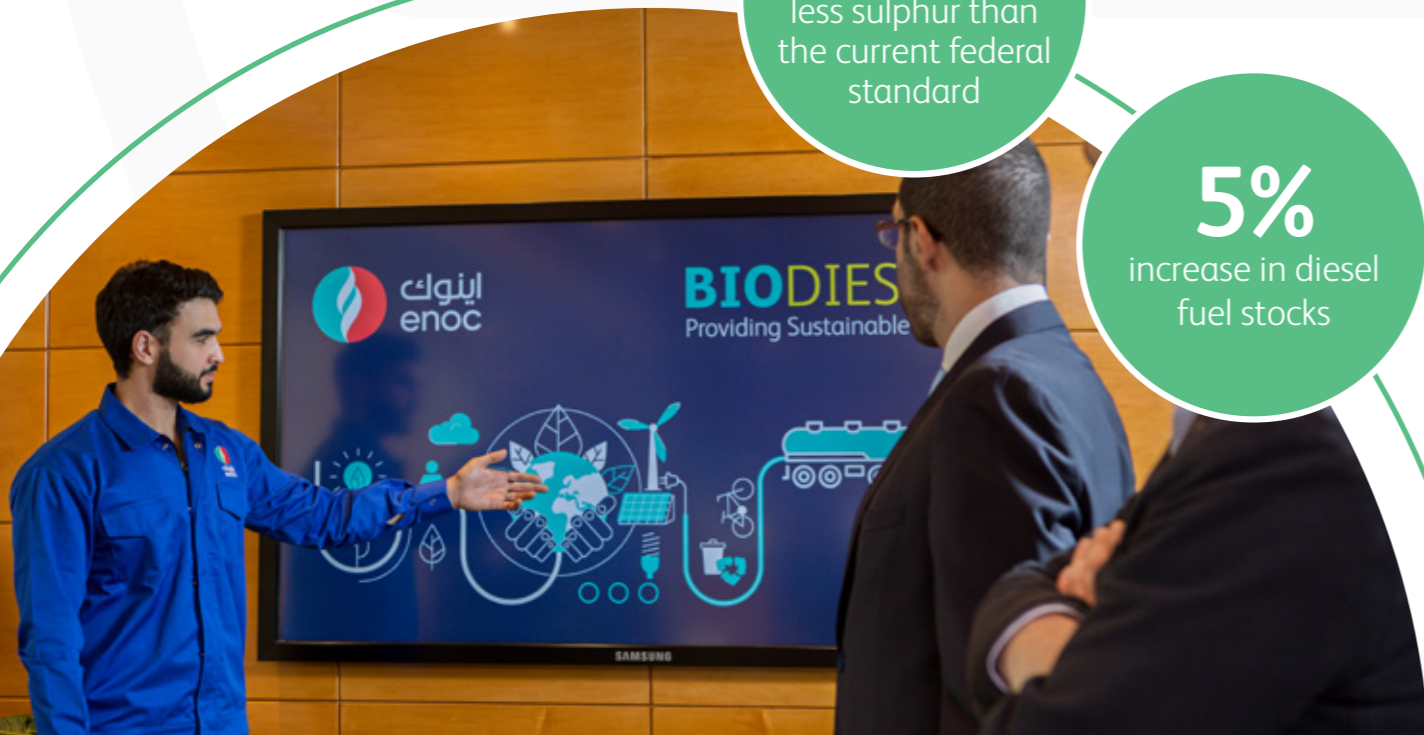
Diesel. Biodesel5 will help extend our diesel fuel stocks by at least 5% and tests have shown that Biodesel5 contains 5ppm of sulphur, 50% less than the current federal standard.

Following the successful pilot project of ENOC's Biodiesel5 with DP World's fleet in 2016, was the launch of Biodiesel5 to the UAE market during 2017. ENOC installed a separate fuelling station for Biodiesel5 at the Dubai Municipality premises at Um-Ramool. The supply of product and trial started from April 2017, supplying 113,563 litres until the end of 2017. It is expected that the Dubai Municipality will deploy additional vehicles during 2018 that is likely to increase the supply volume.

The introduction of Biodiesel5 supports the UAE Energy Plan 2050 of targeting an energy mix combining renewable, nuclear and clean energy sources.

**50%**  
less sulphur than  
the current federal  
standard

**5%**  
increase in diesel  
fuel stocks



## Reducing our Water Footprint

Water is a scarce and precious resource for the UAE and this has instilled the approach of efficient water use for our operations and we are always seeking initiatives to reduce water consumption and recover the water we do use. One such initiative is the way in which 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.

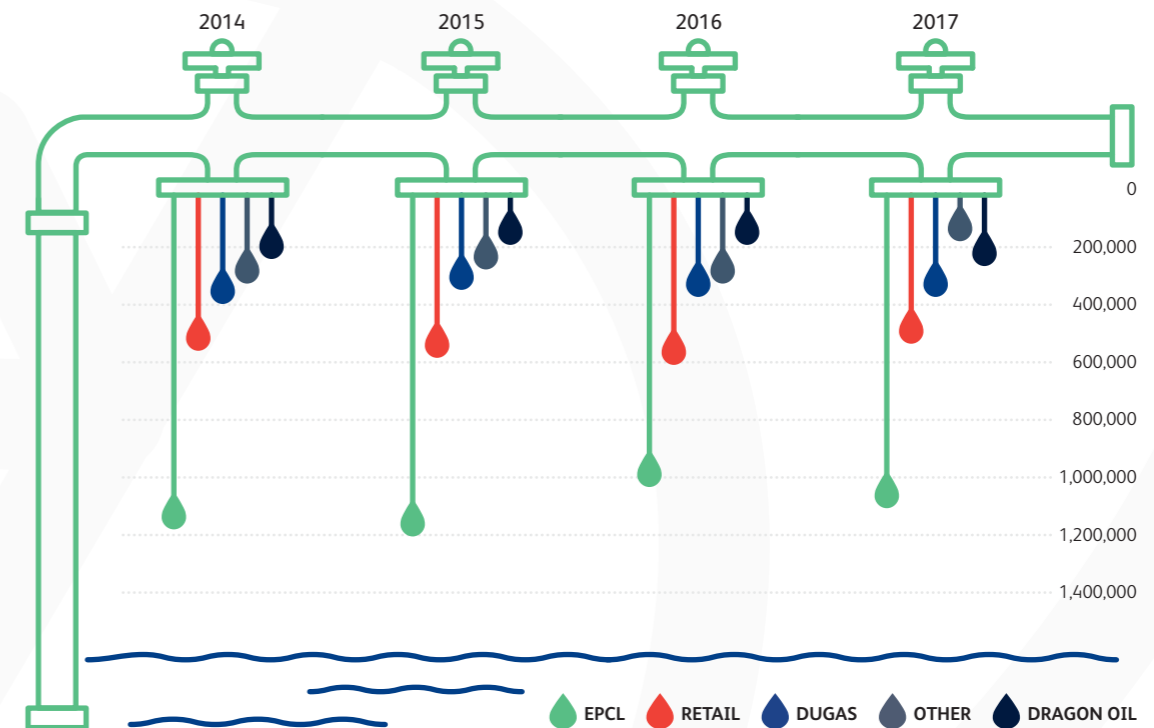
The Group's water use for 2017 amounted to approximately 2.1 million m<sup>3</sup> (excluding Dragon Oil) with EPCL, Retail and DUGAS accounting for 52%, 21% and 15% respectively. Our other business segments accounted for the remaining 12%. Year-on-year, the Group's water use decreased by 8%.

EPCL is the Group's largest user of water with more than one million cubic metres consumed per annum over the last four years. The nature of activities at EPCL is process intensive, requiring a large amount of water for the effective refining

of our products. Following the planned shutdown of EPCL during 2016, there was a 5% increase in water consumption during 2017. However, when comparing water consumption during 2015 and 2017 when the refinery was in full operation, there has been a 12% decrease in water consumption. Water use of DUGAS, also part of our STP business segment increased by 10% from around 345,000 m<sup>3</sup> during 2016 to almost 379,000 m<sup>3</sup> during 2017. This increase was due to the construction and water testing conducted as part of the new propane sphere facility.

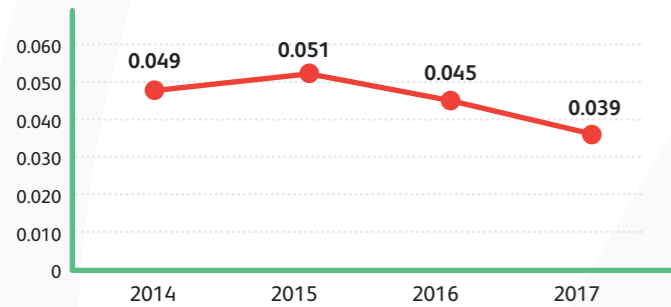
Water consumption across our Retail business segment has decreased by an impressive 14% to just under 516,000 m<sup>3</sup> in 2017 from approximately 601,000 m<sup>3</sup> in 2016, although since 2014 consumption has increased by 13%. Due to the addition of a number of new retail sites into our network during 2014-2017, we have had to cater for additional car wash facilities and additional water use for the increased customer throughput and additional staff operating at these sites. The initiatives we implemented during 2016 to reduce water consumption by our car washing facilities (in 3 sites) are now being realized, with about 80% of carwash water at our new service stations being recycled and reused. It is estimated that each machine per day reuses 60 m<sup>3</sup> of water.

Water consumption  
Cubic meters (m<sup>3</sup>)

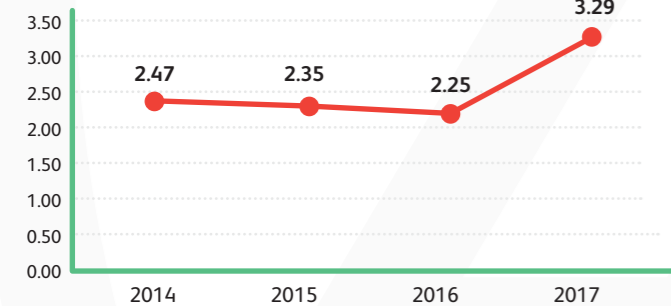


These fluctuations in water use have cumulatively resulted in the Group's water intensity ( $m^3$  consumed per tonne of production) decreasing by 13% between 2016 and 2017. Over the past four years, ENOC's ongoing efforts in improving water efficiency is reflected in the steady decrease of water intensity which has amounted to 20% from  $0.049 m^3/tonne$  of production during 2014 to  $0.039 m^3/tonne$  of production during 2017.

ENOC Group water intensity  
(in  $m^3/ton$ )



Dragon Oil water intensity  
(in  $m^3/bopd$ )



Other initiatives to reduce water consumption as part of 'Greening our Buildings' during 2017 included installation of flow-efficient faucets for washbasins; installation of timed, self-closing faucets for ablution areas that are adjusted to seven second flow; and installation of automatic flows with timing adjusted to one litre per flush. Recycled water is also used for irrigation at our DUGAS and EPCL operations. While we realise that these small wins contribute marginally to the overall decrease in water consumption, we remain committed to focussing our efforts on meeting Dubai's target of 30% water savings by 2030. To contribute to this ambitious target, we had set goals to achieve water recycling or reduce water consumption by at least 5% year on year which is reflected in our Sustainability Index.

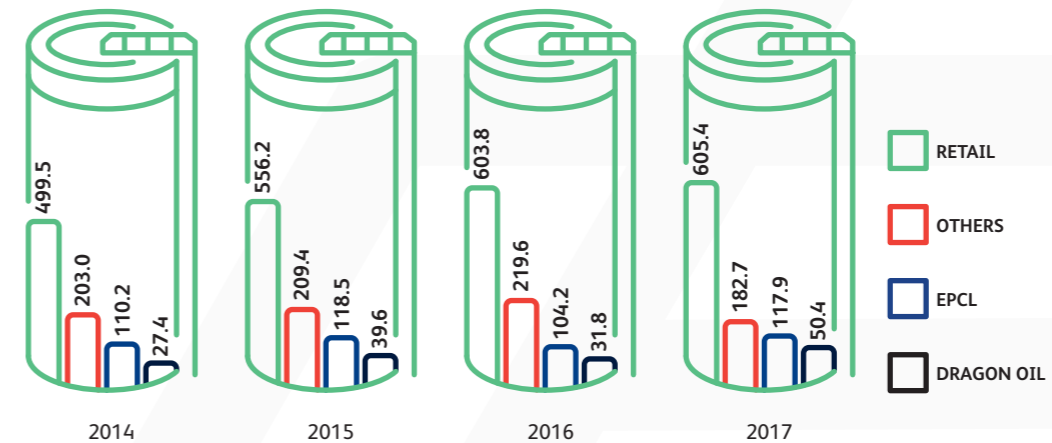
In 2017, we introduced the Enhanced Oil Recovery (EOR) technique to improve the amount of oil recovered from Dragon Oil wells. The quantity of sea water withdrawn for water injection is 4.1 million  $m^3$  in 2017. Dragon Oil's highly efficient Sea Water Treatment and Injection System prolongs the operational lifespan of its equipment by safeguarding its wells against damage from microbes, algae and corrosion. After initial pressurisation, sea water is chemically treated with inhibitors and Hypochlorite before passing through a de-sander, removing all sand and particles. Any gas present is then extracted as it moves through specialised gas scrubbers. This technical process enables Dragon Oil to achieve efficiencies through reduced maintenance costs, better water quality and reliability.



Wastewater

The Retail business segment accounts for 67% of the Group's wastewater generation. Coupled with the increase in the number of service stations that we operate, wastewater generated by the Retail segment has increased by 21% over the past 4 years, although between 2016 and 2017, wastewater generated by this business segment remained relatively constant, commensurate with the decrease in water consumption by 14%. The installation of wastewater recycling facilities at service stations and the adoption of the 'No-Wet' car wash system we have offered our customers have also contributed to the reduction.

Wastewater generated  
Cubic meters (000's  $m^3$ )

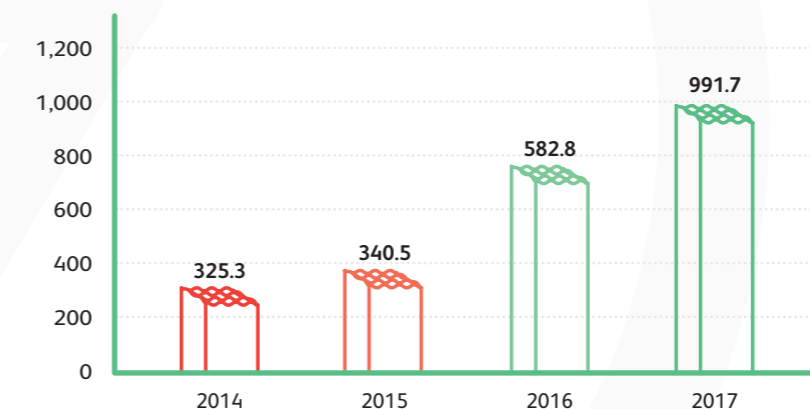


Wastewater is also a by-product of many processes at our facilities and we have invested in the responsible management of wastewater to minimise our impact on the environment. The wastewater treatment plant at our DUGAS facility has the capacity to treat an average of  $77 m^3/day$  ( $123 m^3/day$  max) and is utilised for irrigation activities.

Wastewater generated by EPCL from processes and sewage increased by 13% in 2017 to around  $118,000 m^3$  compared with the amount generated in 2016 (approximately  $104,000 m^3$ ). However, the amount of wastewater generated in 2016 was affected by the planned shutdown, so when comparing wastewater generation between 2015 when EPCL was in full operation and 2017, wastewater generation has remained relatively constant.

In Dragon Oil, all our activities are focussed on improving the understanding of our water footprint and improving water quality prior to discharge. The oil extraction process generates large volumes of produced water that require treatment and management. But the multiple treatment process at Dragon Oil removes contaminants sufficiently to meet the established requirements for discharge. The treated produced water is supplied to the nearby chemical factory for reusing the water. We also see an increase in produced water quantity due to increase in water-cut of oil extracted from wells.

Dragon Oil produced water  
Cubic meters (000's  $m^3$ )



## Managing Waste

The generation of waste across our operations is something that we are currently investigating. We recognise that we can manage our waste production effectively by using only what we need through operational efficiencies; however, there will always be some level of discarded material that will be considered as waste. We manage our waste responsibly by ensuring that we comply with local regulations and that we use approved and licenced waste collection and treatment companies to handle our waste. Our waste streams include solid and liquid wastes of non-hazardous and hazardous nature. Each waste stream generated across the Group is managed according to the category of waste (recyclables, non-recyclables, hazardous and non-hazardous) and we provide internal training on waste management in this regard to our BUs.

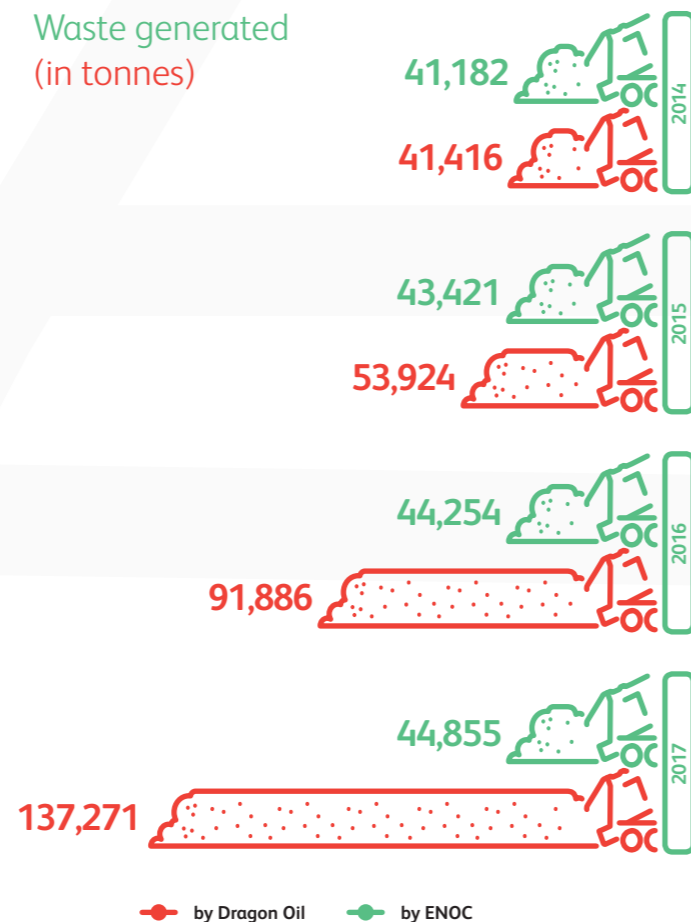
We have a number of initiatives across the business that allow us to recycle waste including the reuse of wooden pallets; and the recycling of metal drums, clays, plastic, paper and cardboard.

We recognise that our data on waste and tracking waste can be improved and this is one of the initiatives that we are working on. As a starting point, waste segregation mechanisms were introduced during 2017 across the service station network and at the ENOC Complex and had planned detailed Waste Audits in the BUs generating significant waste. To date we are only able to report with confidence on some of the programmes that we have implemented and this will improve as data becomes more consistent and readily available.

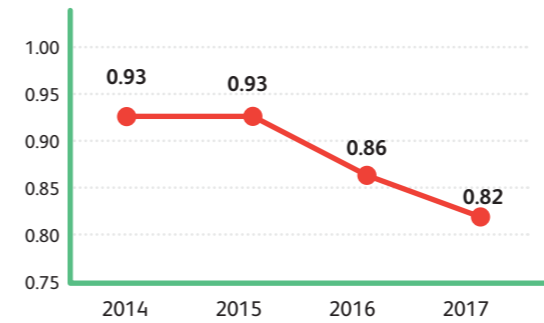
ENOC Group's waste generation increased marginally by 1% during the year to nearly 45 000 tonnes, with our Retail business segment accounting for 87% of this, primarily being waste from retail stations and ZOOM stores. However our waste generation intensity has fallen year on year from 2014 reaching 0.82 kg/ton in 2017.



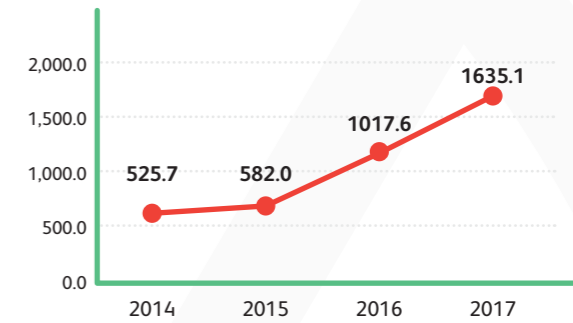
Waste generated  
(in tonnes)



ENOC Group waste intensity  
(in kg/tonne)



Dragon Oil waste intensity  
(kg/bopd)

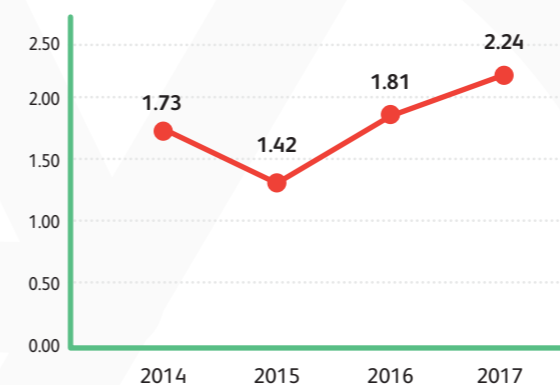


The breakdown of that waste generated in ENOC is as follows, with non-hazardous general waste from our retail service stations and ZOOM stores accounting for over 83% of our total waste:

|  | All in tonnes | Total Hazardous Waste Generated | Total Non-hazardous Waste Generated | Total Waste Generated |
|--|---------------|---------------------------------|-------------------------------------|-----------------------|
| <b>ENOC Group (Excluding Dragon Oil)</b> |               |                                 |                                     |                       |
| 2014                                     |               | 2,477                           | 38,705                              | 41,182                |
| 2015                                     |               | 2,025                           | 41,396                              | 43,421                |
| 2016                                     |               | 1,636                           | 42,618                              | 44,254                |
| 2017                                     |               | 3,376                           | 41,479                              | 44,855                |
| <b>Dragon Oil</b>                        |               |                                 |                                     |                       |
| 2014                                     |               | 38,857                          | 2,559                               | 41,416                |
| 2015                                     |               | 49,835                          | 4,089                               | 53,924                |
| 2016                                     |               | 88,584                          | 3,302                               | 91,886                |
| 2017                                     |               | 131,604                         | 5,666                               | 137,271               |

At present, we recognise that the recycling rate across the Retail business segment in particular can be improved. Our efforts over the next year will focus on gathering additional information to understand our waste streams to improve their management.

Dragon Oil environmental expenditure  
(million AED)

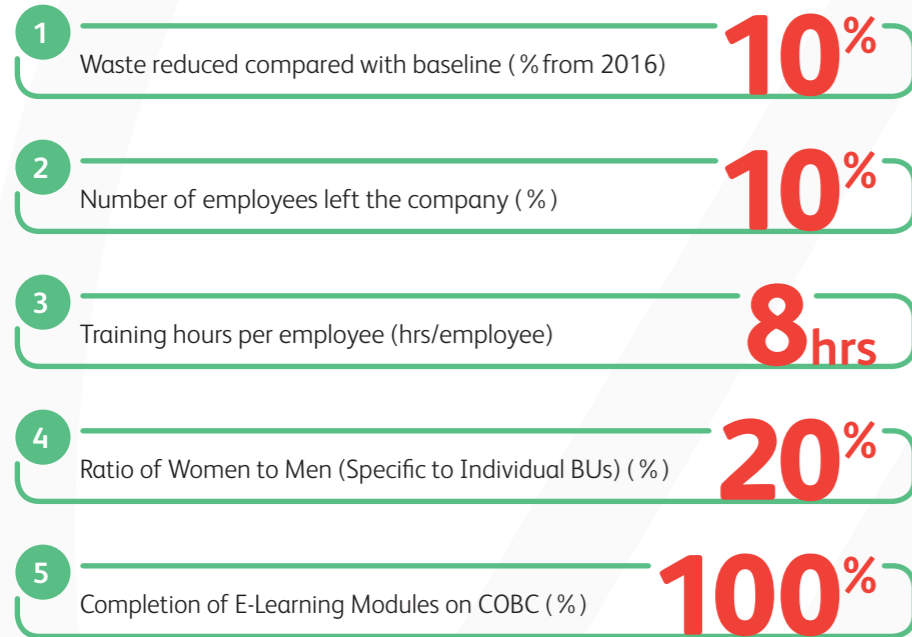


The waste generated in Dragon Oil is disposed in a well-planned and engineered landfill. The state-of-the-art waste disposal facility was built by Dragon Oil in 2013 and has a dedicated team to manage safe disposal of waste generated from its operations. Dragon Oil's environmental expenditure (including managing the Waste Disposal Facility) has increased by 30% since 2014, with over AED 2.2 million spent during 2017.



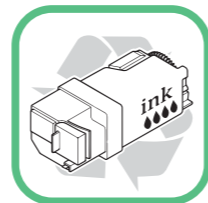
## Waste Management in ENOC Corporate Office

In 2017, the Sustainability Index was rolled out to corporate departments with specific KPIs applicable only to corporate operations. 5 specific KPIs were set with target as below:



To encourage the participation by corporate departments and reduce waste generation within ENOC offices, a specific campaign 'Don't Waste. Innovate' was introduced encouraging employees to come up with suggestions and implement waste reduction measures. The campaign was a success, resulting in waste generation by 5% per employee in 2017 compared to 2016.

Don't Waste.  
Innovate!



## Spill Prevention at ENOC

ENOC has clear requirements and procedures to prevent operational spills. We have ongoing programmes in place to maintain and improve our facilities and pipelines to mitigate the risk of spills.

During July 2017, we experienced a Tier 1 Process Safety Incident with a MOGAS spill in the Kingdom of Saudi Arabia. Approximately 78 MT of gasoline had spilled into a bunded area following maintenance work that was carried out the previous day. The emergency response team was mobilized, all work was suspended, the area was barricaded off and foam was applied to blanket the entire spill surface, which was contained within the bund. Since the spill was contained within the bund, there was no impact on the surrounding environment or employees. Over 80% of the spilled gasoline was recovered and pumped into an adjacent tank. The incident was investigated, a full root cause analysis was performed, and the lessons learned from this incident have been shared to mitigate the risk of this type of incident occurring again.

Following this incident, ENOC has emphasised the strict implementation of preventive measures to avoid spills or minimize its impact that might occur due to operational failure, accidents or unusual corrosion. These measures include proper inspection and maintenance of equipment along with comprehensive training for our operators, emphasizing regular performance of tests and drills, and allowing us to maintain integrity of the equipment to prevent spill incidents.

In Dragon Oil operations, we had a very minor hydrocarbon spill of 0.192 m<sup>3</sup> which was attended immediately and treated. To further strengthen our spill prevention competencies, we joined Oil Spill Response Services Ltd (OSRL) as a corporate member in 2017.

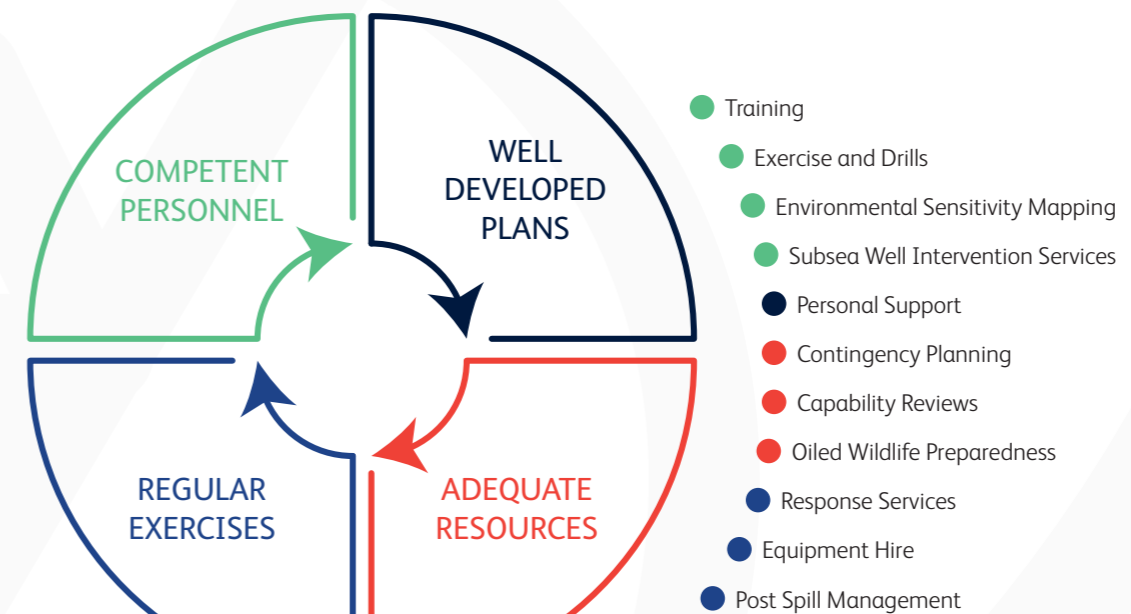
## Oil Spill Response and Working Together

ENOC Group joined Oil Spill Response Services Ltd (OSRL) as a corporate member in 2017. Our annual membership with OSRL assists with enabling the immediate and effective first-rate response should a spill situation arise on land or sea, anytime during operational activities worldwide.

Oil Spill Response Services Ltd. is the largest international industry funded 'not for profit' cooperative which exists to respond to oil spills – wherever they may occur in the world – by providing preparedness, response and intervention services.

The firm's shareholders comprise of a number of oil and gas companies, and their membership represents most global oil producers. OSRL employs 300 people across nine locations around the world and have the capacity to offer training and respond effectively anywhere in the world.

Our membership services with OSRL include:



## Way Forward to Improve Our Environment Performance

The quantifiable targets that ENOC has set for Energy and Resource Management that matured into our Sustainability Index has initiated mature thinking in the organisation around environmental performance during 2017. ENOC has been investing substantial effort in terms of human and financial resources to progress the management of our sustainability information, including environmental performance indicators. As a part of the Sustainability Index we have now set targets for reducing energy intensity, emission intensity, water, waste, green procurement, flaring etc. year on year starting from 2018. We also have an ambitious target in E&RM to reduce our energy consumption by 12% in 2021 from a 2013 baseline.

We recognise that many of the initiatives that were undertaken during 2017 were related to two of our four key environmental topic areas: reducing our energy consumption and reducing our emissions generated. The innovations that we have developed and implemented in this regard were recognised during 2017 when ENOC was awarded Innovation Business of the Year at the MEED Awards and Energy Management Insight Award from Clean Energy Ministerial (CEM).

The momentum created by being recognised as an innovator will extend into 2018, during which we will continue our efforts in improving performance across all four of our key environmental topic areas. Particular attention will be given to using our water efficiently and managing our waste generation and the starting point in this regard is to strengthen the confidence in our data for the metrics associated with these focus areas and improve their management systems. We will also continue the integration process with Dragon Oil to better manage and provide for consolidated reporting of environmental performance in the future.



### ENOC awarded innovation business of the year at the 2017 MEED Awards

ENOC's innovations in E&RM and sustainability were recognised at the annual MEED awards where ENOC was awarded 'Business Innovation Business of the Year'. The MEED awards celebrate excellence across a number of the GCC markets. Some of ENOC's innovations include:

- Solar-Powered Stations
- Vapour Recovery Systems
  - Variable Refrigerant Flow (VRF)
  - Advanced Dispenser System
  - Advanced Fuelling System
  - Motion Sensor LED Lighting
  - Electric Vehicle Chargers
  - Usage of recycled water for car washes
  - Digital wall displays
  - A variety of smart and cashless payment methods across our fuel and non-fuel services.



## Energy Management Insight Award

Energy ministers from 24 countries and the European Commission form the Clean Energy Ministerial (CEM) and recognise companies around the world implementing the ISO 50001 standard to achieve energy, economic, and sustainability benefits that boost competitiveness. ENOC received Energy Management Insight Award for its excellence in implementing ISO 50001 in ENOC Lubricants and Grease Manufacturing Plant L.L.C. (in Dubai) and ENOC Retail Operations & Marketing sites. ENOC is glad to receive the prestigious award from CEM and shows our success in implementing high energy management standards that deserve recognition.



# Supporting Our Communities

2017 was a transformative year for Corporate Social Responsibility (CSR) at ENOC and we are excited about the changes that have been made and the value this is bringing to our communities. Our CSR activities are based on four pillars - Ethics, Environment, Employees and Community and aligned with Dubai and the UAE National Plan 2021. We are moving away from transactional to transformative CSR making an impact on the communities and as a part of the effort, we had incorporated CSR into the Group Sustainability Office (GSO). The GSO has taken the lead in creating a policy, strengthening the team, revising the committees and goals of the team so that we can evaluate, monitor and assess the success of programmes that we deliver. During this transition, we have continued to invest in our communities and we also have great pleasure in being able to share Dragon Oil's specific programmes on CSR that have been implemented in Turkmenistan.



**\$2.74**

invested by Dragon Oil in  
CSR projects in  
Turkmenistan  
in 2017

**\$1.4**

million  
invested by ENOC  
for communities  
in 2017

**2.2**

million  
community members  
educated on the UAE night  
life creatures campaign

**07**

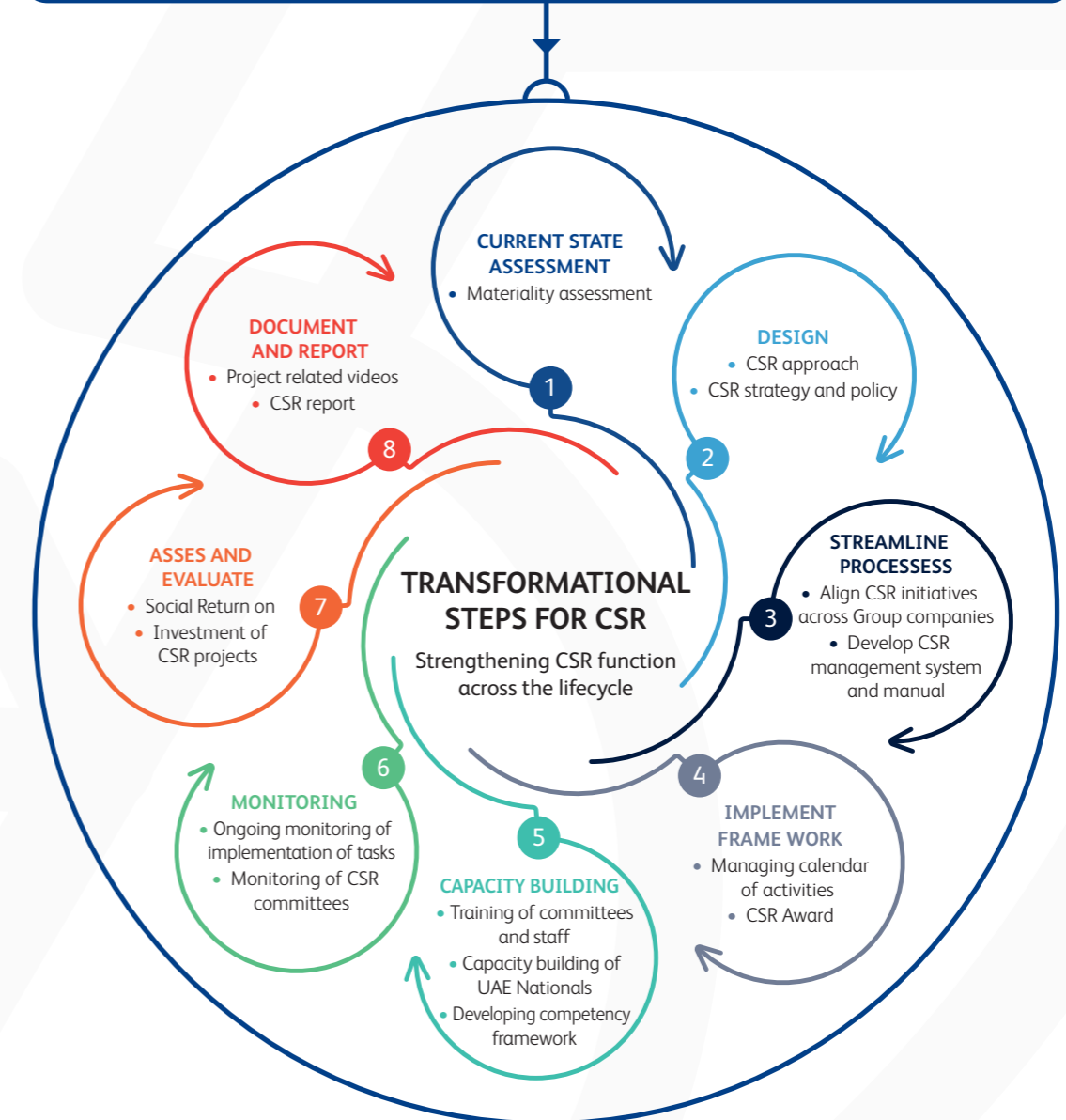
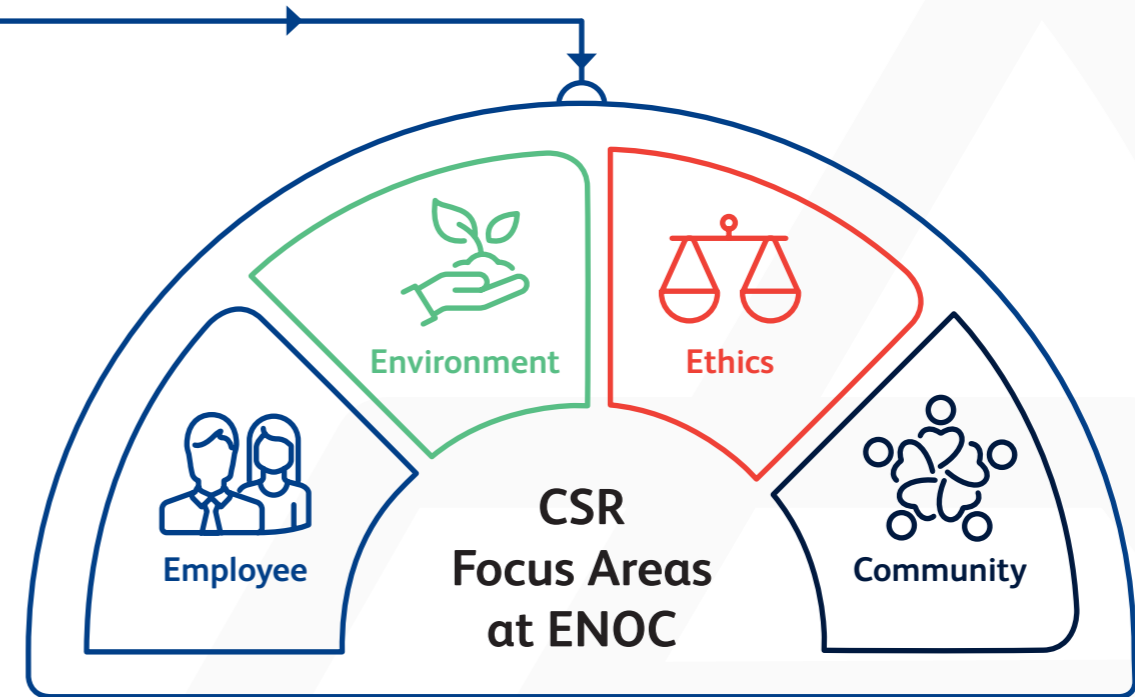
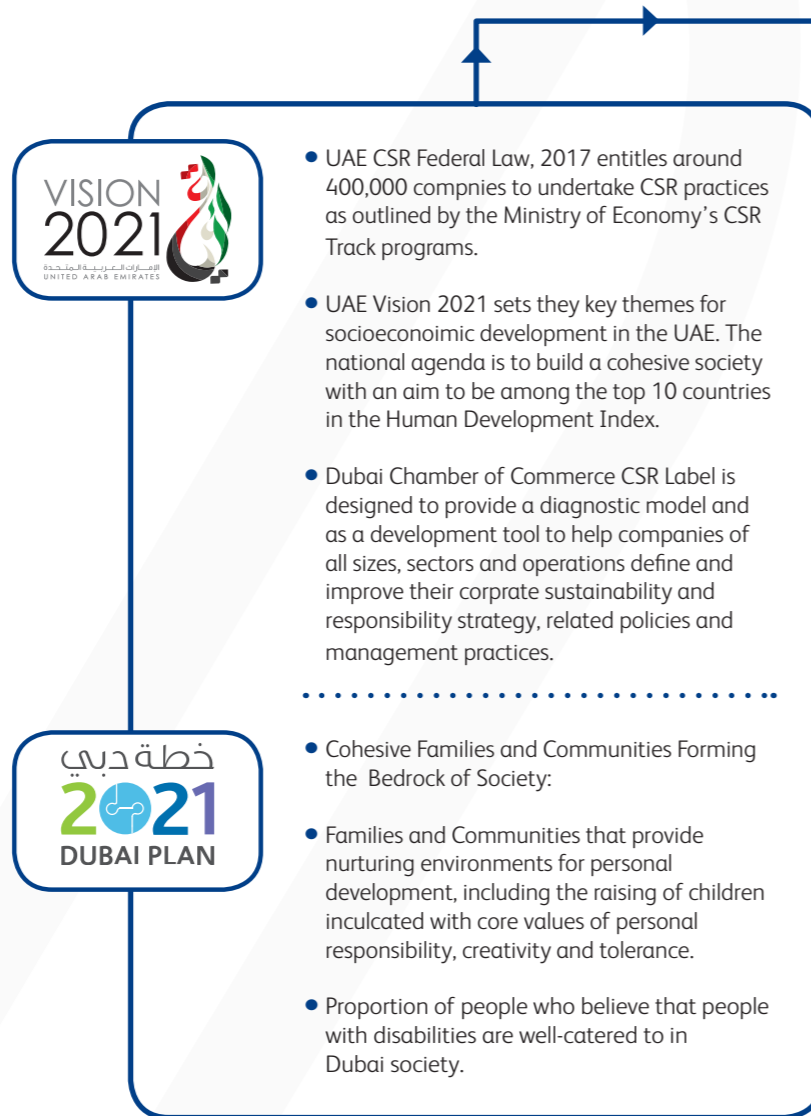
**10,850**

school kits  
prepared by ENOC  
volunteers and distributed  
to the National Charity  
Schools

## Corporate Social Responsibility (CSR) at ENOC

ENOC has always endeavoured to apply long-term foresight to its activities and projects, taking into consideration of the social impacts with the ENOC's vision for CSR - moving from social/community philanthropy to integrated value creation for our stakeholders.

2017 marked start of this transition by moving the CSR function from the Group Communications Department to the Group Sustainability Office with the purpose of looking beyond a traditional lens of philanthropy and to develop CSR strategies with potential large scale and meaningful impact and outcomes. A series of transformation steps were planned during 2017 to align CSR activities with the UAE's Vision 2021 and Dubai Plan 2021 and to reflect the culture of 'One ENOC'. Most notably the steps will include the development of CSR framework, capacity building on the approach to use the framework to implement CSR projects effectively, monitor the impact of CSR projects and evaluate the Social Return on Investment.







we believe that any organization which does not **add value to the society**, should not exist... **Social investment has** been key to our Corporate Governance... manpower development is essential from a **CSR** perspective

Dr. Waddah Ghanem – Executive Director - EHSSQ & Corporate Affairs\*

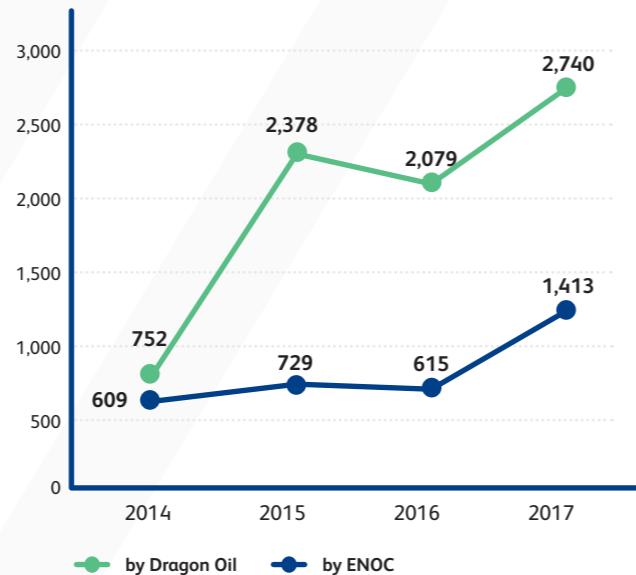
\*Till May 2018

The above steps will help ENOC to moving away from conventional transactional CSR projects to transformational CSR projects creating a real impact on the communities we operate.

The Group's CSR Steering Committee and CSR Technical Committee were both revised and reconstituted during 2017 to align with the planned framework to strengthen the Group's CSR function. These committees are made up of several key ENOC employees with representation from various business segments, which now includes Dragon Oil. The Steering Committee is chaired by the Executive Director of EHSSQ & Corporate Affairs and Executive Director of Shared Services; and the CSR Technical Committee is chaired by the Group Sustainability Manager and co-chaired by Group CSR Manager.

We achieved several milestones in these programs and have invested around USD 1,413,000 (ENOC excluding Dragon Oil) on CSR initiatives during 2017, addressing youth education, food programmes for communities, wellness of employees and partnerships with NGOs.

Community Investments -  
in (USD '000)



### Education

ENOC partnered with institutions and NGOs in Dubai and in Turkmenistan that has over the years successfully generated knowledge and awareness among large sections of the student community. In 2017 we reached over 1,500 students across our various programs.



### Reached over 81,000 people during Ramadan

- ENOC's partnership with Beit Al Khair raised donations from retail network customers for over 30,000 families in need.
- 'Ramadan Truck' campaign distributed 6,000 meals over 10 days to labour sites, mosques, special needs centres and ENOC service stations.
- 30 employees volunteered to distribute over 70,000 Iftar packages as part of Ramadan Aman, a campaign launched by Al Ihsan Charity Association.
- Over 5,800 meals were prepared and served for nearly 200 visitors daily at the Ramadan tent set up in Fujairah.



### Partnership with Beit Al Khair society

EMGAS partnered with Beit Al Khair society to distribute 600 LPG vouchers to underprivileged families in Dubai Ajman, Fujairah and Umm Al Quwain



### Partnership with Dar Al Ber Society

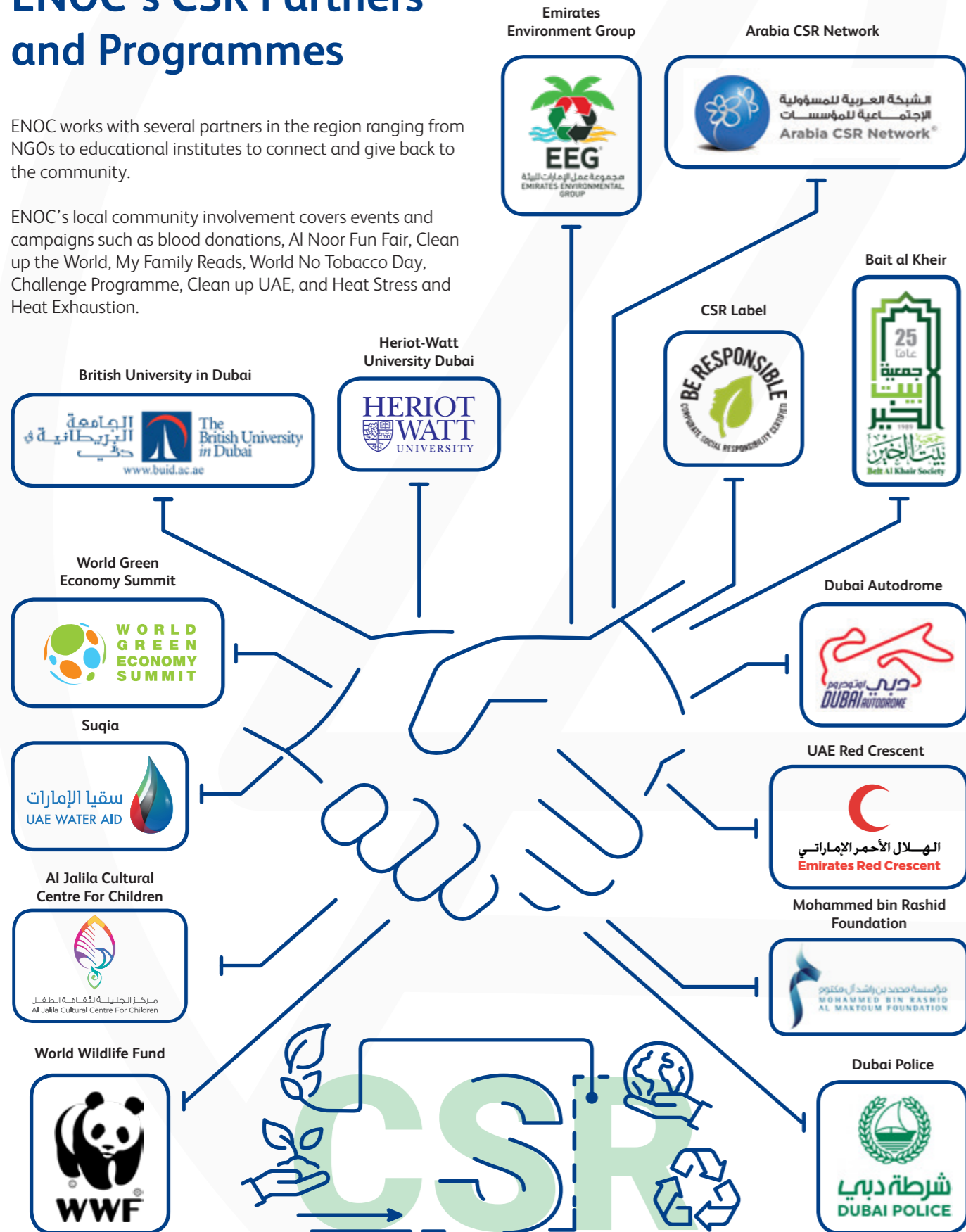
ENOC partnered with Dar Al Ber Society to donate 80 food baskets to families in Dubai, and with the Dubai Foundation for Women and Children to distribute 150 Al Afdhal e-cash cards topped up with AED 500 by Union Cooperative to help families in need.



## ENOC's CSR Partners and Programmes

ENOC works with several partners in the region ranging from NGOs to educational institutes to connect and give back to the community.

ENOC's local 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.



## UAE Youth Engagement - Carbon Ambassador Programme

The Carbon Ambassador Programme (CAP) aims to involve university students and professionals in a voluntary collaboration with UAE's activities in line with the Green Economy and Sustainable Development initiative that will streamline a culture of sustainable development, by providing training opportunities and capacity building to build tomorrow's workforce of leaders.

ENOC sponsored a team of young UAE nationals to resolve the problems by ENOC employees on the issues related to parking in ENOC Head Office. Several of ENOC staff are required to visit ENOC sites in Jebel Ali and Fujairah on a regular basis for work related activities. Having to bring their cars to ENOC HO, exacerbates the already serious issues with parking and contribute to already heavy traffic congestion and high pollution loads.

To resolve the above problem, the CAP team came up with the innovative ENOC Green Drive Initiative. The project aims to resolve the parking and driving problems and increase the happiness of the employees, while at the same time contributing to reduced congestion, pollution levels and stress. The project aims to move towards shared mobility with the use of clean energy. The proposed solution addresses the problem in two prolonged solutions – seamless mobility and clean energy for transportation. The solution developed enhances and improves air quality, energy and transport accessibility for the users in ENOC in a pilot scale.

The CAP project will be implemented on a pilot scale in ENOC and will result in completely avoiding 19 tCO<sub>2</sub>e emission per car. The project is also fully scalable at Dubai level and is estimated to avoid 2.1 mtCO<sub>2</sub>e of GHG emissions or 13 % of Dubai's transport emissions in a year. Some of the key innovative features adopted in the project are:

- Bi-facial solar PV panels to maximize electricity generation from parking lots.
- On the cloud monitoring of Electric Vehicle Charger.
- High temperature resistant storage batteries.
- Dynamic online car booking application.
- Green credit system for employees to encourage car pooling.





**Chapter 07**  
Supporting our Communities

**ENOC Energy Scholarship Programme**

ENOC 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.



**Dubai Aquarium and Underwater Zoo**

At ENOC, we continuously aspire to forge and maintain partnerships that will promote educational initiatives and raise awareness on various social and environmental causes. ENOC partnered with EMAAR on the UAE's Night Creatures exhibit at Dubai Aquarium & Underwater Zoo in The Dubai Mall as part of its commitment to promoting educational initiatives and raising awareness on various social and environmental causes. This opportunity to work with Dubai Aquarium & Underwater Zoo offers a platform to promote the UAE's National identity and play a role in educating the UAE's future generations about the country's rich and diverse wildlife. More than 2.2 million community members were educated on UAE's night life creatures at the Dubai Aquarium & Underwater Zoo.

**Al Jalila Cultural Centre for Children**

ENOC's 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.



**Interschool Environmental Public Speaking Competition (ISEPSC)**

ENOC has been the sponsor of the ISEPSC since 2015 which is organised by Emirates Environmental Group. This bi-lingual competition empowers the youth to take charge of their local communities by exposing them to environmental issues, and pushing them to come up with solutions. The 2017 event attracted over 500 participants, comprising over 70 teams from government and private schools operating in various Emirates.

| Year        | Number of Schools | Number of Attendees |
|-------------|-------------------|---------------------|
| 2015        | 66                | 440                 |
| 2016        | 75                | 503                 |
| <b>2017</b> | <b>77</b>         | <b>517</b>          |

**Intercollege Environmental Public Speaking Competition (ICEPSC)**

ENOC has been in partnership with the Emirates Environmental Group for the ICESP since 2015, serving as a creative platform for future sustainability champions to convene and discuss contemporary environmental issues. High achieving undergraduate student participants to showcase their public speaking skills, to express their opinion on sustainability issues and propose innovative solutions for making a positive change. There were a total of 69 participating universities during the 2017 competition, with 515 participants.

| Year        | Number of Universities | Number of Attendees | Participating Universities | 2015      | 2016      | 2017      |
|-------------|------------------------|---------------------|----------------------------|-----------|-----------|-----------|
| 2015        | 51                     | 370                 | UAE                        | 33        | 31        | 46        |
| 2016        | 52                     | 257                 | GCC                        | 16        | 15        | 18        |
|             |                        |                     | MENA                       | 2         | 6         | 5         |
| <b>2017</b> | <b>69</b>              | <b>515</b>          | <b>TOTAL</b>               | <b>51</b> | <b>52</b> | <b>69</b> |

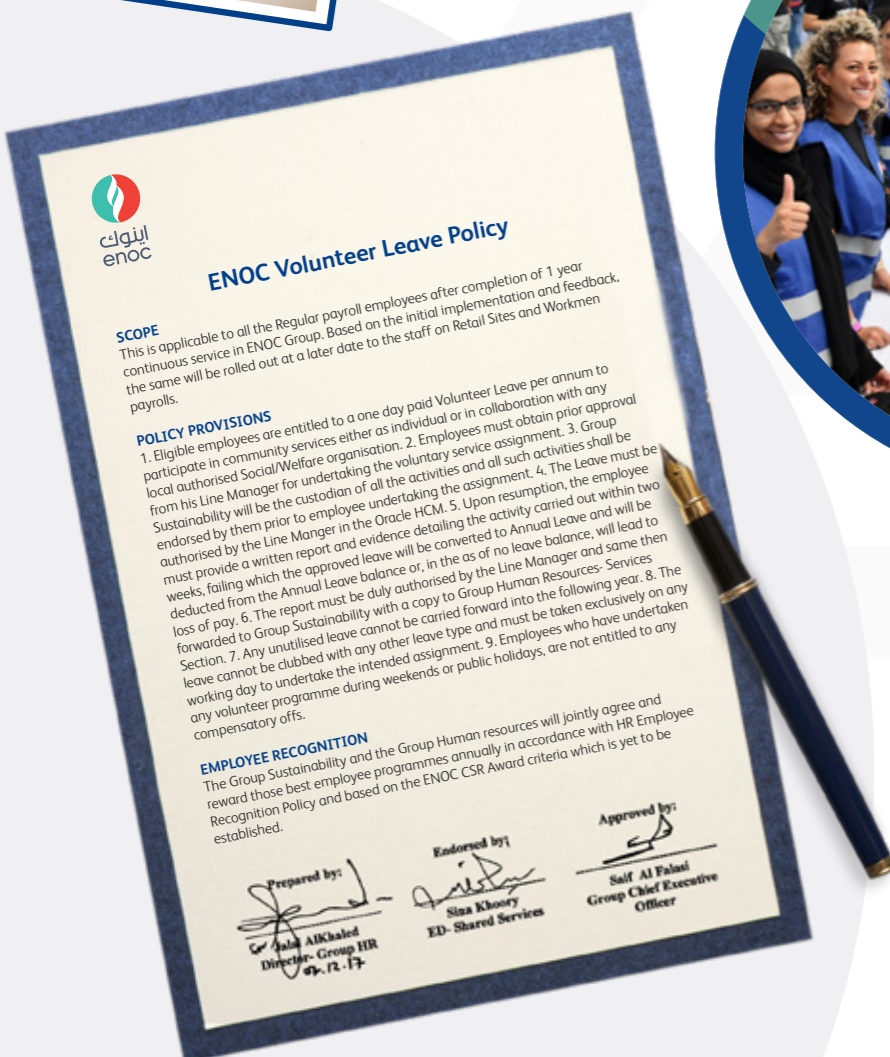




### Volunteering

In 2017, we finalized the ENOC Volunteer Leave Policy to encourage employees to take one day for participating in CSR activities. The employees can engage themselves individually or in collaboration with local welfare/social organisations. Volunteering activities by ENOC employees are another important facet of community engagement.

- ENOC 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 for needy people



### Celebrating Earth Hour 2017

Reinforcing our commitment to sustainable development initiatives, we participated in Earth Hour 2017, observed worldwide on March 25, 2017 from 8.30 pm to 9:30 pm. During Earth Hour, we switched off all lights at the forecourts, convenience stores, quick oil change and car wash areas, and pylon signs across all ENOC service stations in Dubai and the Northern Emirates.



### One ENOC One Earth One Hour

### CSR in Dragon Oil

Dragon Oil allocates about US \$2 to 3 million annually for 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. Activities include making repairs and infrastructure development; educational and social facilities, including schools and hospitals; and sponsoring various sports, educational and cultural events.



Winners of Special Olympics in Trisome, Italy



Assistance to "Yenme" Charitable Organization

### Focussing on Healthcare in Turkmenistan

The most important investment that Dragon Oil has made in the healthcare infrastructure of Turkmenistan has been the building, between 2011 and its opening in 2013, of a US \$5 million polyclinic in Hazar. This provides out-patient services to our employees, their families and the local community and plays a significant role in the city's routine healthcare.

The Hazar Polyclinic can treat up to 100 patients a day. Specialist doctors' rooms include gastroenterology and ear-nose-and-throat facilities, with consulting services for ophthalmology, cardiology and other specialties.

The clinic also offers long-term benefits to the community through a focus on health awareness, disease prevention and health risk management. But our investment in healthcare in Turkmenistan also includes longstanding support of the municipal hospital in Hazar. During 2015 we refurbished the hospital's X-ray unit, while also renovating the Dental Department. This project included both the main area where all dental procedures are carried out.



### Investing in the youth of Turkmenistan

Each year we invest in the overhaul of classrooms and facilities at schools in Hazar. We had completed the refurbishment of two kindergartens, which will help to alleviate the shortage of pre-school spaces in the city.

At both Kindergarten #3 and Kindergarten #4 we have funded repair work to buildings that had been closed as being unsafe. We also completed landscaping the sites, adding playgrounds and providing new furniture and equipment. Kindergarten #3 has since been recognized as the Best Kindergarten in the Balkan Region of Turkmenistan.

In line with our efforts to integrate Dragon Oil's performance with ENOC, the focus of 2018 will be to gain alignment on their CSR strategies.



### Arabia CSR Awards

At the 10 anniversary of the Arabia CSR Awards during 2017, ENOC Group CEO, Mr Saif Humaid Al Falasi was awarded CEO Personality of the Year and ENOC was also awarded the winner in the energy sector category, out of 243 organisations, for the second consecutive year. Having our CEO receive this award is testament to sustainability at ENOC having the support of the highest leadership and serves to motivate the organisation to maintain momentum in CSR. ENOC endeavours to become the benchmark in CSR in the energy sector and by winning the Arabia CSR Award for two years in a row, we are certainly on par with our trajectory to achieve this.



Increase in points scored by ENOC in Arabia CSR Awards

235  
2016

243  
2017



# List of Acronyms

|                 |   |
|-----------------|---|
| <b>ABIH</b>     | American Board of Industrial Hygiene                                      |
| <b>AC</b>       | Audit Committee   |
| <b>ADNOC</b>    | Abu Dhabi National Oil Company  |
| <b>AED</b>      | United Arab Emirates Dirham   |
| <b>API</b>      | American Petroleum Institute  |
| <b>ASHRAE</b>   | American Society of Heating, Refrigerating and Air-Conditioning Engineers |
| <b>ASME</b>     | The American Society of Mechanical Engineers                              |
| <b>AVGAS</b>    | Aviation Gasoline   |
| <b>BAU</b>      | Business as Usual   |
| <b>BE&amp;C</b> | Business Ethics & Compliance  |
| <b>BU</b>       | Business Unit   |
| <b>BUID</b>     | British University in Dubai   |
| <b>CAP</b>      | Carbon Ambassador Programme   |
| <b>CECO</b>     | Chief Ethics & Compliance Officer   |
| <b>CEG</b>      | Cutting Edge Gas  |
| <b>CEM</b>      | Clean Energy Ministerial  |
| <b>CEO</b>      | Chief Executive Officer   |
| <b>CFO</b>      | Chief Financial Officer   |
| <b>CERT</b>     | Center of Excellence for Applied Research & Training                      |
| <b>CNG</b>      | Compressed Natural Gas  |
| <b>CO</b>       | Carbon Monoxide   |
| <b>COBC</b>     | Code of Business Conduct  |
| <b>COP</b>      | Conference of the Parties   |
| <b>COSO</b>     | Committee of Sponsoring Organizations of the Treadway Commission          |
| <b>CSI</b>      | Customer Satisfaction Index   |
| <b>CSR</b>      | Corporate Social Responsibility   |
| <b>DDS</b>      | Drum Decanting System   |
| <b>DEWA</b>     | Dubai Electricity and Water Authority                                     |
| <b>DFE</b>      | Dubai Future Foundation   |
| <b>DHA</b>      | Dubai Health Authority  |
| <b>DIES</b>     | Dubai Integrated Energy Strategy  |
| <b>DSCE</b>     | Dubai Supreme Council of Energy   |
| <b>DSM</b>      | Demand Side Management  |
| <b>DUSUP</b>    | Dubai Supply Authority  |
| <b>DWC</b>      | Dubai World Central   |
| <b>E&amp;P</b>  | Exploration and Production  |
| <b>E&amp;RM</b> | Energy and Resource Management  |
| <b>EBI</b>      | ENOC Bunkering International  |
| <b>EBOM</b>     | Existing Buildings Operations and Maintenance                             |
| <b>ECIP</b>     | ENOC Commercial and Industrial Products                                   |
| <b>EDI</b>      | Emirates Driving Institute  |
| <b>EEG</b>      | Emirate Environment Group   |

|               |  |
|---------------|--|
| <b>EGAP</b>   | Emirates Gas Aerosol Propellant                          |
| <b>EHS</b>    | Environment, Health and Safety                           |
| <b>EHSSQ</b>  | Environment, Health, Safety, Security and Quality        |
| <b>EIPM</b>   | ENOC Industrial Products Marketing                       |
| <b>ELOMP</b>  | ENOC Lubricant and Grease Manufacturing Plant            |
| <b>ELP</b>    | Executive Leadership Programme                           |
| <b>EMGAS</b>  | Emirates Gas LLC   |
| <b>EMS</b>    | Environment Management System                            |
| <b>ENOC</b>   | Emirates National Oil Company                            |
| <b>EOR</b>    | Enhanced Oil Recovery                                    |
| <b>EPC</b>    | Engineering, Procurement and Construction                |
| <b>EPCL</b>   | ENOC Processing Company LLC.                             |
| <b>EPPCO</b>  | Emirates Petroleum Products Company                      |
| <b>EPRS</b>   | Emergency Preparedness and Response Section              |
| <b>ERM</b>    | Enterprise Risk Management                               |
| <b>ERMC</b>   | Executive Risk Management Committee                      |
| <b>EWSA</b>   | ENOC Wellness and Social Affairs                         |
| <b>FLP</b>    | Foundation Leadership Programme                          |
| <b>GBCI</b>   | Green Building Certification Institute                   |
| <b>GCC</b>    | Gulf Cooperation Council                                 |
| <b>GCEO</b>   | Group Chief Executive Officer                            |
| <b>GDP</b>    | Graduates Development Programme                          |
| <b>GDP</b>    | Gross Domestic Product                                   |
| <b>GEHS</b>   | Group Environment Health and Safety                      |
| <b>GPP</b>    | Green Public Procurement                                 |
| <b>GPPEWE</b> | Green Public Procurement for Energy and Water Efficiency |
| <b>GHG</b>    | Green House Gases  |
| <b>GJ</b>     | Giga Joules  |
| <b>GRI</b>    | Global Reporting Initiative                              |
| <b>GSO</b>    | Group Sustainability Office                              |
| <b>HCT</b>    | Higher Colleges of Technology                            |
| <b>HR</b>     | Human Resources  |
| <b>HSE</b>    | Health, Safety and Environment                           |
| <b>HSSEQ</b>  | Health, Safety, Security, Environment and Quality        |
| <b>HTL</b>    | Horizon Terminals Limited                                |
| <b>HVAC</b>   | Heating, Ventilation, and Air Conditioning               |
| <b>IAT</b>    | Institute of Applied Technology                          |
| <b>IFC</b>    | Investment and Finance Committee                         |
| <b>IG</b>     | Imperial Gallons   |
| <b>IH</b>     | Industrial Hygiene                                       |
| <b>ILO</b>    | International Labour Organisation                        |
| <b>IOD</b>    | Institute of Directors                                   |
| <b>IOGP</b>   | International Association of Oil & Gas Producers         |

|               |   |
|---------------|---|
| <b>IOSH</b>   | Institute of Occupational Safety and Health                             |
| <b>IPIECA</b> | International Petroleum Industry Environmental Conservation Association |
| <b>ICESP</b>  | Intercollege Environmental Public Speaking Competition                  |
| <b>ISEPSC</b> | Interschool Environmental Public Speaking Competition                   |
| <b>ISO</b>    | International Organization for Standardization                          |
| <b>ISS</b>    | International Safety Systems  |
| <b>IT</b>     | Information Technology  |
| <b>ITC</b>    | Investment and Tender Committee   |
| <b>JIFF</b>   | Joint Industry Fuel Farm  |
| <b>KPI</b>    | Key Performance Indicator   |
| <b>KSA</b>    | Kingdom of Saudi Arabia   |
| <b>kWh</b>    | KiloWatt hour   |
| <b>LED</b>    | Light Emitting Diode  |
| <b>LEED</b>   | Leadership in Energy and Environmental Design                           |
| <b>LPG</b>    | Liquefied Petroleum Gas   |
| <b>LTI</b>    | Lost Time Injury  |
| <b>LTIFR</b>  | Lost Time Injury Frequency Rate   |
| <b>MoE</b>    | Ministry of Energy  |
| <b>MoI</b>    | Ministry of Interior  |
| <b>MoU</b>    | Memorandum of Understanding   |
| <b>MTBE</b>   | Methyl-Tertiary Butyl Ether   |
| <b>NCEMA</b>  | National Crisis and Emergency Management Authority                      |
| <b>NDP</b>    | National Development Programme  |
| <b>NGO</b>    | Non-governmental Organisation   |
| <b>NOx</b>    | Nitrogen Oxides   |
| <b>NRC</b>    | Nomination and Remuneration Committee                                   |
| <b>OEM</b>    | Original Equipment Manufacturer   |
| <b>OHSAS</b>  | Occupational Health and Safety Assessment Series                        |
| <b>OJT</b>    | On-the Job Training   |
| <b>ORT</b>    | On-Scene Response Teams   |
| <b>OSRL</b>   | Oil Spill Response Services Ltd   |
| <b>PIP</b>    | Pre Incident Plans  |
| <b>PM</b>     | Particulate Matter  |
| <b>PMP</b>    | Performance Management Programme  |
| <b>ppm</b>    | Parts per million   |
| <b>PV</b>     | Photovoltaic  |
| <b>PwC</b>    | PricewaterhouseCoopers  |

|                         |  |
|-------------------------|--|
| <b>RFID</b>             | Radio Frequency Identification                           |
| <b>RM</b>               | Risk Management  |
| <b>QLEA</b>             | Qualitative Exposure Assessment                          |
| <b>QMS</b>              | Quality Management System                                |
| <b>QNEA</b>             | Quantitative Exposure Assessment                         |
| <b>RTA</b>              | Road and Transport Authority                             |
| <b>SCOC</b>             | Supplier Code of Conduct                                 |
| <b>SEP</b>              | Superior Energy Performance                              |
| <b>SHIC</b>             | Shift In-Charge  |
| <b>SI</b>               | Sustainability Index                                     |
| <b>SIC</b>              | Site In-Charge   |
| <b>SOx</b>              | Sulphur Oxide  |
| <b>SMB</b>              | Simultaneous Metering Blending                           |
| <b>SME</b>              | Subject Matter Expert/ Small and Medium Enterprises      |
| <b>SSP</b>              | Singapore Secondment Programme                           |
| <b>STP</b>              | Supply, Trading and Processing Summer Training Programme |
| <b>STS</b>              | Secondary Technical School                               |
| <b>tCO<sub>2</sub>e</b> | Tonnes carbon dioxide equivalent                         |
| <b>TTC</b>              | Technical Training Center                                |
| <b>TTP</b>              | Technical Training Programme                             |
| <b>UAE</b>              | United Arab Emirates                                     |
| <b>ULG</b>              | Un-Leaded Gasoline                                       |
| <b>ULSD</b>             | Ultra Low Sulphur Diesel                                 |
| <b>USGBC</b>            | United States Green Building Council                     |
| <b>USD</b>              | United States Dollar                                     |
| <b>VAT</b>              | Value Added Tax  |
| <b>VEDC</b>             | Vocational Educational Development Centre                |
| <b>VFD</b>              | Variable Frequency Drives                                |
| <b>VOC</b>              | Volatile Organic Compounds                               |
| <b>VRF</b>              | Variable Refrigerant Flow                                |
| <b>WETEX</b>            | Water, Energy, Technology and Environment Exhibition     |
| <b>WMD</b>              | Weapons of Mass Destruction                              |
| <b>WRP</b>              | Workforce Recruitment Programme                          |

# GRI Content Index

ENOC's 2017 Sustainability Performance Report has been prepared in accordance with the GRI Standards: Core option. The Content Index provides a reference to each general and topic specific disclosure in the Sustainability Performance Report (or elsewhere where referenced), as well as any additional content or reason for omission where information for a particular disclosure has not been reported on.

| Disclosure Number             | Description   | Additional content, reference, or reason for omission  | Page                     |
|-------------------------------|---|--|--------------------------|
| <b>General Disclosures</b>    |   |  |                          |
| <b>Organisational Profile</b> |   |  |                          |
| 102-1                         | Name of the Organisation  | <ul style="list-style-type: none"> <li>Chapter 1: 25 Years of ENOC</li> <li>Throughout the 2017 Sustainability Performance Report</li> </ul>   | 16                       |
| 102-2                         | Activities, brands, products, and services                                    | <ul style="list-style-type: none"> <li>Chapter 1: Our Business</li> </ul>  | 28-29                    |
| 102-3                         | Location of headquarters  | <ul style="list-style-type: none"> <li>Chapter 1: Our Business</li> </ul>  | 31, 41                   |
| 102-4                         | Location of operations  | <ul style="list-style-type: none"> <li>Chapter 1: Our Business</li> <li>Chapter 1: 25 Years of ENOC</li> </ul>   | 29-41<br>19              |
| 102-5                         | Ownership and legal form  | <ul style="list-style-type: none"> <li>ENOC Group Legal Entities: <a href="https://www.enoc.com/annualreview2017/group-legal-entities.html">https://www.enoc.com/annualreview2017/group-legal-entities.html</a></li> </ul> |                          |
| 102-6                         | Markets served  | <ul style="list-style-type: none"> <li>Chapter 1: Our Business</li> </ul>  | 29-39                    |
| 102-7                         | Scale of the organisation   | <ul style="list-style-type: none"> <li>Chapter 1: 25 Years of ENOC</li> <li>Chapter 4: Building our Economic Value</li> <li>Chapter 5: Embracing Our People</li> </ul>   | 21<br>75-78<br>85        |
| 102-8                         | Information on employees and other workers                                    | <ul style="list-style-type: none"> <li>Chapter 5: Embracing Our People</li> </ul>  | 88                       |
| 102-9                         | Supply chain  | <ul style="list-style-type: none"> <li>Chapter 1: Our Business</li> </ul>  | 28-29                    |
| 102-10                        | Significant changes to the organization and its supply chain                  | <ul style="list-style-type: none"> <li>Chapter 1: Our Business</li> </ul>  | 28-29                    |
| 102-11                        | Precautionary Principle or approach   | <ul style="list-style-type: none"> <li>Chapter 3: Risk Management</li> </ul>   | 64-65                    |
| 102-12                        | External initiatives  | <ul style="list-style-type: none"> <li>Chapter 7: Supporting our Communities</li> <li>Chapter 3: ENOC's Role in DSCE Committees</li> <li>Chapter 7: Supporting our Communities</li> </ul>                                  | 138-151<br>63<br>140-151 |
| 102-13                        | Memberships of associations   | <ul style="list-style-type: none"> <li>Partnerships and Sponsorships: <a href="https://www.enoc.com/en/csr/partnerships-sponsorships">https://www.enoc.com/en/csr/partnerships-sponsorships</a></li> </ul>                 |                          |
| <b>Strategy</b>               |   |  |                          |
| 102-14                        | Statement from the most senior decision maker                                 | <ul style="list-style-type: none"> <li>A welcome note from our Group CEO</li> </ul>  | 6-7                      |
| 102-15                        | Key impacts, risks, and opportunities   | <ul style="list-style-type: none"> <li>Chapter 3: Risk Management</li> </ul>   | 64-71                    |
| <b>Ethics and Integrity</b>   |   |  |                          |
| 102-16                        | Values, principles, standards, and norms of behaviour                         | <ul style="list-style-type: none"> <li>Chapter 1: Sustainability in our Vision and Mission</li> </ul>  | 18-19                    |
| 102-17                        | Mechanisms for advice and concerns about ethics                               | <ul style="list-style-type: none"> <li>Chapter 3: ENOC's Ethics Hotline Reporting Mechanism</li> </ul>   | 74                       |
| <b>Governance</b>             |   |  |                          |
| 102-18                        | Governance structure  | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>  | 58-59<br>60-62           |
| 102-19                        | Delegating authority  | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>  | 58-59<br>60-62           |
| 102-20                        | Executive-level responsibility for economic, environmental, and social topics | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> </ul>  | 59                       |
| 102-21                        | Consulting stakeholders on economic, environmental, and social topics         | <ul style="list-style-type: none"> <li>Chapter 2: Stakeholder Engagement</li> <li>Chapter 7: Supporting our Communities</li> </ul>   | 50-54<br>140-151         |
| 102-22                        | Composition of the highest governance body and its committees                 | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>  | 58-59<br>60-62           |
| 102-23                        | Chair of the highest governance body  | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> </ul>  | 58-59                    |
| 102-24                        | Nominating and selecting the highest governance body                          | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> </ul>  | 58-59                    |
| 102-25                        | Conflicts of interest   | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> </ul>   | 73                       |
| 102-26                        | Role of highest governance body in setting purpose, values, and strategy      | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>  | 58-59<br>60-62           |
| 102-27                        | Collective knowledge of highest governance body                               | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>  | 58-59<br>60-62           |
| 102-28                        | Evaluating the highest governance body's performance                          | <ul style="list-style-type: none"> <li>Chapter 2: Continuing the Sustainability Journey</li> </ul>   | 48, 54                   |

| Disclosure Number               | Description  | Additional content, reference, or reason for omission   | Page   |
|---------------------------------|--|---|--|
| 102-29                          | Identifying and managing economic, environmental, and social impacts           | <ul style="list-style-type: none"> <li>Chapter 2: Materiality Assessment</li> <li>Chapter 4: Building our Economic Value</li> <li>Chapter 5: Embracing our People</li> <li>Chapter 6: Focusing on our Environment</li> <li>Chapter 7: Supporting our Communities</li> </ul> | 50-54<br>76-85<br>86-113<br>114-137<br>138-151 |
| 102-30                          | Effectiveness of risk management processes                                     | <ul style="list-style-type: none"> <li>Chapter 3: Risk Management</li> <li>Throughout the 2017 Sustainability Performance Report, as well as the Integrated Annual Report</li> </ul>  | 64-71  |
| 102-31                          | Review of economic, environmental, and social topics                           | <ul style="list-style-type: none"> <li>Chapter 4: Building our Economic Value</li> <li>Chapter 5: Embracing our People</li> <li>Chapter 6: Focusing on our Environment</li> <li>Chapter 7: Supporting our Communities</li> </ul>  | 76-85<br>86-113<br>114-137<br>138-151          |
| 102-32                          | Highest governance body's role in sustainability reporting                     | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>   | 58-59<br>60-61                                 |
| 102-33                          | Communicating critical concerns  | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>   | 58-59<br>60-61                                 |
| 102-34                          | Nature and total number of critical concerns                                   | <ul style="list-style-type: none"> <li>Chapter 3: Corporate Governance</li> <li>Chapter 3: Sustainability Governance</li> </ul>   | 58-59<br>60-61                                 |
| 102-35                          | Remuneration policies  | Responsibility of the Nomination and Remuneration Committee   | N/A  |
| 102-36                          | Process for determining remuneration   | Determined by the Nomination and Remuneration Committee   | N/A  |
| 102-37                          | Stakeholders' involvement in remuneration                                      | Engaged by the Nomination and Remuneration Committee  | N/A  |
| 102-38                          | Annual total compensation ratio  | Responsibility of the Nomination and Remuneration Committee   | N/A  |
| 102-39                          | Percentage increase in annual total compensation ratio                         | Responsibility of the Nomination and Remuneration Committee   | N/A  |
| <b>Stakeholder Engagement</b>   |  |   |  |
| 102-40                          | List of stakeholder groups   | <ul style="list-style-type: none"> <li>Chapter 1: Stakeholder Engagement and Materiality Assessment</li> </ul>  | 50   |
| 102-41                          | Collective bargaining agreements   | Collective bargaining agreements are not included in UAE labour law   | N/A  |
| 102-42                          | Identifying and selecting stakeholders   | <ul style="list-style-type: none"> <li>Chapter 1: Stakeholder Engagement and Materiality Assessment</li> </ul>  | 50-54  |
| 102-43                          | Approach to stakeholder engagement   | <ul style="list-style-type: none"> <li>Chapter 1: Stakeholder Engagement and Materiality Assessment</li> </ul>  | 50-54  |
| 102-44                          | Key topics and concerns raised   | <ul style="list-style-type: none"> <li>Chapter 1: Stakeholder Engagement and Materiality Assessment</li> </ul>  | 50-54  |
| <b>Reporting Practice</b>       |  |   |  |
| 102-45                          | Entities included in the consolidated financial statements                     | <ul style="list-style-type: none"> <li>ENOC'S 2017 Annual Review: <a href="https://www.enoc.com/annualreview2017/finance.html">https://www.enoc.com/annualreview2017/finance.html</a></li> </ul>  |  |
| 102-46                          | Defining report content and topic Boundaries                                   | <ul style="list-style-type: none"> <li>Chapter 2: Reporting Framework, Scope and Limitations</li> </ul>   | 46-49  |
| 102-47                          | List of material topics  | <ul style="list-style-type: none"> <li>Chapter 1: Stakeholder Engagement and Materiality Assessment</li> <li>Chapter 5: Safety</li> <li>Chapter 6: Energy and Emissions</li> <li>Chapter 6: Flaring</li> </ul>  | 52-53<br>107<br>119<br>127                     |
| 102-48                          | Restatements of information  | <ul style="list-style-type: none"> <li>Chapter 6: Flaring</li> </ul>  | 49   |
| 102-49                          | Changes in reporting   | <ul style="list-style-type: none"> <li>Chapter 2: Reporting Framework, Scope and Limitations</li> </ul>   |  |
| 102-50                          | Reporting period   | 1 January – 31 December 2017  |  |
| 102-51                          | Date of most recent report   | 2016 Sustainability Performance Report (1 January – 31 December 2016)   |  |
| 102-52                          | Reporting cycle  | Annually  |  |
| 102-53                          | Contact point for questions regarding the report                               | <ul style="list-style-type: none"> <li>Email: <a href="mailto:group.sustainability@enoc.com">group.sustainability@enoc.com</a></li> <li>Telephone: 800-ENOC(3662) (local) +9714 3374400 (international)</li> <li>Connect through our social media channels</li> </ul>       |  |
| 102-54                          | Claims of reporting in accordance with the GRI Standards                       | <ul style="list-style-type: none"> <li>Chapter 2: Reporting Framework, Scope and Limitations</li> </ul>   | 49   |
| 102-55                          | GRI content index  | <ul style="list-style-type: none"> <li>GRI Content Index within the 2017 Sustainability Performance Report</li> </ul>   | 154-157  |
| 102-56                          | External assurance   | This report is not externally assured as ENOC is the process of consolidating Dragon Oil and ENOC sustainability performance.   |  |
| <b>Topic Specific Standards</b> |  |   |  |
| <b>Economic Performance</b>     |  |   |  |
| 103-1                           | Explanation of the material topic and its Boundary                             | <ul style="list-style-type: none"> <li>Chapter 4: Cash flow, Financing, and Capital Expenditure</li> </ul>  | 81   |
| 103-2                           | The management approach and its components                                     | <ul style="list-style-type: none"> <li>Chapter 4: Building Our Economic Value</li> </ul>  | 76-85<br>58                                    |
| 103-3                           | Evaluation of the management approach  | <ul style="list-style-type: none"> <li>Evaluated and reviewed by Executive Management Committee (EXCOM) – Chapter 3: Corporate Governance</li> </ul>  |  |
| 201-1                           | Direct economic value generated and distributed                                | <ul style="list-style-type: none"> <li>Chapter 4: Overview of ENOC's Economic Performance</li> </ul>  | 81   |
| 201-2                           | Financial implications and other risks and opportunities due to climate change | <ul style="list-style-type: none"> <li>Chapter 3: Risk Management</li> <li>Chapter 4: Growth and Strategy: 2017 Developments</li> </ul>   | 64-72<br>82                                    |

| Disclosure Number                | Description   | Additional content, reference, or reason for omission  | Page           |
|----------------------------------|---|--|----------------|
| <b>Indirect Economic Impacts</b> |   |  |                |
| 103-1                            | Explanation of the material topic and its Boundary          | <ul style="list-style-type: none"> <li>Chapter 4: Sustainable Procurement</li> <li>Chapter 4: Greening our Procurement</li> </ul>  | 83<br>85       |
| 103-2                            | The management approach and its components                  | <ul style="list-style-type: none"> <li>Chapter 4: Sustainable Procurement</li> <li>Chapter 4: Greening our Procurement</li> <li>Evaluated and reviewed by Sustainability Leadership Committee – Chapter 3: Responsibilities of ENOC Sustainability Committees</li> </ul>   | 83<br>85<br>62 |
| 103-3                            | Evaluation of the management approach                       | <ul style="list-style-type: none"> <li>Chapter 4: Building our Economic Value</li> </ul>   | 76-85          |
| 203-1                            | Infrastructure investments and services supported           | <ul style="list-style-type: none"> <li>Chapter 4: Sustainable Procurement</li> <li>Chapter 4: Greening our Procurement</li> </ul>  | 83<br>85       |
| <b>Procurement Practices</b>     |   |  |                |
| 103-1                            | Explanation of the material topic and its Boundary          | <ul style="list-style-type: none"> <li>Chapter 4: Sustainable Procurement</li> <li>Chapter 4: Greening our Procurement</li> </ul>  | 83<br>85       |
| 103-2                            | The management approach and its components                  | <ul style="list-style-type: none"> <li>Chapter 4: Sustainable Procurement</li> <li>Chapter 4: Greening our Procurement</li> </ul>  | 83<br>85<br>63 |
| 103-3                            | Evaluation of the management approach                       | <ul style="list-style-type: none"> <li>Evaluated and reviewed by Green Procurement Committee – Chapter 3: ENOC's Role in DSCE Committees</li> </ul>  |                |
| 204-1                            | Proportion of spending on local suppliers                   | <ul style="list-style-type: none"> <li>Chapter 4: Promoting Local Suppliers</li> </ul>   | 83             |
| <b>Energy Management</b>         |   |  |                |
| 103-1                            | Explanation of the material topic and its Boundary          | <ul style="list-style-type: none"> <li>Chapter 6: Our Energy and Resource Management Journey</li> </ul>  | 117<br>117-128 |
| 103-2                            | The management approach and its components                  | <ul style="list-style-type: none"> <li>Chapter 6: Our Energy and Resource Management Journey</li> <li>2<sup>nd</sup> Edition 2017 Energy and Efficiency Report: <a href="https://www.enoc.com/portals/0/ModuleContent/PDF/Files/energy_and_efficiency_report_2nd_edition_2017.pdf">https://www.enoc.com/portals/0/ModuleContent/PDF/Files/energy_and_efficiency_report_2nd_edition_2017.pdf</a></li> </ul> | 117-128<br>62  |
| 103-3                            | Evaluation of the management approach                       | <ul style="list-style-type: none"> <li>Evaluated and reviewed by E&amp;RM Committees – Chapter 3: Responsibilities of ENOC Sustainability Committees</li> </ul>  |                |
| 302-1                            | Energy consumption within the organisation                  | <ul style="list-style-type: none"> <li>Chapter 6: Energy and Emissions</li> </ul>  | 119            |
| 302-2                            | Energy consumption outside of the organisation              | <ul style="list-style-type: none"> <li>Chapter 6: Energy and Emissions</li> </ul>  | 119            |
| 302-3                            | Energy intensity  | <ul style="list-style-type: none"> <li>Chapter 6: Energy and Emissions</li> </ul>  | 120            |
| 302-4                            | Reduction of energy consumption                             | <ul style="list-style-type: none"> <li>Chapter 6: Energy and Emissions</li> </ul>  | 119-124        |
| 302-5                            | Reductions in energy requirements of products and services  | <ul style="list-style-type: none"> <li>Chapter 6: Energy and Emissions</li> </ul>  | 119-124        |
| <b>Water</b>                     |   |  |                |
| 103-1                            | Explanation of the material topic and its Boundary          | <ul style="list-style-type: none"> <li>Chapter 6: Reducing our water footprint</li> </ul>  | 129            |
| 103-2                            | The management approach and its components                  | <ul style="list-style-type: none"> <li>Chapter 6: Reducing our water footprint</li> <li>Evaluated and reviewed by Environment Technical Committee – Chapter 3: Responsibilities of ENOC Sustainability Committees</li> </ul>   | 129<br>62      |
| 103-3                            | Evaluation of the management approach                       | <ul style="list-style-type: none"> <li>Chapter 6: Reducing our water footprint</li> </ul>  | 129            |
| 303-1                            | Water withdrawal by source                                  | <ul style="list-style-type: none"> <li>Chapter 6: Reducing our water footprint</li> </ul>  | 129            |
| 303-2                            | Water sources significantly affected by withdrawal of water | <ul style="list-style-type: none"> <li>Chapter 6: Reducing our water footprint</li> </ul>  | 129            |
| 303-3                            | Water recycled and reused                                   | <ul style="list-style-type: none"> <li>Chapter 6: Reducing our water footprint</li> </ul>  | 130-131        |
| <b>Emissions</b>                 |   |  |                |
| 103-1                            | Explanation of the material topic and its Boundary          | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> </ul>  | 124            |
| 103-2                            | The management approach and its components                  | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> <li>Evaluated and reviewed by ENOC Carbon Abatement/Climate Change Technical Taskforce – Chapter 3: Responsibilities of ENOC Sustainability Committees</li> </ul>  | 124<br>62      |
| 103-3                            | Evaluation of the management approach                       | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> </ul>  | 125            |
| 305-1                            | Direct (Scope 1) GHG emissions                              | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> </ul>  | 125            |
| 305-2                            | Energy indirect (Scope 2) GHG emissions                     | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> </ul>  | 125            |
| 305-3                            | Other indirect (Scope 3) GHG emissions                      | <p>Currently not reported and scope 3 emissions (employee business travel) are 0.13% of ENOC's GHG emissions. As ENOC's sustainability data management process matures, Scope 3 emissions will be reported on.</p>   |                |
| 305-4                            | GHG emissions intensity                                     | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> </ul>  | 125, 126       |
| 305-5                            | Reduction of GHG emissions                                  | <ul style="list-style-type: none"> <li>Chapter 6: Managing Emissions</li> </ul>  | 125            |
| 305-6                            | Emissions of ozone-depleting substances (ODS)               | <p>Currently not reported. As ENOC's sustainability data management process matures, ODS emissions will be reported on.</p>  |                |

| Disclosure Number                           | Description   | Additional content, reference, or reason for omission  | Page                        |
|---|---|--|-----------------------------|
| 305-7                                       | Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions  | <ul style="list-style-type: none"> <li>Chapter 6: Other Emissions and Volatile Organic Compounds (VOC)</li> </ul>  | 126                         |
| <b>Effluents and Waste</b>                  |   |  |                             |
| 103-1                                       | Explanation of the material topic and its Boundary  | <ul style="list-style-type: none"> <li>Chapter 6: Wastewater</li> <li>Chapter 6: Managing Waste</li> <li>Chapter 6: Spill prevention at ENOC</li> </ul>  | 131<br>132-134<br>135       |
| 103-2                                       | The management approach and its components  | <ul style="list-style-type: none"> <li>Chapter 6: Wastewater</li> <li>Chapter 6: Managing Waste</li> <li>Chapter 6: Spill prevention at ENOC</li> <li>Evaluated and reviewed by Environment Technical Committee – Chapter 3: Responsibilities of ENOC Sustainability Committees</li> </ul> | 131<br>132-134<br>135<br>62 |
| 103-3                                       | Evaluation of the management approach   | <ul style="list-style-type: none"> <li>Chapter 6: Managing Waste</li> </ul>  | 131                         |
| 306-1                                       | Water discharge by quality and destination  | <ul style="list-style-type: none"> <li>Chapter 6: Managing Waste</li> </ul>  | 132-134                     |
| 306-2                                       | Waste by type and disposal method   | <ul style="list-style-type: none"> <li>Chapter 6: Managing Waste</li> </ul>  | 135                         |
| 306-3                                       | Significant spills  | <ul style="list-style-type: none"> <li>Chapter 6: Managing Waste</li> </ul>  | 132-134                     |
| 306-4                                       | Transport of hazardous waste  | <ul style="list-style-type: none"> <li>Chapter 6: Managing Waste</li> </ul>  | 132-134                     |
| 306-5                                       | Water bodies affected by water discharges and/or runoff   | None.  |                             |
| OG6   | Volume of Flared and Vented Hydrocarbon   | <ul style="list-style-type: none"> <li>Chapter 6: Flaring</li> </ul>   | 127                         |
| <b>Employment</b>                           |   |  |                             |
| 103-1                                       | Explanation of the material topic and its Boundary  | <ul style="list-style-type: none"> <li>Chapter 5: Our Workforce</li> </ul>   | 88                          |
| 103-2                                       | The management approach and its components  | <ul style="list-style-type: none"> <li>Chapter 5: One ENOC</li> <li>Evaluated and reviewed by Executive Management Committee (EXCOM) – Chapter 3: Corporate Governance</li> </ul>  | 88-104<br>58                |
| 103-3                                       | Evaluation of the management approach   | <ul style="list-style-type: none"> <li>Chapter 5: Our Workforce</li> </ul>   | 100                         |
| 401-1                                       | New employee hires and employee turnover  | <ul style="list-style-type: none"> <li>Chapter 5: Our Workforce</li> </ul>   |                             |
| <b>Occupational Health and Safety</b>       |   |  |                             |
| 103-1                                       | Explanation of the material topic and its Boundary  | <ul style="list-style-type: none"> <li>Chapter 5: Health &amp; Safety of our People</li> </ul>   | 105                         |
| 103-2                                       | The management approach and its components  | <ul style="list-style-type: none"> <li>Chapter 5: Health &amp; Safety of our People</li> <li>Evaluated and reviewed by Group EHS Steering Committee – Chapter 3: Corporate Governance</li> </ul>   | 105-113<br>58               |
| 103-3                                       | Evaluation of the management approach   | <ul style="list-style-type: none"> <li>Chapter 5: Health &amp; Safety of our People</li> </ul>   | 107-108, 108                |
| 403-2                                       | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | <ul style="list-style-type: none"> <li>Chapter 5: Health &amp; Safety of our People</li> </ul>   | 107-108, 108                |
| OG13  | Number of process safety events, by business activity   | <ul style="list-style-type: none"> <li>Chapter 5: Health &amp; Safety of our People</li> </ul>   | 107                         |
| <b>Training and Education</b>               |   |  |                             |
| 103-1                                       | Explanation of the material topic and its Boundary  | <ul style="list-style-type: none"> <li>Chapter 5: Employee Development</li> </ul>  | 95, 99                      |
| 103-2                                       | The management approach and its components  | <ul style="list-style-type: none"> <li>Chapter 5: Employee Development</li> <li>Chapter 5: Training and Developing our Employees</li> </ul>  | 95, 99<br>96-97             |
| 103-3                                       | Evaluation of the management approach   | <ul style="list-style-type: none"> <li>Chapter 5: Employee Development</li> </ul>  | 97, 98                      |
| 404-1                                       | Average hours of training per year per employee   | <ul style="list-style-type: none"> <li>Chapter 5: Employee Development</li> </ul>  | 95, 97, 99                  |
| 404-2                                       | Programs for upgrading employee skills and transition assistance programs   | <ul style="list-style-type: none"> <li>Chapter 5: Employee Development</li> </ul>  |                             |
| <b>Equal Remuneration for Women and Men</b> |   |  |                             |
| 103-1                                       | Explanation of the material topic and its Boundary  | <ul style="list-style-type: none"> <li>Chapter 5: Inclusive and Diverse Work Culture</li> </ul>  | 89-90                       |
| 103-2                                       | The management approach and its components  | <ul style="list-style-type: none"> <li>Chapter 5: Inclusive and Diverse Work Culture</li> <li>Evaluated and reviewed by Executive Management Committee (EXCOM) – Chapter 3: Corporate Governance</li> </ul>  | 89-90<br>58                 |
| 103-3                                       | Evaluation of the management approach   | <ul style="list-style-type: none"> <li>Chapter 5: Inclusive and Diverse Work Culture</li> </ul>  | 89-90                       |
| 405-1                                       | Diversity of governance bodies and employees  | <ul style="list-style-type: none"> <li>Chapter 5: Inclusive and Diverse Work Culture</li> </ul>  | 89-90                       |
| 405-2                                       | Ratio of basic salary and remuneration of women to men  | <ul style="list-style-type: none"> <li>Chapter 5: Inclusive and Diverse Work Culture</li> </ul>  | 89-90                       |
| <b>Anti-corruption</b>                      |   |  |                             |
| 103-1                                       | Explanation of the material topic and its Boundary  | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> </ul>   | 73                          |
| 103-2                                       | The management approach and its components  | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> <li>Evaluated and reviewed by Business Ethics Committee – Chapter 3: Corporate Governance</li> </ul>  | 73<br>58                    |
| 103-3                                       | Evaluation of the management approach   | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> </ul>   | 73                          |
| 205-1                                       | Operations assessed for risks related to corruption   | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> </ul>   | 73-75                       |
| 205-2                                       | Communication and training about anti-corruption policies and procedures  | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> </ul>   | 73-75                       |
| 205-3                                       | Confirmed incidents of corruption and actions taken   | <ul style="list-style-type: none"> <li>Chapter 3: Being alert to Corruption</li> </ul>   | 73-75                       |





## Carbon Neutral Statement

### 2017 SUSTAINABILITY PERFORMANCE REPORT

Integrated, United, Excited

The development of 2017 Sustainability Performance Report is completely carbon neutral. All significant emissions related to raw materials, supply-chain and report production have been offset meticulously by ENOC. This was done through purchase and retiring of equivalent Certified Emissions Reductions from the United Nations Framework Convention for Climate Change.

ENOC believes that offsetting carbon emissions will play a part in advancing green technologies, supporting clean-job growth and driving the economy towards low-carbon development.



United Nations  
Framework Convention on  
Climate Change



It gives me great pleasure to welcome you to our second Sustainability Performance Report. The report will give you a very clear picture of where ENOC stands now in our sustainability journey, the achievements made and challenges we faced during 2017.

The UAE and Dubai want to be at the forefront of sustainability through digitization. This presents us with new opportunities to develop and deploy new business models based on digitization, Compressed Natural Gas, Hydrogen fuel and electric vehicles.

Having a clearly defined road map for improving our sustainability performance is critical for ENOC to move forward. As we mark 25 years, “integrating” Dragon Oil and creating a “united” ONE ENOC group of diverse business units offers “exciting” times ahead, for us and our stakeholders.

**Mr Saif Humaid Al Falasi**  
Group Chief Executive Officer  
ENOC



إينوك  
enoc

*This report is a carbon neutral report. All significant emissions related to its development have been offset through purchase of CERs from the UNFCCC.*



*ENOC's Sustainability Performance Report is produced from sustainable paper products. The wood and paper products used for producing this report come from renewable materials and/or well-managed forests.*