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enoc

Inspiring Energy

Annual Review 2016

ENOC Group (Emirates National Oil Company) is a leading integrated international oil and gas player operating across the energy sector value chain

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

The Group's general business operations include automotive services, non-fuel F&B retail, and fabrication services. Servicing thousands of customers in over 60 markets, the Group employs a workforce of over 10,000 employees and is deploying its world-class customer service, latest innovations and technologies, and best practices to empower the UAE's social and economic development.

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

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



**H.H. Sheikh Mohammed bin
Rashid Al Maktoum**
Vice President and Prime Minister
of the UAE and Ruler of Dubai



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



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

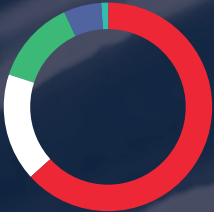
Growing volumes and profitability

ENOC's 2016 financial results clearly show the successful execution of the company's core strategic remit – to create value for ourselves, for shareholders, and for those who work with us.

Revenue
(US\$ in millions)



FY16 Revenues
US\$13,219 million



Sales Volume
(Million barrels)



US\$1,057m
FY16 Net Profit

6.8m
6.8 million cubic meters storage capacity

90m
90 million customers served every year

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

10,300
Over 10,300 employees

1,033m
1,033 million US gallons of jet fuel sales volume

369m
Commercial diesel sales volume

90,301 barrels daily crude production

117
Fuel stations

221
ZOOM stores

12 Tasheel vehicle testing outlets

675,000 MT annual MTBE capacity

Fulfilling our mandate to secure Dubai's energy needs

Dubai and ENOC are inextricably linked. We share a common history of growth and achievement, a partnership with roots going back to the early 1970s with the formation of the United Arab Emirates.

Now, as Dubai enters a new phase of its spectacular growth trajectory, ENOC is proud to fulfil a central role in meeting the Emirate's energy needs and maintaining our unwavering commitment as a national champion, realising the vision of H.H. Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice-President and Prime Minister and Ruler of Dubai.

Under the visionary foresight of our wise leadership, Dubai will host the World Expo between October 2020 and April 2021. Expo 2020 will bring together more than 180 nations and attract 25 million international visitors. A further 20 million are expected in the years leading up to the event, increasing the demand for energy and the need for critical infrastructure. The Government of Dubai has budgeted AED 16.6 billion for infrastructure, transport, and economic sectors to cater for the increased spending ahead of Expo 2020.

ENOC's pathway to 2020 is lined with opportunities that we will actively pursue as we continue delivering on our mandate to secure Dubai's energy needs. This is at the heart of our investment philosophy as we develop an experienced workforce across upstream and downstream operations, and invest in critical projects involving exploration and production, increased refinery capacity, and expansion of our retail network and its service offerings.

Our strategic goals are aligned to Dubai Plan 2021: they aim to reinforce Dubai's position as a global centre and destination across a number of fields. We envision the future of Dubai as a city of happy, creative & empowered people. We look beyond profitability, working to ensure a reliable energy supply for the economic development of the Emirate while strengthening the long-term domestic and international partnerships that are essential to ensure sustainable growth.

I look forward to creating value and cementing our relationships with our shareholders, strategic partners, and especially our employees, who have made an invaluable contribution to our progress. Their collective effort is contributing to our success and to the development and prosperity of Dubai.

H.E. Saeed Mohammed Al Tayer
Vice Chairman



Board of Directors



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

As Minister of Finance, H.H. Sheikh Hamdan Bin Rashid Al Maktoum has overseen much of the economic and infrastructural development of Dubai and the UAE. He has been in charge of an array of key governmental industrial enterprises, including Dubai Natural Gas Company and Dubai Cable Company. He is also the benefactor and patron of the Sheikh Hamdan Bin Rashid Al-Maktoum Award for Medical Excellence, instituted to reward achievement in the medical sciences.

Under the guidance and oversight of its Board under the Chairmanship of Sheikh Hamdan, ENOC has grown to become a leading integrated global oil and gas player, making significant contributions to Dubai's continued drive towards economic diversification and sustainable development.

Sheikh Hamdan received his early education in the UAE, completing his higher studies at the Bell School of Languages in Cambridge, UK.



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1 H.E. Saeed Mohammed Al Tayar
Vice Chairman

H.E. Saeed Al Tayar is a member of the Dubai Executive Council and the Dubai Supreme Fiscal Committee, as well as Chairman of the Infrastructure and Environment Committee. He is also Vice Chairman of the Dubai Supreme Council of Energy, Chairman of Dubai Smart City Office, Vice Chairman of Emirates Global Aluminium, Chairman of the UAE Water Aid Board of Trustees, and Chairman of the World Green Economy Organisation.

Under his leadership since 1992, DEWA – Dubai's electricity and water utility – has come to rank as a world leader in its field. In the private sector, Al Tayar has established several successful corporations, including Emirates Central Cooling Systems (EMPOWER).

He was named 'Middle East Champion of Energy' at the World Green Economy Summit 2015 of the United Nations Development Programme (UNDP). The following year, UNDP appointed him 'National Goodwill Ambassador for Sustainable Development Goals'. In 2016, the Swiss Business Council honoured Al Tayar with its 'Lord of Matterhorn' award, and he received an honorary doctorate from Amity University in Dubai.

4 Ahmad Sharaf
Board Member

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

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

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

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

2 H.E. Abdulrahman Al Saleh
Board Member

Member of the Investment & Finance Committee

H.E. Abdulrahman Al Saleh is Director General of the Department of Finance of the Emirate of Dubai. He is also a member of the Dubai Executive Council and the Supreme Fiscal Committee, Chairman of the Dubai Financial Support Fund, Chairman of Drydocks World, and a Board member of Dubai World.

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

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

5 Dr Abdulrahman A. Al Awar
Board Member

Chairman of the Nomination & Remuneration Committee, member of the Investment & Finance Committee and member of the Audit Committee

Dr Abdulrahman Al Awar has worked in a wide range of executive roles across various industries in the public and private sectors. He is currently Director General of the Federal Authority for Government Human Resources, and sits on the boards of the University of Dubai, the Mohammed Bin Rashid School of Government, the National Defence College Supreme Council, and the UAE Gender Balance Council.

He was previously Executive Vice President of Business Development, New Smelters, at Dubai Aluminium Company. He has also served in Mubadala, Dolphin Energy, HSBC, and Dubai Petroleum Company, and was a Director General of Tanmia, the national human resource development and employment authority.

Al Awar graduated from United Arab Emirates University with a Bachelor's degree. He then studied at the Colorado School of Mines in the USA, where he secured a Master's degree and a PhD in Geology and Geological Engineering.

3 Hussain Hassan Mirza Al Sayegh
Board Member

Chairman of the Audit Committee

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

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

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

6 Ahmad Al Muhairbi
Board Member

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

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

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

Al Muhairbi is a graduate of the University of Texas, holding a BSc in Petroleum Engineering.

Executive Management



¹ **H.E. Saif Humaid Al Falasi**
Group Chief Executive Officer

H.E. Saif Al Falasi spearheads ENOC's strategy and operational excellence locally and internationally, in alignment with the vision and plans of the Government of Dubai. A 37-year veteran of the energy industry, his wealth of experience and industry knowledge span a wide range of specialties, including project management and petroleum asset evaluation operations.

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

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

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

² **Ali Rashid Al-Jarwan**
Managing Director, Exploration & Production and CEO of Dragon Oil

Mr Ali Al-Jarwan has more than 37 years' experience in oil exploration and production, having held a number of senior management roles at Abu Dhabi National Oil Company (ADNOC). Most recently he served as CEO of Abu Dhabi Marine Operating Company (ADMA-OPCO), from 2006 to 2016.

He has received several industry honours, including the Society of Petroleum Engineers (SPE) Distinguished Membership, two Innovation awards from BP Middle East, and ADNOC's 2010 Health, Safety, and Environment Man of the Year Award.

Al-Jarwan has a BSc in Petroleum Engineering from the University of Oklahoma in the USA. He is also an associate of Cranfield School of Management in the UK, and IMD Business School in Switzerland.

³ **Tayyeb Al Mulla**
Managing Director, Supply, Trading & Processing

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

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

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

⁴ **Yusr Sultan Al Junaidy**
Managing Director, Horizon Terminals

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

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

⁵ **Zaid Alqufaidi**
Managing Director, ENOC Retail

A seasoned oil and gas industry professional, Mr Zaid Alqufaidi has held numerous managerial positions and played an instrumental role in the development of EPPCO's retail network. He also contributed to bridging the gap between the ENOC and EPPCO brands during the formation of the ENOC Group identity.

His achievements include overseeing the construction of 70 EPPCO stations, oil terminal storage facilities, and the establishment of ENOC Tasjeel during his tenure as Commercial Marketing Manager in 1998. He has also been Managing Director of ENOC Marketing, Chief Executive Officer of the EPPCO Group of Companies in 2010, and Manager of Terminals, Distribution, and Aviation Operations in 2000.

Alqufaidi began his career with EPPCO in 1989 as an Engineer with the Operations Department and was promoted to Operations and Supply Coordinator in 1992. He is an engineering graduate from the University of Central Florida, USA.

⁶ **Burhan Al Hashemi**
Managing Director, ENOC Marketing

Mr Burhan Al Hashemi is responsible for overseeing petroleum products within ENOC's Marketing segment. He is also actively involved in three joint venture companies in Saudi Arabia: United Stars Logistics (Chairman); United Fuel Company (UNIFCO) (Board member); and ENOC Retail Saudi.

He joined EPPCO in 1999 as an Assistant Lubricants Plant Manager. He subsequently held the roles of Sales and Marketing Manager, General Manager of EPPCO Lubricants, and Chief Operating Officer. He was appointed Managing Director of ENOC Retail in 2010. Before joining ENOC, he held a number of roles with Dubai Aluminium Company (DUBAL).

Al Hashemi is a graduate in Electrical and Electronics Engineering from Huddersfield University, UK, and has an MBA from Bradford University, UK. He became a member of the BDI after completing the Board of Directors Course in Aramco, Saudi Arabia.

⁷ **Petri Pentti**
Chief Financial Officer

Mr Petri Pentti is responsible for managing the financial affairs of the Group including treasury and insurance, financial systems and planning, tax, and the external and management reporting functions across the Group. He has more than 30 years' experience spanning the energy and aviation sectors. He moved to ENOC in 2008 from Neste Corporation, Finland's majority state-owned oil refining, renewable fuels, and marketing company.

As CFO, he played a major role in establishing Neste Corporation through a public listing, and was part of the company's team that set up the world's largest second-generation biodiesel refinery in Singapore. He began his career at Wartsila, a leading Finnish power solutions provider for the marine and energy markets. Following this, he progressed to senior finance roles at Finnair, the national airline, including that of CFO.

Pentti holds a Master's in Economics and Business Administration from the Turku School of Economics and Business Administration.

⁸ **Sina Khoory**
Executive Director, Shared Services

Mr Sina Khoory has been responsible for establishing and managing a multi-functional organisation that delivers value to internal customers by improving services and controlling cost. His role encompasses Group support functions such as Human Resources, IT, Procurement, Financial Services, Engineering and Project Management, and Corporate Real Estate.

He joined ENOC in 2008 as Group Chief Information Officer, overseeing its IT strategy and business excellence, later becoming Group IT Director. He was previously CIO of Dubai Healthcare Authority, having begun his career in 1989 as an IT engineer with Dubai Municipality.

Khoory holds a BSc degree in Electronics Engineering Technology as well as diplomas in Computer Science and Biomedical Engineering Technology.

⁹ **Dr Eng. Waddah Ghanem Al Hashmi**
Executive Director, EHSSQ and Corporate Affairs

Dr Waddah Al Hashmi is the Executive Director of EHSSQ & Corporate Affairs at ENOC Group and also oversees Legal Affairs as well as the development and implementation of the ENOC Group communication strategy.

He joined ENOC as Environmental, Health, Safety, and Security Supervisor at the refinery. Over the past 17 years he has held several senior positions, and was promoted as Executive Director, EHSSQ and Corporate Affairs in 2015. He is also Vice Chairman of Dubai Carbon, chairs ENOC's Wellness and Social Activities Programme Committee, and is a Board member of the Emirates Environment Group and the not-for-profit Oil Companies International Marine Forum.

Al Hashmi recently completed his research for a doctorate from the University of Bradford in the UK. He also holds two diplomas in Environmental Management and Safety Management from the UK, an MSc in Environmental Sciences from the United Arab Emirates University, and an Executive MBA from the University of Bradford. He is a Fellow of the Energy Institute and an Associate Fellow of the UK Institute of Chemical Engineers.

¹⁰ **Hesham Ali Mustafa**
Executive Director – Group Strategy & New Business Development

Mr Hesham Mustafa is responsible for developing and implementing group strategy. He oversees ENOC's global upstream, midstream, and downstream activities, focusing on sustainable strategies that will achieve long-term growth. His expertise spans international networking and business development, corporate planning and strategic management. He was previously Head of International Business Development, where he contributed to ENOC's expansion into new industrial ventures and geographic territories.

Mustafa began his career in 1997 working with the Dubai Electricity and Water Authority (DEWA). He joined ENOC Processing Company in 2001, and then moved to Emirates Gas (EMGAS) in 2002, taking charge of the management team in 2005.

He is a director of several ENOC Group companies and joint ventures, and was the first Emirati to be appointed President and Chairman of the Asia Pacific Natural Gas Vehicles Association.

Mustafa has a degree in Civil Engineering from the Higher Colleges of Technology in Abu Dhabi.

Sustaining excellence

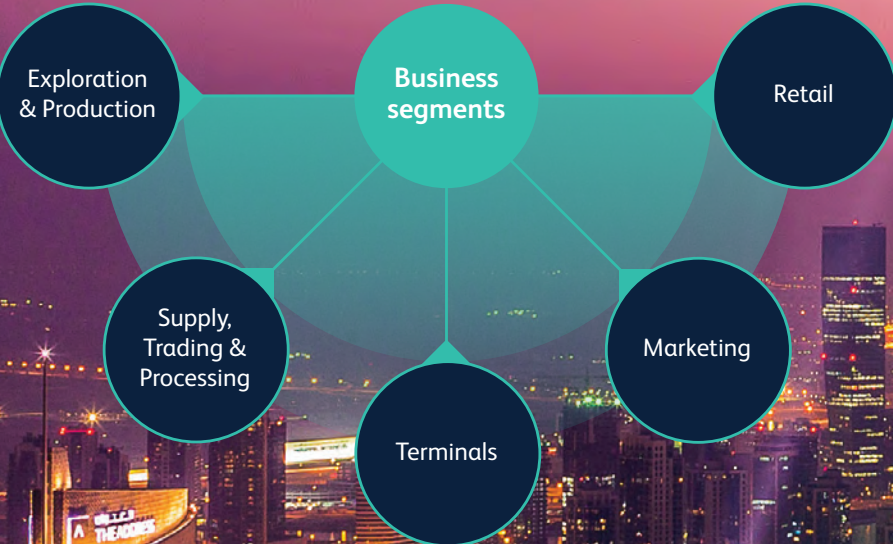
Over the past 30 years, ENOC Group has evolved from a local oil and gas player to a diversified and integrated international operator with industry-leading operations across all major aspects of the energy sector value chain.

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

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

In total, the Group has more than 30 related subsidiaries involved in refining, lubricant blending, storage, aviation, and retail. It serves tens of thousands of customers across 60 markets, with a workforce of over 10,000 employees.

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



Vision

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

Mission

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

Strategic goals

Serve growing energy needs of Dubai and contribute to the achievement of Dubai Plan 2021.

Build world-class capabilities to profitably and sustainably grow domestically and internationally.

Foster operational excellence, governance and world-class EHS standards.

Develop the 'One ENOC' culture: integrated as one team along the value chain.

Maximise happiness and value delivered to employees, customers and partners.

1993

ENOC formed with the primary objective of providing Dubai's energy needs.



15+

More than 15 lines of business across oil and gas value chain and allied services.



100%

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

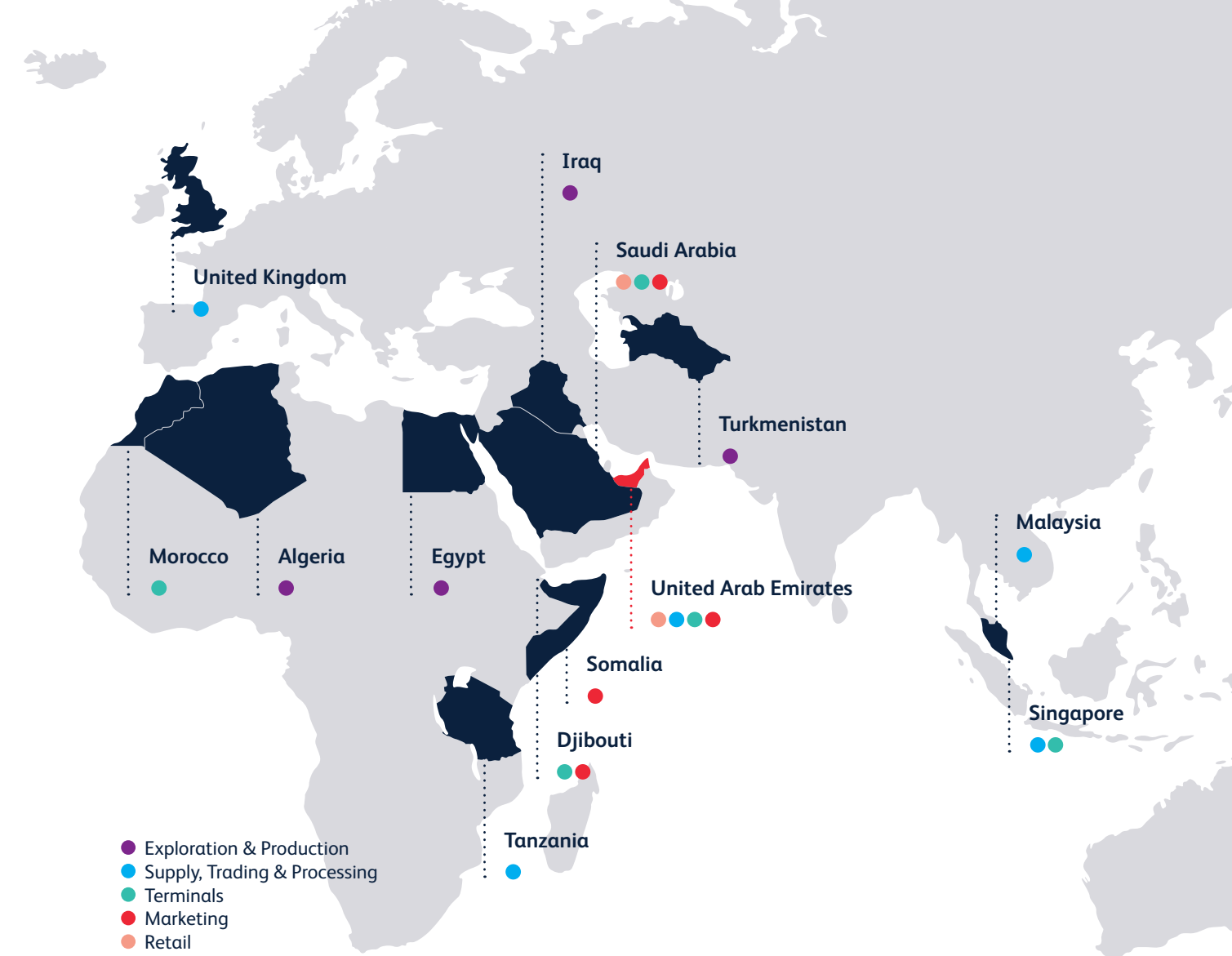


60+

Presence in more than 60 countries.



Our expanding international presence



ENOC has on-the-ground operations in over 10 countries and an extended presence in 60+ countries across the globe.



United Arab Emirates
● ● ● ● ●



Saudi Arabia
● ● ● ● ●



Turkmenistan
●



United Kingdom
●



Algeria
●



Malaysia
●



Djibouti
● ●



Iraq
●



Morocco
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Egypt
●



Singapore
● ●



Tanzania
●



Somalia
●

ENOC's journey

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

1970 - 1980

1971

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

1974

CALGAS Bottling Company is established.

Dubai Shipping Company begins transporting LPG to Bahrain.

1976

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

1977

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

1980 - 1990

1980

DUGAS begins commercial production of LPG and condensate.

Emirates Bunkering & Bitumen Company (EBBCO) is established.

1981

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

1984

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

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

1988

EBBCO is renamed Emirates Petroleum Products Company (EPPCO).

1989

DUGAS's Margham-Jebel Ali pipeline is completed.

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

1990 - 2000

1991

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

1993

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

1995

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

1996

EPPCO International's storage terminal at Jebel Ali is established. EPPCO International is an ENOC joint venture with Chevron.

ENOC enters the aviation fuel market.

1997

EPPCO Projects begins marketing ENOC and Caltex branded lubricants.

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

1998

ENOC acquires 46 percent of Dragon Oil.

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

1999

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

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

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

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

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

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

2000 - 2010

2000

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

ENOC Singapore and ENOC UK are established.

The ENOC fuel retail network is launched.

2001

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

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

2002

ENOC acquires a 35 percent stake in Arabtank Terminals with a capacity of 19,300 m³ (now 288,000 m³).

2003

ENOC incorporates Horizon Terminals to consolidate all terminal assets.

2004

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

2005

ENOC acquires the remaining shares in EPPCO from Chevron.

2006

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

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

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

2007

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

2009

ENOC Lubricants & Grease Manufacturing Plant begins operations.

2010 - 2016

2010

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

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

2011

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

2012

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

Vopak Horizon Fujairah terminal is expanded.

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

2013

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

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

ENOC acquires two medium-range Panamax vessels.

ENOC Retail enters the Saudi fuel retail market.

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

2014

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

The debottlenecking project at DUGAS is completed.

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

2015

ENOC acquires the remaining 46 percent of Dragon Oil.

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

2016

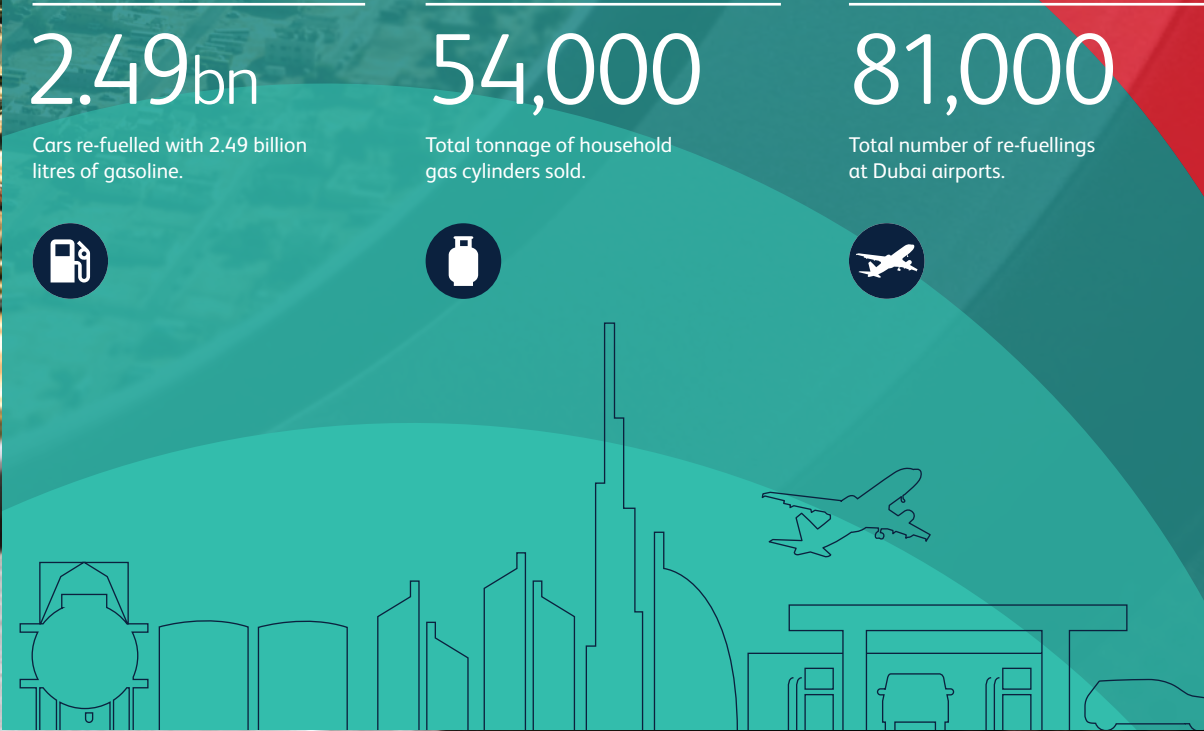
Horizon divests its interest in Horizon Taeyoung Korea Terminals.

ENOC's Jebel Ali refinery announces an expansion valued at more than \$1 billion. Upon completion in 2019, the refinery will produce 210,000 barrels per day.



Meeting Dubai's energy needs

ENOC's strategic goals have a primary focus on Dubai, serving the growing energy needs of the Emirate and contributing to the achievement of Dubai Plan 2021.



Outstanding results underline core strengths and resilience



ENOC's progress to industry-leading performance is underlined by our results in 2016, pushing volumes higher in domestic and international markets and recording strong profitability. In doing so, we have maintained a balance between volume growth and effective margin management, supported by the positive long-term economic outlook for Dubai and the UAE.

Our volume growth is particularly impressive, with 2016 figures showing an increase of 87 percent from four years earlier. Third-party volumes have contributed very significantly, more than doubling over the same period and clearly demonstrating the strength of our trading business. To put this in perspective, we are expanding our oil refinery capacity by 50 percent, whereas global demand for petroleum products has grown by only 6.0 percent since 2012.

Dubai's continued commitment to strategic investment and core sectors of the economy is reflected in our domestic sales. Aviation and tourism are central to this policy, with Dubai Airport handling a record 83.6 million passengers in 2016. ENOC's jet fuel sales for the year are a clear reflection of the increased traffic flow.

LPG sales to commercial customers and individuals have also remained strong, an indication of healthy growth in economic momentum and population. Similarly, the underlying economic strength of Dubai has boosted our diesel volumes, especially in the commercial sector where we face intense competition. Projects worth an estimated \$400 billion are under way in Dubai – and our commercial diesel sales have increased in line with this strong projection.

ENOC manages a widespread network of retail service stations and fuel sales have grown steadily, keeping up with the rising population and vehicles on the roads. We plan to expand by more than 40 percent our Retail network by 2020 applying key sustainability and digitalisation features in line with directives from various UAE and Dubai authorities.

We believe that operational efficiencies are of prime importance. This is particularly evident in our terminals business where we are among the top ten global players. We plan to expand our storage business and build full value chains in locations where we already have a strong presence.

Dragon Oil is ENOC's exploration and production subsidiary, with its main producing field in offshore Turkmenistan. Dragon contributed significantly to 2016 profitability and is exploring other fields in Algeria, Egypt, Iraq, Tunisia, and Afghanistan to further expand our upstream business. With Dragon becoming a wholly owned ENOC subsidiary during 2016, integration of its people and operations is now in progress.

Our sustained growth trend would not be possible without satisfied customers, and it is pleasing to note that our proportion of those rating themselves as 'Truly Loyal' rose to 80 percent in 2016, an outstanding figure by global standards.

ENOC's people are equally important, and we maintain a constant focus on training, development, and career opportunities. This is particularly evident in our drive to achieve 50 percent Emiratisation by 2021. The proportion of Emiratis in our workforce has grown considerably over the past few years, while the attrition rate has shown a marked decline.

Gender diversity is another significant consideration. Female staff numbers grew by 8.0 percent in 2016 alone, with a significant number appointed to key leadership positions.

Our focus on sustainability is showing tangible dividends. We have substantially reduced our carbon emissions – saving the equivalent of 40 million litres of fuel. Our commitment to sustainability extends to social responsibility, where we are supporting developmental initiatives by H.H. Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE, and H.H. Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai, as well as implementing several projects of our own, mainly linked to education and environmental protection.

In closing, I thank ENOC's Chairman and Board of Directors for their support and guidance during the year, and all my colleagues throughout our Group for their contributions to such outstanding 2016 results.

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

87%

2016's volume growth figures show an increase of 87 percent from four years earlier.



50%

We are expanding our oil refinery capacity by 50 percent.



Economic environment

Global GDP growth of just under 3 percent in 2016 was the slowest since 2009, as recovery remained restrained. The OECD projects that growth will pick up modestly to around 3.5 percent in 2018, boosted by fiscal initiatives in the major economies, commenting that confidence has improved, but consumption, investment, trade, and productivity are far from strong, with growth slow by past norms and higher inequality prevailing.

The UK referendum decision to withdraw from membership of the European Union created an important downside risk and increased uncertainty, although market reaction has generally been contained.

Sentiment has improved for emerging markets and developing economies, reflecting diminished concerns about the Chinese economy, some recovery in commodity prices, and expectations of lower interest rates in advanced economies.

In the Gulf Cooperation Council region (GCC), downside risks continue to dominate and growth is expected to remain weak, while fiscal and external balances have deteriorated. The IMF estimates growth in the GCC economies at 1.7 percent in 2016, compared to 3.4 percent in 2015, before a slight rebound to 2.3 percent in 2017.

Despite the adoption of consolidation measures, projected fiscal deficits remain large in both the short and the medium term. The IMF projects the aggregate current account balance to remain in deficit at 3.7 percent of GDP in 2016, and comments that GCC policymakers continue to face a challenging environment with sustained low oil prices.

In the UAE, the economy has slowed further as low oil prices have persisted. The World Bank estimates overall real GDP growth in 2016 at 2.3 percent, a significant drop from the 2010-14 average of 5 percent before the steep decline in oil prices. The bank reports that austerity measures have weakened business and consumer confidence and slowed growth in credit to the private sector. This is expected to result in lower non-oil growth, estimated at 2.4 percent in 2016.

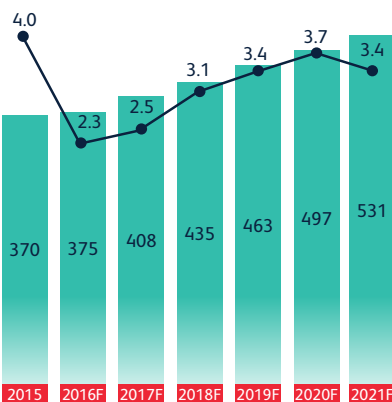
Hydrocarbon GDP growth is also expected to slow to 2 percent in 2016 from an estimated 4.6 percent in 2015. The average rate of inflation is estimated to ease to 3.6 percent in 2016 from 4.1 percent in 2015. Sustained low oil prices have led fiscal and external balances to deteriorate, despite significant fiscal consolidation efforts. Authorities have managed some fiscal consolidation by raising electricity and water tariffs, removing fuel subsidies and scaling back capital transfers to government-related entities.

The World Bank expects growth to slowly recover, reaching 3 percent in 2018. Oil production is expected to rise due to investments in oilfield development. Non-oil growth is also projected to rebound as the expected improvement in oil prices and its positive effects on confidence and financial conditions dampen the effects of fiscal consolidation, and megaproject implementation ramps up ahead of Dubai's hosting of Expo 2020. Fiscal and external balances are expected to improve over the medium term, with a reversal of the fiscal deficit expected and a rebound in the current account surplus to 3.2 percent of GDP by 2018.

Progress in economic diversification, large buffers, and safe-haven status have strengthened the resilience of the UAE's economy, and the World Bank notes that despite pressures, key investment areas will be maintained.

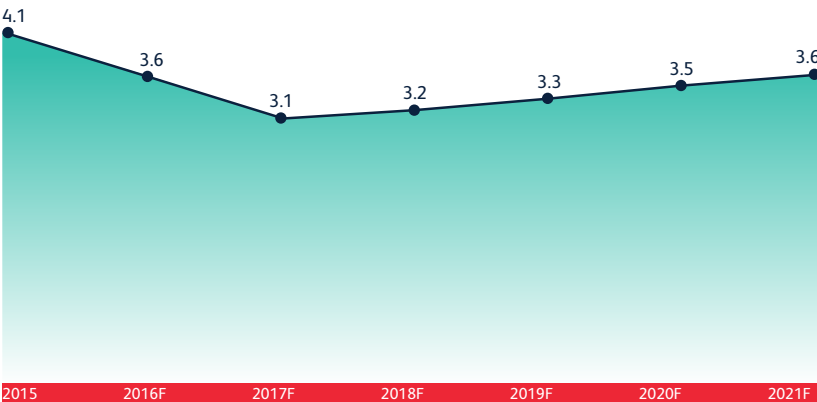
GDP Dynamics

- UAE Nominal GDP (US\$bn)
- UAE Real GDP % Growth



Inflation Dynamics

- UAE Inflation (% Yearly average)



Source: IMF, Business Plan



The World Bank expects growth to slowly recover, reaching 3.5 percent in 2018. Oil production is expected to rise due to investments in oilfield development.



Strategy

Innovation and sustainable value define our strategic vision

Our vision highlights ENOC's flexible and forward-looking approach and establishes the Group's core purpose – not just a supplier of products and services but an energy partner that adheres to sustainable long-term commitments. At the same time, it crystallises our

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

Strategy realignment at ENOC has taken place in the context of four main factors:



Deregulation – UAE authorities withdrew petrol price subsidies in 2015.



Acquiring full ownership of Dragon Oil – in line with ENOC's goal of being an integrated upstream/downstream operator.



Changes in the geo-political environment – resulting in potential risks and opportunities.



Dubai agenda – the Dubai Government issued its 2021 plan to be implemented by all government-owned entities.



Hesham Ali Mustafa
Executive Director – Group Strategy & New Business Development

Against this background, the Group finalised its new vision, mission, and strategic goals during 2016.

The vision was defined as:

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

Our mission reinforces this vision:

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

Strategic goals flow naturally from both statements:

1 Serve the growing energy needs of Dubai and contribute to the achievement of Dubai Plan 2021

Our strategic goals have a primary focus on Dubai, serving the growing energy needs of the Emirate and contributing to the achievement of Dubai Plan 2021.

This is further refined into:

Demand – meeting the growing demand in 2020 for products such as gasoline, diesel, LPG, lubes, jet fuel, etc.

Infrastructure – expanding service stations network, refinery upgrade, new or upgraded pipelines to airports, terminal expansion, and petchem plant.

Dubai focus – looking beyond profitability and ensuring reliable energy supply for the economic development of the Emirate.

Alignment – linking to main areas affecting ENOC's business, such as innovation, sustainability, happiness, and Smart City.

2 Build world-class capabilities to profitably and sustainably grow, domestically and internationally

The second strategic goal is about expansion. It entails increasing our value proposition to improve competitive advantage in international markets, while developing integrated value-chain positions in selected clusters so as to build expansion capabilities beyond 2020.

3 Foster operational excellence, governance, and world-class environmental, health, and safety (EHS) standards

Operational excellence will apply across all ENOC assets, improved transparency will support better governance across the Group, and alignment with global EHS standards will be recognised domestically and internationally.

4 Develop the 'One ENOC' culture – integrated as one team along the value chain

The fourth 'One ENOC' goal is largely internal in focus – integrating as one team along the value chain, creating a unified business culture across all segments and collaborating across segments to leverage untapped synergies in all markets.

5 Maximise happiness and value delivered to employees, customers, and partners

The fifth strategic goal concerns happiness, and value delivered to stakeholders – aligned with the UAE National Happiness Charter and focusing on improving end-to-end solutions to increase market share. It also targets a strengthening of the value proposition to expand ENOC's presence in more competitive international markets. Stakeholder relations are based on long-term partnerships with suppliers to support domestic and international growth.

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

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

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

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

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

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

Upstream, the key priority is generating value by creating synergies with downstream businesses, later exploring additional upstream growth to balance the value chain and capture opportunities in the low-price market environment.

Beyond 2021, our growth strategy will continue to reinforce ENOC's position in Dubai, expand internationally, and expand the upstream portfolio.

Our strategic goals

Serve the growing energy needs of Dubai and contribute to the achievement of Dubai Plan 2021.



Build world-class capabilities to profitably and sustainably grow, domestically and internationally.



Foster operational excellence, governance, and world-class environmental, health, and safety (EHS) standards.



Develop the 'One ENOC' culture – integrated as one team along the value chain.



Maximise happiness and value delivered to employees, customers, and partners.



Finance

Market-beating results despite lower oil price

ENOC's financial results have been characterised by steadily growing sales volumes, robust capital structure, and recovering EBITDA margin dynamics.

Fuel sales volumes have shown compound annual growth of 17 percent over the last 5 years, although revenues over the period declined as a result of the steep fall in oil prices. Nevertheless, earnings before interest, tax, depreciation, and amortisation (EBITDA) – the key measure of financial performance – reached a new high in 2016. ENOC's financial performance has been resilient throughout the downturn in the oil and gas industry, with healthy EBITDA generation and margins, as well as continued strength of capacity utilisation in the downstream segment. Net profit for 2016 was \$1,057 million.

Average crude oil prices in 2016 remained lower than the previous year at \$45 per barrel (2015: \$54), and the UAE economy switched into lower gear as modest growth among key trading partners and low oil prices continued to dampen economic activity. However, increased oil production helped cushion the fall in prices.

Building on the strong base of achievements during the previous financial year, ENOC continued to consolidate its gains. Although fuel sales volumes grew by 11.3 percent in 2016, the Group's overall revenues declined from \$14.7 billion in 2015 to \$13.2 billion as a result of lower oil prices. The year-on-year surge in volumes achieved during the last decade indicates the Group's capability to remain competitive.

The average gross field production from our Exploration & Production segment – Dragon Oil – showed a slight decline due to subsurface challenges. However, the segment's contribution to Group profit was significantly higher, partly because of an increase in non-recurring other income as a result of an amendment to the Production Sharing Agreement in Turkmenistan.

Refining, processing, and trading profitability remained lower due to reduced refining and MTBE margins and plant shutdowns for maintenance. Losses on commodity oil derivatives were recognised as a result of the sharp rise in oil prices as at 31 December 2016, whereas the corresponding gain on underlying physical inventories remained unaccounted in the consolidated financial statements, in accordance with International Financial Reporting Standards.

ENOC's terminal assets had continued high industry-leading capacity usage due to spot-marketing and sub-lease opportunities. Profitability from this segment improved due to better rates for long-term contracts and premium customer service.

Our Marketing segment demonstrated strong volume growth in the international and domestic markets while retaining all major customers at home and abroad. Volumes pertaining to aviation refuelling, lubes marketing, and gas distribution increased in most markets.

The Group's retail network is fundamental to achieving growth in both fuel and non-fuel business. Focus on the expansion programmes for the UAE and Saudi markets continued, as the segment serviced higher volumes through its retail network.

Cash flow, financing, and capital expenditure

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

Major capex programmes included the completion of 17 wells in the Dzheitung (Lam) and Dzhygalybeg (Zhdanov) fields and a crude oil tank-farm terminal by our upstream segment, Dragon Oil.

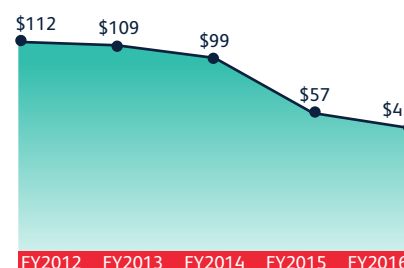
We also began expansion of ENOC's Jebel Ali refinery, in response to the UAE's drive towards clean energy. With completion expected by 2019, this project will add a new condensate processing train to the existing facility, increasing daily capacity by 50 percent to 210,000 barrels. This project will ensure that the refinery's production – including gasoline, jet fuel, and diesel – not only complies with the stringent Euro5 standards in the local and international markets, but is also capable of meeting higher domestic demand while maintaining flexibility to tap international market opportunities.

In total, ENOC invested \$654 million across its portfolio of businesses in 2016, down from \$751 million in 2015.



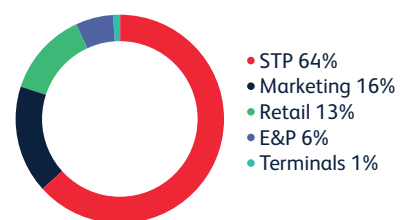
Oil price dynamics

• Brent crude price (US\$/bbl)



FY16 Revenues

\$13,219 million



\$654m

In total, ENOC invested \$654 million across its portfolio of businesses in 2016, down from \$751 million in 2015.

50%

ENOC's Jebel Ali refinery will add a new condensate processing train to the existing facility, increasing daily capacity by 50 percent to 210,000 barrels.

People

Employee competence underpins results

A key driver in achieving ENOC's strategic goals is our ability to attract, develop, and retain competent people. This was illustrated in 2016 by low staff turnover and a significant improvement in our attraction and retention figures for Emirati employees.

The Group's impressive performance is testimony to the capabilities and competencies of our people. Their success in harnessing market potential and using their experience and abilities to capitalise on opportunities and deliver results in an increasingly challenging operating environment is remarkable.

ENOC has established a work culture that empowers our people. The daily efforts of our line managers have created an organisational climate that fosters performance excellence and contributes to the Group's growth. Our focus is to provide employees with the necessary tools, aligning individual goals with those of the organisation, and recognising achievements. Our people are proud to be associated with the ENOC brand and they are committed to its success.

Strategic initiatives

Over the past year, we have developed the ENOC Emiratisation Strategy 2017-21, capitalising on our access to the local talent pool and aligning the strategic direction of the Group with Dubai's Strategic Plan 2021. With the goal of achieving 50 percent Emiratisation by 2021, the strategy provides guidance on how various HR systems – from Manpower Planning to Succession Planning and Career and Competency Development – will be integrated to achieve this target.

In early 2016, we launched a revised National Development Programme (NDP) and framework to ensure its alignment with the overarching Emiratisation strategy. The strategy addresses more holistically areas related to employee attraction, development, and retention, while building strategic alliances with external agencies that support our Emiratisation agenda.

The NDP framework was revised from five levels to three and linked to existing professional ladders. The new framework is a mechanism for strengthening competency in current roles, and progression of employees in all major disciplines in the company, based on competency assessment in technical, behavioural, and leadership traits.

We have instituted a dedicated fund for the development of the Emirati talent pipeline, and implemented a new work readiness programme for oil and gas technicians. Following an extensive review of the Technical Training Centre programme, in collaboration with the Centre of Excellence for Applied Research and Training, a new programme has been developed with Higher Colleges of Technology and approved for implementation.

This 12-month programme for graduates from secondary technical schools will train 30 participants every year for vocational technical certifications in two career paths: mechanical and process control. The certifications earned after the rigorous course will be equivalent to Level 3 International Vocational Qualification diplomas in engineering maintenance or oil and gas process operations.

Another new initiative is the Graduate Development Programme, which every year provides 20 UAE nationals with on-the-job exposure in non-technical areas of work to help them develop expertise in corporate and support specialisations.

These initiatives have started to show positive results in attracting and retaining national talent. In 2016, we set a new record in recruitment (144) and achieved the lowest attrition rate in four years (7.5 percent).

ENOC Women's Committee, comprising female employees in leadership positions in the Group, has been assigned to study and propose initiatives that harness the strength of diversity in the workplace. The Committee is expected to make recommendations that will improve the career opportunities for female employees. ENOC not only empowers women, but encourages them to take on leadership roles.

Leadership development

For ENOC, it is essential to take a long-term perspective on leadership development. We recently introduced the ENOC Leadership Development Framework, which aims to sustain our competitive advantage by identifying talent and developing a pipeline of future leaders.

The 'ENOC Lead 4ALL' programme draws from best practices in leadership development. However, before its launch it was important to assess where we currently stand in terms of our leadership culture and what our aspirations are. We recently concluded a diagnostic survey to determine this, and its results will help shape our plans and programmes to help achieve the leadership culture we aspire to in ENOC. This framework will be customised to cater to specific individual needs, enabling the ENOC Group to derive a 'Leadership Index' that will be based on 360-degree feedback.

It was also a year of transformation in people management practices. In 2016, we developed a Succession Planning Framework to ensure that critical positions in the Group are backed by the required strength of talent to ensure business continuity.

Leveraging technology

With the launch of the new ENOC Group website, the ENOC Career Portal was also launched to showcase the employee experience at the Group. The company received close to 40,000 applications last year from prospective job seekers, indicating ENOC's preferred status as a coveted employer.

50%

ENOC's goal is to achieve 50 percent Emiratisation by 2021.



144

In 2016, we set a new record in recruitment of 144 UAE Nationals.



Sina Khoory
Executive Director,
Shared Services



Business review
continued

In our efforts to leverage technology to improve the employee experience, we launched an HR Helpdesk – ‘Ask HR’ – in the fourth quarter of 2016, providing a platform for employees to raise requests, queries, and complaints and receive real-time responses and support. We also developed an HR mobile app during the year, providing employees with ‘anytime, anywhere’ access to manage their employment administrative matters. In this age of data-driven analytics, priority has been given to data accuracy and measures that will help improve decision-making.

Several other processes related to HR transactions have also been automated and our efforts to leverage these technologies will continue. They will deliver significant cost benefits and enhance resource efficiency across the Group’s activities. Process improvement and overall governance are always primary goals, and we are fully compliant with our internal and external quality management standards and other regulatory requirements.

Business focus and competence building are the main factors that determine the scope of our people development and training programmes. In 2016, more than 80 percent of all training requested by staff was delivered through a combination of in-house, on-the-job, and external resources. Detailed leadership and technical competency frameworks for critical jobs ensure effective assessment of skills, greater accuracy in job assignment, and informed decisions related to employee movement. Cross-functional opportunities range from trading, processing, marketing, distribution, and retail operations to administrative and technical support functions.

Performance and innovation

Establishing a performance culture is vital for ENOC, and our continuously evolving Performance Management Programme is another example of our commitment to improving our systems. Our programme aims to align business goals to individual objectives and a robust bonus system focused on rewarding employees for their direct contributions to key operational deliverables. Customised job-based incentive programmes will further help establish a healthy competitive environment for improved performance.

Another key strategic focus area is establishing a culture of innovation. We are proud of the successful implementation of our internally developed ‘Innovate’ Programme – a platform for employees to share suggestions and ideas for improvement.

Employees are recognised for their contributions and receive monetary awards for suggestions that have a financial bearing. Since 2012, ideas suggested by employees have resulted in a net saving of US\$ 19.33 million.

Employee happiness

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

The impact of our initiatives is seen in the increased loyalty of our staff. The average length of service in the Group is increasing and our overall staff satisfaction and engagement scores are on the rise. Our external brand surveys and internal employee surveys indicate that our employees want to build a long-term relationship with ENOC and are more inclined to talk positively about the company externally. This contributes positively towards establishing ENOC as an employer of choice.

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57 nationalities

More than 10,300 employees from 57 nationalities.



Corporate governance
Integrity at the core of corporate culture

Effective corporate governance is an essential driver of value. ENOC’s governance structure encompasses accountability to key stakeholders, as well as policies and management systems that contribute to efficient and effective operations. Continuous governance improvements are central to the way that ENOC does business.

Board of Directors

The Board spearheads the responsibility of preserving and enhancing ENOC’s long-term value for stakeholders. The Board relies on the integrity and diligence of its 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.

Board Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board to fulfil its oversight responsibilities, primarily regarding the nomination of members to the three Board committees, as well as the nomination, remuneration, development, performance evaluation, succession planning, and (where appropriate) reappointment of senior executives of the Group.

The committee also supports the Board in the same processes with respect to the Group’s representatives on the boards of ENOC’s subsidiaries and joint venture companies.

The committee is chaired by Dr Abdulrahman Al Awar, and Ahmad Al Muhairbi is a member.

Audit Committee

The Audit Committee assists the Board to fulfil its governance responsibilities by overseeing the financial reporting process. This includes the internal control structure, procedures for financial reporting, and monitoring the integrity and appropriateness of the financial statements. The committee also ensures the independence and proper performance of the internal audit function and guides the selection, compensation, independence, and performance of external auditors.

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

Investment and Finance Committee

The Investment and Finance Committee is responsible for the overall review of all major investments, capital acquisitions, divestments, dilutions of equity and buy-outs, ensuring that these are strategically evaluated and thoroughly vetted. The committee also oversees internal controls and procedures for the Group’s procurement, tender, and major financing activities.

The committee is chaired by Mr Ahmad Sharaf and the following Directors are members: H.E. Abdulrahman Al Saleh, Dr Abdulrahman Al Awar and Mr Ahmad Al Muhairbi. Other permanent members of the committee are Group Chief Executive Officer, Chief Financial

Officer, Executive Director of Group Strategy and New Business Development and relevant Segment Managing Director.

Group Chief Executive Officer

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

Executive Management Committees

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

Executive Management Committee

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

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



105

Number of ideas submitted and implemented under the ‘Innov8’ programme.



Group Credit Committee

The Group Credit Committee oversees, reviews, and directs the management of credit risk across the Group. The committee is headed by the CFO. Its members include the Executive Director of EHSSQ and Corporate Affairs, Executive Director Group Strategy & New Business Development, and the Executive Director of Shared Services.

Business Ethics Committee

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

Chaired by the Group CEO, the committee includes the CFO, Director of Internal Audit and Business Ethics, Group HR Director, and Group Legal Director.

Corporate Governance Committee

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

The committee is headed by the Group CEO. Members include the CFO, Executive Director of EHSSQ & Corporate Affairs, Director of Internal Audit, and Group Legal Director.

Group Sustainability Committee

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

Chaired by the Group CEO, the committee includes all EXCOM members.

External auditors

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

Internal Audit and Business Ethics

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

Internal controls

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

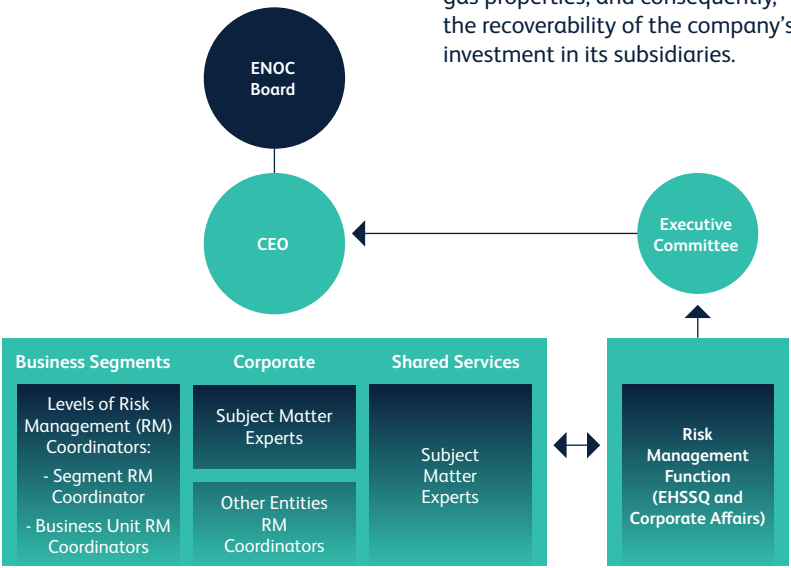


Risk management Cohesive approach creates effective results

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

In view of the current economic and competitive environment, a cohesive approach to risk management ensures that resources are channelled to address key strategic, operational, and financial risks in the most effective and efficient manner. Everyone has a role to play in the Group's ERM. This entails understanding the risks and opportunities facing our businesses, assessing exposure, and taking action to effectively respond to preserve and maximise value.

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



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

Within the scope of the ERM Framework, the Group has also established a Business Continuity Management programme. In close collaboration with the National Emergency Crisis and Disasters Management Authority (NCEMA) of the UAE Supreme Council for National Security, ENOC has achieved key milestones in developing segment-level crisis management plans, establishing a best-in-class Crisis Management Centre and putting in place an Emergency Response Planning Management system.

Principal risks

Exploration & Production (E&P)

We recognise that managing risks requires continuous effort. E&P strategy is to embed risk management into the decision-making processes. Its Corporate Risk Register is compiled across the asset portfolio through a top-down and bottom-up review process. Those risks identified as critical and potentially affecting employees, corporate reputation, operations, performance, and assets needed to deliver strategic goals and targets are identified and recorded through this process. During the year we review, identify and assess the risks the company faces. The principal risks and uncertainties faced by the Group's E&P operations include:

- A prolonged low oil price environment – which can impact the company's development plans, profitability, cash flows, liquidity, and ability to finance planned capital expenditure as a result of lower revenue, leading to impairment of the company's oil and gas properties, and consequently, the recoverability of the company's investment in its subsidiaries.

The Board intends to retain appropriate levels of cash resources along with optimising short-term business plans.

- ENOC's E&P revenues are dependent on the continued performance of its primary producing asset, the Cheleken Contract Area, offshore Turkmenistan. The Board has adopted a clear strategy for growth and regularly reviews investment opportunities.
- E&P operations must comply with various international and local laws and regulations, including those related to ethical business conduct and international trade. The company is therefore implementing a robust and comprehensive corporate compliance programme to identify, assess, and mitigate compliance-related risks. Among other things, the programme will cover the areas of ethical business conduct, international trade, third-party due diligence and monitoring, and corporate social responsibility.

Supply, Trading & Processing

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

From a processing perspective, key assets are the refinery and the MTBE plant, which significantly contribute to serving the energy needs of Dubai. To ensure the continuity and consistency of effective and efficient refining and processing capacities, these facilities continue to make investments in expansion and undertake adequate protective and safety measures.



Dr Eng. Waddah Ghanem Al Hashmi
Executive Director, EHSSQ and Corporate Affairs

Business review
continued

These include preventive maintenance programmes, updating of resource skillsets through continuous and relevant training, and Environment, Health and Safety (EHS) reviews to mitigate the risks of plant breakdowns and operational disruptions. We conduct regular EHS audits as they are of paramount importance in pre-empting and countering hazards at the processing units and inventory storage locations.

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

Terminals

Terminal facilities are impacted by global economic conditions and how those requiring storage facilities react to oil price volatility.

Being reliant on product storage requirements that are predominantly determined by industry dynamics such as demand and supply, the segment has addressed risk associated with ensuring that operations run seamlessly in diverse social and political environments.

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

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

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

Competition and credit risk are other major risks because of the nature of storage operations. These have self-mitigating aspects such as high barriers to entry, which makes it more difficult for competition to establish facilities.

In most contracts, lease payments are taken upfront for the storage period, coupled with the potential lien on the product in the event of non-recoveries.

Marketing

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

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

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

Retail

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

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

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

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

Code of business conduct
Ethical practices shape corporate values

ENOC recognises the importance of ethical practices. We are committed to following best practice in the industry to ensure that ethics are not compromised and our corporate values are always upheld. We have developed the ENOC Code of Business Conduct Handbook to raise awareness of these issues and guide our people. We consider the handbook as a management tool for reinforcing our corporate values and highlighting every individual's responsibilities and obligations.

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

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

Compliance with our legal and ethical obligations is the responsibility of every employee and representative of ENOC. It is also the responsibility of every individual to acknowledge and report any cases of potential non-compliance. The reporting of any breach or non-compliance can be direct through the line manager, or channelled through the Business Ethics Committee.

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



Building world-class capabilities

ENOC achieved record sales of petroleum products in 2016 – a total of 247 million barrels – contributing to five-year rolling average growth of 17 percent, despite the challenging macroeconomic situation, and plans to increase market share even further.

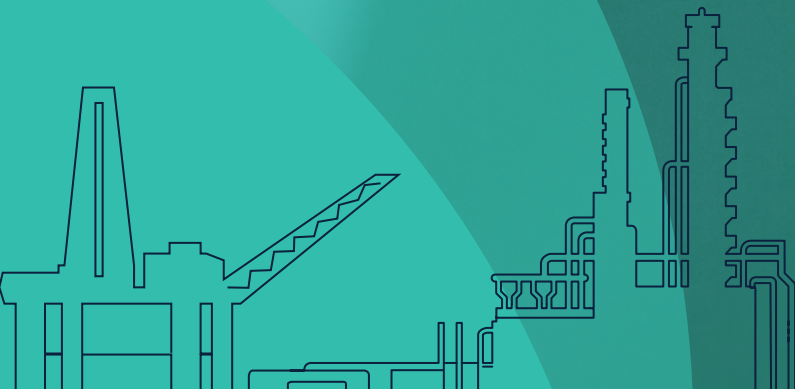
40%

40 percent increase in retail sites by 2020.

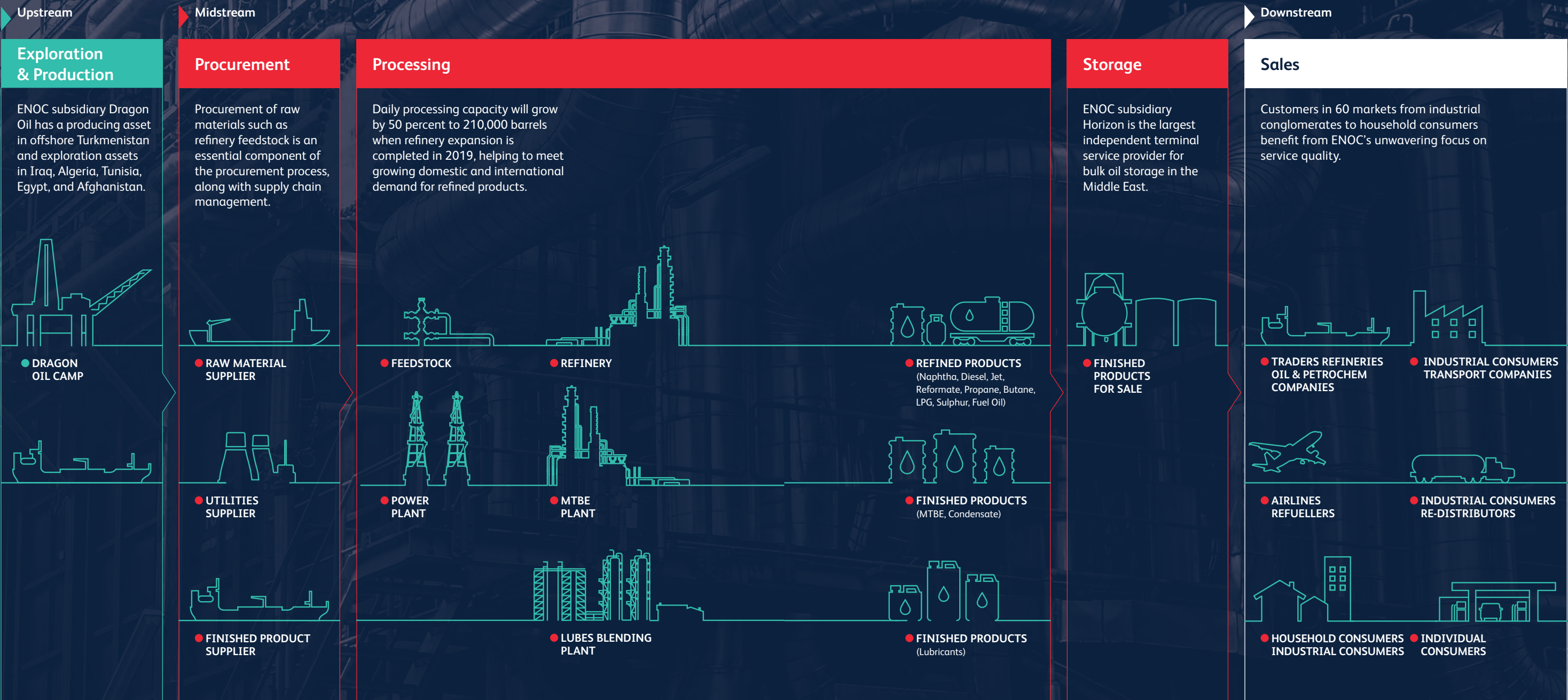


16km

Committed to building 16km pipeline extension to DWC Airport.



Energy value chain



Operational review
continued

Exploration & Production (E&P)
Exploration and production operations boost net profit

Dragon Oil is an upstream oil and gas exploration, development, and production company with a producing asset in offshore Turkmenistan and exploration assets in Iraq, Algeria, Tunisia, Afghanistan, and Egypt. ENOC first took a stake in Dragon Oil in 1998, subsequently becoming a majority shareholder and acquiring the remaining 46 percent interest in 2015.

Since 2000, Dragon Oil has been the sole operator of a producing block in the Cheleken Contract Area in the eastern section of the Caspian Sea. The area covers about 950 km² and comprises two offshore oil and gas fields, Dzheitone (Lam) and Dzhygalybeg (Zhdanov). These areas are being developed under a production sharing agreement.

Recent developments

In 2016, Dragon Oil entered into a marketing arrangement for a significant proportion of its entitlement export production to be marketed through Baku, Azerbaijan and Makhachkala, Russia at a discount to Brent for two years until the end of 2018.

The company completed 17 wells in the Dzheitone (Lam) and Dzhygalybeg (Zhdanov) fields during 2016. One platform-based and three jack-up rigs are operational, but average gross field production decreased by about 2.5 percent to around 90,000 barrels per day, due to subsurface challenges.

Major infrastructure projects undertaken during the year include a crude oil tank-farm terminal, which quadrupled storage capacity at the central processing facility, and the Lam E platform. A project for submarine pipelines and associated risers was also completed. The project to increase the loading capacity at the Aladja Jetty is in progress, due for completion in mid-2017.

Optimisation of front-end engineering design of the Gas Treatment Plant is also in progress. Construction is expected to take about three years from contract award.

The processing capacity of the plant is expected to be 220 mmscf of gas, which according to estimates should allow daily stripping of about 3,000 barrels of oil condensate, as well as production of dry gas.

Dragon Oil continues with abandonment and decommissioning work in the first phase of its strategy for decommissioning in the Cheleken Contract Area. During 2016, it abandoned a further two wells in the Dzhygalybeg (Zhdanov) field, bringing the total of non-producing plugged and abandoned wells to 14.

Reserves and resources

Turkmenistan

Based on the results of the recent assessment by an independent energy consultant, the 2016 year-end oil and condensate 2P reserves were 617 (31 December 2015: 769) million barrels after allowing for 2016 production of 33 million barrels. The oil and condensate contingent resources (2C) are 174 million barrels compared with 66 million at the end of 2015. The transfer of volumes from reserves as a result of changes in the development plan has resulted in an increase in contingent resources.

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

The gas 2P reserves are 1.2 (31 December 2015: 2.1) TCF and the gas contingent resources are 1.5 (31 December 2015: 0.7) TCF.

The decrease in gas and condensate reserves result from a reduction in the planned feed gas rate to the Gas Treatment Plant and the deferral of gas sales until 2020.

Iraq

The exploration, development, and production service contract for Block 9 became effective in 2013 and is currently at the exploration stage.

Reserves are attributable to a first phase of development of the Mishrif and Lower Yamama reservoirs of the Faihaa Field. Based on the results of the recent assessment by an independent energy consultant, the 2016 year-end oil and gas 2P reserves attributable to Dragon Oil were 310 million barrels and 0.2 TCF respectively.

Exploration

Country and blocks	Working interest	Activity in 2016
Iraq Block 9	KEC (operator): 60% Dragon Oil: 30% EGPC: 10%	Production from Faihaa-1 and Faihaa-2 wells using temporary processing facilities. Average production for 2016 was 6,795 Bopd
Algeria Tinrhert Nord Perimeter	Dragon Oil (operator): 70% Enel: 30%	Completed 1,000km ² 3D seismic reprocessing. Award of 1,026 km ² 2D seismic acquisition is in progress with mobilisation of seismic crew and equipment planned in Q1, 2017. Work is ongoing to secure a rig in 2017 to drill the wells. Enel intends to exit the block, which would make Dragon Oil the sole operator.
Algeria Msari Akabli Perimeter	Enel (operator): 70% Dragon Oil 30%	The operator and Dragon Oil plan to exit the block.
Egypt East Zeit Bay	Dragon Oil (operator): 100%	2D and 3D data reprocessing on existing seismic data using advanced technologies to improve the quality of analysis and interpretation of the data completed in Dec 2016. 3D seismic acquisition scope of work preparation is currently on-going.
Afghanistan Sandugli	Dragon Oil (operator): 40% TPAL: 40% Ghazanfar: 20%	Data analysis of gravity and magnetic survey completed. Seismic acquisition activity is on hold pending of outcome discussion with Ministry of Mines & Petroleum.
Afghanistan Mazar-i-Sharif	TPAL (operator): 40% Dragon Oil: (40%) Ghazanfar: (20%)	Data analysis of gravity and magnetic survey completed. Seismic acquisition activity is planned based on outcome of discussion with Ministry of Mines & Petroleum.
Tunisia	Dragon Oil: 100%	3D seismic acquisition and interpretation completed. Preparation of Hammamat West # 3 abandonment is on-going and to be completed in Q1, 2017.



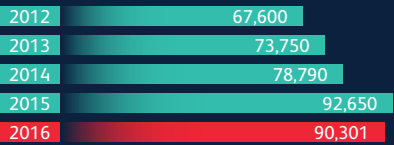
Ali Rashid Al-Jarwan
Managing Director,
Exploration & Production
and CEO of Dragon Oil

17

Dragon Oil completed 17 wells in the Dzheitone (Lam) and Dzhygalybeg (Zhdanov) fields during 2016.



Dragon average gross production (bopd)



Dragon – marketing of crude oil (million barrels)



617mb

In Turkmenistan, the 2016 year-end oil and condensate 2P reserves were 617 million barrels (2015: 769 million).



Operational review
continued

**Supply, Trading
& Processing (STP)**
Core function drives
growth and adds value

ENOC's Supply, Trading & Processing segment maximises returns on the Group's midstream and downstream assets by promoting value-added business propositions, and plays an important role in managing the supply side of the Group's other operations.



Tayyeb Al Mulla
Managing Director, Supply,
Trading & Processing

**MTBE production
(KMT)**



**Refinery throughput
(kbbbls)**



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

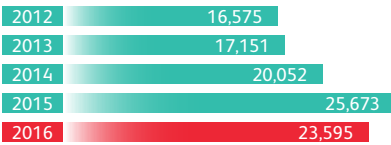
Refining and processing

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

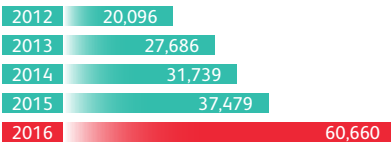
In 2010, an upgrade was completed at a cost of \$850 million for the production of reformate, a high-octane blending component for gasoline, and low sulfur naphtha, through the installation of a reformer and a hydrotreater. The plant incorporates state-of-the-art effluent treatment facilities, minimising environmental impacts.

In 2016, the Group embarked on a new refinery expansion project, expected to be completed by 2019 at a cost in excess of \$1 billion. It will add a new condensate processing train, expanding daily capacity by 50 percent to 210,000 barrels. The project also involves additional downstream processing units such as naphtha hydrotreater, isomerisation unit, kerosene and diesel hydrotreaters, utilities, warehouse and storage tanks.

**Trading volumes – naphtha
(kbbbls)**



**Trading volumes – crude
(kbbbls)**



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

The Group established its gas processing plant in 1977 to utilise natural gas resources for the benefit of Dubai and its people.

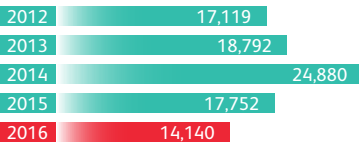
Commercial production of LPG began in 1980, followed by methyl tertiary butyl ether (MTBE), an additive for unleaded gasoline, in 1995. Today the facility is primarily an exporter of MTBE to world markets. The MTBE plant with annual capacity of 675,000 MT is part of Dubai Natural Gas Company Limited (DUGAS).

Supply and Trading

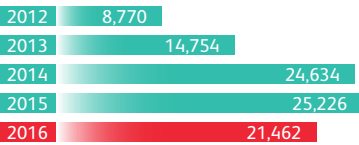
Supply and Trading, the Group's trading nerve centre, procures cost-effective and uninterrupted supply of feedstock for the refinery and the MTBE plant, while identifying and establishing new international business opportunities. One of the important functions of Supply and Trading is to meet the supply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

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

**Trading volumes – jet fuel
(kbbbls)**



**Trading volumes – diesel
(kbbbls)**



210k

Refinery expansion
expands daily capacity
to 210,000 barrels.



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

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

Terminals

Strategic leadership at home and abroad

ENOC created Horizon Terminals in 2003, prompted by the growth of the UAE as a trade hub and aiming to meet fast-growing demand for bulk liquid storage. Operating from the UAE as a holding company, Horizon consolidated the company's existing terminal assets and expanded the business globally.

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

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

UAE terminals

Horizon has petroleum and chemical storage facilities across the UAE. The facilities in Fujairah have 23 tanks and total petroleum capacity of 482,619 m³. An independent chemical terminal in Jebel Ali caters to the largest range of bulk liquid chemical products handled in the region, both for inland consumption and re-exports.

The facility has 56 tanks with total capacity of 54,401 m³.

EPPCO International, a joint venture between Horizon and Chevron, caters for domestic fuels (gasoline, diesel, fuel oil, asphalt, and aviation fuel) for Dubai and the Northern Emirates, bunkering, re-exports, and strategic defence storage. Based in Jebel Ali, EPPCO International's 50 tanks provide a total capacity of 933,970 m³.

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

With capacity of more than 2.6 million m³ in 73 tanks, the Vopak Horizon facility is accessible by land or sea and handles a range of products including crude oil and refined petroleum products. An \$84 million expansion to provide 480,000 m³ of additional crude capacity was completed in mid-2016.



Yusr Sultan Al Junaidy
Managing Director,
Horizon Terminals

Construction of the Jebel Ali facility, comprising 141,000 m³ of Jet A1 tankage capacity and a 60 km pipeline connecting Jebel Ali to Dubai International Airport, was completed in 2014. Designed at 900 m³ per hour pumping capacity, the pipeline ensures adequate jet fuel supply to Dubai International Airport and supports ENOC's aviation marketing business requirements. The commissioning of this project has cemented Horizon's position as the leading bulk terminals entity in the Middle East and provided strategic support to the Government of Dubai.

International

Flagship subsidiary Horizon Singapore Terminals is situated on Jurong Island, the petrochemical hub of Singapore and the world's top bunkering port by volume. The terminal, of which Horizon owns 52 percent, caters to the storage, handling, and blending requirements of national oil companies, oil majors, traders, and bunkering companies. It is designed for multi-berth discharge and loading operations to maximise throughput. The facility has 59 tanks with total capacity of more than 1.2 million m³.

Horizon has a 36.5 percent interest in Arabtank Terminals in Yanbu. It is Saudi Arabia's first independent storage facility and has been granted 'bonded storage' status. Located on the Suez Canal route, this 288,228 m³ capacity terminal with 26 tanks handles import, export, and consolidation and trans-shipment cargoes. Handling both petroleum and chemical products, the facility meets the needs of Yanbu's nearby refineries, NGL plant, petrochemical facilities, and industrial complexes.

Horizon also owns 40 percent of Horizon Djibouti Terminals, which has 31 tanks offering total capacity of 397,954 m³. The facility has dedicated jetties and large tank capacities to meet breakbulk and consolidation of cargoes, contango and arbitrage storage, and strategic storage, as well as serving inland road deliveries.

Horizon also owns a 34 percent stake in Horizon Tangier Terminals in Morocco, based at the western entrance to the Strait of Gibraltar. It has 19 tanks and total capacity of 532,919 m³, along with other supporting infrastructure. Horizon holds a 50 percent interest in Horizon Taeyoung Korea Terminals and has been instrumental in expanding capacity from 99,000 m³ to 232,450 m³.

Marketing

Diversified products, global reach

Differentiation of products, ingenuity of operations, and sales team excellence are the hallmarks of success for ENOC Marketing, all with unwavering focus on providing customers with a one-stop shop of solutions, irrespective of location or time.

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

ENOC aviation

The specialised aviation fuel division provides aircraft refuelling at 117 airports in 17 countries, including the UAE's Dubai, Sharjah, and Fujairah international airports and Minhad airbase. A leading supplier of quality products for the commercial and military sectors, ENOC Aviation provides quality aviation jet fuels: Jet A-1, JP8, and avgas.



Burhan Al Hashemi
Managing Director,
Marketing

\$84m

The Vopak Horizon facility saw an \$84 million expansion to provide 480,000 m³ of additional crude capacity. It was completed in mid-2016.



50

EPPCO International's 50 tanks provide a total capacity of 933,970 m³.



Joint ventures and associates – capacity utilised (Thousand CBM)

2012	3,877
2013	4,090
2014	4,029
2015	4,211
2016	4,460

Subsidiaries – capacity utilised (Thousand CBM)

2012	1,524
2013	1,730
2014	1,759
2015	1,876
2016	1,844

60+

Our products are distributed in more than 60 markets in the Middle East, Indian Subcontinent, South and Central Asia, and Africa.



Operational review
continued

The continuing growth in the UAE's aviation industry has encouraged ENOC Aviation to initiate a number of expansion programmes that have contributed positively to business performance.

Joint venture with Chevron

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

Joint venture in Saudi Arabia

ENOC holds a 49 percent stake in United Arab Aircraft Fueling Company, its joint venture in Saudi Arabia. The company offers fuelling services and supplies lubricants to aircraft at King Abdulaziz International Airport in Jeddah and King Khalid International Airport in Riyadh.

ENOC products

ENOC Lubricants

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

ENOC Lubricants also operates a plant in Fujairah and another in Jebel Ali that manufacture lube oil and grease for ENOC and undertake blending for third-party clients. The combined design capacity of both plants is 250,000MT

Our extensive marine lubricants portfolio – and deep expertise in technical support for the maritime sector – alone spans 84 ports in 21 countries, providing specific solutions geared towards achieving optimal performance for the shipping industry.

ENOC Industrial Products

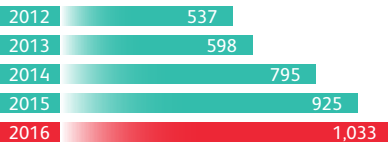
This division is involved in the commercial sale of industrial fuels and value-added services to government and private industries. The business is among the first to introduce 10 ppm diesel to its large customer base in the UAE in support of the UAE's sustainability agenda. Industrial Products also deals with onshore bunkering at various ports within the UAE.

EMGAS

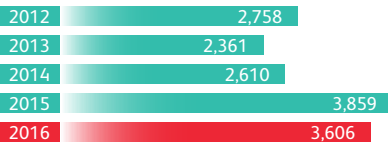
Emirates Gas (EMGAS) has state-of-the-art bottling plants in the UAE and caters to the cylinder market, supplying LPG and propane to bulk customers such as hotels, industries, and residential complexes. With the biggest distributor network in the country, the company provides prompt and convenient delivery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

Marketed as EMGAS, the gas portfolio includes liquefied petroleum gas (LPG), propane, butane, Emirates Gas Aerosol Propellant (EGAP), Cutting Edge Gas (CEG), and compressed natural gas (CNG). EMGAS is committed to promoting clean fuel within Dubai through the introduction of CNG as an alternative fuel for transportation. Through exports and joint ventures, EMGAS is actively pursuing growth opportunities abroad.

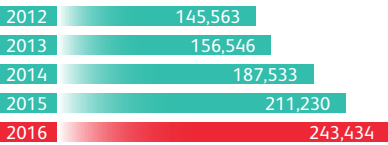
Marketing volumes – aviation refueling (Million USG)



Marketing volumes – diesel (kbbbls)



Gas Marketing – LPG cylinders (bulk) (MT)



Gas Marketing – LPG cylinders (MT)



60 countries

ENOC Lubricants are marketed through a distribution network covering more than 60 countries across the Middle East, South East Asia, CIS countries, and Africa.



Retail
Market leadership
through meeting
customer needs

Our Retail segment has grown to become a leader in the UAE, based on a clear strategy of identifying customer needs and meeting them with a variety of products and services. The business operates 117 ENOC and EPPCO service stations, staffed by more than 5,000 employees and serving around 90 million customers each year.

Most of our service stations include convenience stores, car-wash facilities, oil-change services, automotive workshops, vehicle testing and registration facilities, and food and drink outlets.

Fuel retail

In Dubai, our ENOC and EPPCO petrol stations enjoy a 68 percent share of the fuel market by volume, selling close to 3.0 billion litres in 2016. The product range includes high-quality fuels such as Special ULG 95 and Super ULG 98 in the motor gasoline category, and diesel gas oil 10PPM.

EPPCO Distribution delivers fuel to the retail network and other Group customers, using a fleet of more than 50 tanker trucks. Company fleet vehicles supply white oils such as gasoline, diesel, kerosene and Jet A1, while contracted vehicles deliver black product such as fuel oil 180 cst and asphalt 60/70.

We launched an innovative VIP Prepaid service for personal car owners during 2016. Vehicles are fitted with an RFID-based security tag and the petrol pump automatically recognises the customer's pre-set fuelling preferences. There is no need for customers to wait to pay – they just fill and go, illustrating our leadership in innovative fuel retailing. We were also the first fuel retailer in the UAE to enable mobile payment using the new Beam Wallet app for iOS and Android devices, enabling customers to pay while sitting in their vehicle.

ENOC entered the Saudi fuel retail market in 2013. We currently have five service stations, with plans to build nine more during 2017. In the UAE, we plan to double the number of sites, adding 54 new stations by 2020.

Wider businesses

ENOC Retail's non-fuel services comprise convenience stores, fast-food outlets, car-wash centres, automotive maintenance, and vehicle testing and registration. Revenue contribution by non-fuel services has grown by more than one-third since 2012.

Convenience stores

ZOOM is the leading home-grown convenience store operator in the UAE. With 221 outlets across the UAE and Saudi Arabia, stores are located at ENOC and EPPCO petrol stations, Dubai Metro stations, and residential, commercial and hotel/leisure communities. Over the past 25 years (using various brand names), ZOOM has evolved into a sophisticated offering in terms of design, décor, and store layout, developed with top international design consultants.

During 2016, service counters for payment and top-up services were added to eight ZOOM stores, as well as new integrated facilities such as credit card bill payments, gas bill payments, and PlayStation (wallet, subscription, and games).

By 2018, we aim to expand ZOOM in the UAE to 20 new locations.

ZOOM has been named a UAE Superbrand for the fifth year, and was recognised in 2016 for 'Best International Design' by Convenience Store News. The outlet located in Burj Khalifa was also shortlisted in Retail ME 2016 for 'Most Admired Store Design of the Year'.

Food and beverage

Pronto

With 50 locations across the UAE, the Pronto coffee-shop and fresh bakery concept is designed to complement ZOOM outlets or operate independently. Fresh delicatessen and bakery goods – including made-to-order sandwiches, salads, and a range of freshly brewed coffee and other drinks – are available in a friendly, contemporary, and relaxing environment.

Paavo's Pizza

The quick-service casual restaurant Paavo's Pizza currently has eight outlets in Dubai. As a franchise opportunity, the concept is ideal for upscale 24/7 locations with high-traffic patterns such as retail and entertainment complexes, business communities, and educational facilities. Well-known in the US, Paavo's is a quality franchise offering great opportunities and a fully customisable franchise programme.

Automotive services

AutoPro

From basic car-wash to maintenance and repair services, AutoPro's 28 centres across Dubai and the northern emirates provide a wide range of automotive services. New services introduced in 2016 include extended partnerships with Pirelli and Dunlop, offering customers exclusive promotions, truck servicing, payment in easy instalments through four major banks, Energizer car batteries from Germany, and an extended range of bodyshop and paintwork detailing.

Tasjeel

Twelve Tasjeel centres across Dubai and the Northern Emirates provide a variety of mandatory tests required for vehicle registration. All services meet RTA and federal traffic requirements, so customers are assured their vehicles are legally compliant. New services introduced during 2016 include battery testing, and wheel alignment and chassis-checking for heavy vehicles.

68%

In Dubai, our ENOC and EPPCO petrol stations enjoy a 68 percent share of the fuel market by volume, selling close to 3.0 billion litres in 2016.



+65m

Cars re-fuelled



+63m

Customer visits to convenience stores



Zaid Alqufaidi
Managing Director, Retail

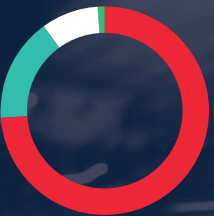
	Service	Dubai UAE	Abu Dhabi UAE	Northern Emirates UAE	Saudi Arabia
ENOC	Petrol stations	52		6	5
EPPCO	Petrol stations	43		11	
ZOOM	On-site at ENOC and EPPCO petrol stations	92		17	5
	Standalone	39	8	4	
	Dubai Metro	41			
	Franchisee	14	1		
Pronto	On-site	42	3	2	
	Standalone	2			
	Franchisee	1			
Paavo's Pizza	Food & beverage	8			
AutoPro	Vehicle maintenance	27		1	
Carwash	Washing/cleaning	33		3	
Quick oil change	Oil change and accessories	20		2	
Tasjeel	Testing/registration	7		5	

90m

Our Retail segment operates 117 ENOC and EPPCO service stations, staffed by more than 5,000 employees and serving around 90 million customers each year.

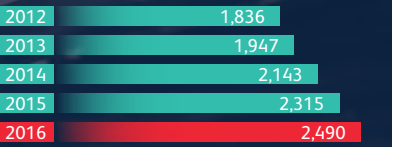


Non-fuel revenue breakdown
(\$399 millions)



- C-stores 74%
- Car services 16%
- Testing and registration 9%
- Food and beverages 1%

Retail – gasoline sales volumes
(Million litres)



Retail – diesel sales volume
(Million litres)



More than compliance... a cultural change

Sustainability is an integral part of the Group's growth plans as it is embraced across all policies and operations. It is considered as fundamental to improving profitability, preserving the environment and protecting the health and safety of all stakeholders.

\$9.5m

We invested \$9.5 million over 2014-16.



\$7.6m

Our investment achieved a cumulative savings of \$7.6 million.



Sustainability at our core

ENOC is committed to conducting operational activities in a sustainable manner that preserves the environment and protects the health and safety of all stakeholders. We strive to ingrain sustainability in day-to-day operations and decisions, pursuing initiatives that will have a positive impact on people in the communities where we operate – resulting in improved profitability.

Sustainability pervades every aspect of ENOC's business culture: it is promoted in all our operations, considered in new and future projects, evaluated when making day-to-day decisions, shared when reporting our performance, and improved by continuously evaluating our performance and taking appropriate initiatives.

Our sustainability framework is based on eight key elements:

- Environmental and social risk
- Labour and working conditions
- Resource efficiency and pollution prevention
- Community, health, safety, and security
- Land acquisition and involuntary settlement
- Biodiversity
- Local people
- Cultural heritage

We see sustainability not as a compliance-driven initiative but as a cultural change to ensure long-term viability, guiding resource management and demand-side management as we work to provide cleaner fuel for our customers and satisfy their energy needs. This is embodied in our sustainability policies and has been our guiding principle as we continued to invigorate our health, safety, and environment programmes to enhance the well-being of our customers, our employees, and our host communities.

Our strategic map to promote sustainability

Key principles are:

Alignment

- Align with UAE energy needs and contribute to economic development

Asset returns

- Continue to build scale in strategic assets across the value chain to maximise return on capital employed

People

- To be the employer of choice

Growth and performance

- Improve operational performance and build profitable international business to achieve sustainable growth

Positioning

- Enhance competitive positioning by leveraging synergies, supply chain strengths, and brand image

Corporate culture

- Promote a culture of business and operational excellence and sustainability
- Maintain high governance standards

In serving the growing energy requirements of Dubai, ENOC is fully committed to achieving sustainable development and highly profitable growth. To accomplish this, a number of projects and energy-saving initiatives have been adopted. These cover three main areas:

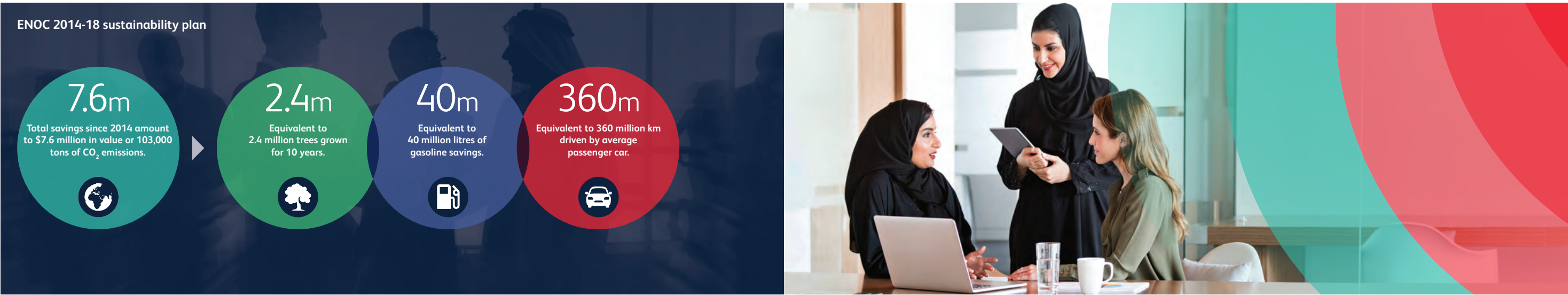
- Energy and resource management
- Corporate and social responsibility
- Green economy

Facilitating partnerships to foster sustainability, innovation and best practices

Abu Dhabi National Insurance Company	Dubai Holding	Emirates Global Aluminium (EGA)	Knowledge & Human Development Authority
AON	Dubai Properties	Environmental Center for Arab Towns (ECAT)	Lamprell Energy Ltd
The British University in Dubai (BUID)	Dubai Municipality	Etihad Energy Services Company (Etihad ESCO)	Ministry of Climate Change and Environment (MOCCAE)
DP World	Dubai Police	Etisalat	Ministry of Energy (MoE)
DSM Taqati – Dubai Efficiency Program	Dubai Supply Authority (DUSUP)	Fujairah Municipality	Port of Fujairah
Dubai Carbon Center of Excellence (DCCE)	Dubai Supreme Council of Energy (DSCE)	General Secretariat of the Executive Council of Dubai	Ports, Customs & Freezone Corporation (Trakhees)
Dubai Civil Defense (DCD)	Emirates Authority for Standardization & Metrology (ESMA)	GTS	RSB for Electricity & Water
Dubai Electricity & Water Authority (DEWA)	Emirates Environmental Group (EEG)	Heriot Watt University in Dubai	Solar-Etihad Energy Services Company (Etihad ESCO)



Dr Eng. Waddah Ghanem Al Hashmi
Executive Director, EHSSQ and Corporate Affairs



Mapping our sustainability initiatives

Each area has its own objectives, programmes, and target groups but overlap in several places, as shown in the accompanying diagram. Common to all three are benchmarking studies, production of the ENOC Energy and Efficiency Report, contributing to the UAE State of Energy Report and State of Green Economy Report, and aligning with UAE's Green strategy.

ENOC is clearly on track to achieve its commitment to the 2014-18 sustainability plan. Year-on-year savings attributable to sustainability efforts are growing by more than \$1 million. Total savings since 2014 amount to \$7.6 million in value and 103,000 m³ of CO₂ emissions. This equates to 2.4 million trees grown for 10 years and 40 million litres of fuel savings – or 360 million km driven by an average car.

Internal motivation and incentive to maintain sustainability efforts is provided by the ENOC Energy Award, which recognises outstanding performance in energy and resource conservation across all business units. The results are evident in ENOC's energy and resource management performance index. From scoring just over 1.0 in 2010 on a scale of 0-4, the latest figure is now close to 3.0.

Later this year, ENOC will produce its own first full-scale annual Sustainability Report, following the guidelines of the Global Reporting Initiative (GRI), the international independent body that helps businesses, governments, and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, and corruption.

Energy and resource management
'Our goal is to become the city with the smallest carbon footprint in the world by 2050'

H.H. Sheikh Mohammed bin Rashid Al Maktoum

ENOC went through a long journey that enabled the organisation to achieve excellence in energy and resource management (E&RM). This began in 2008 and pre-dated the 2011 ISO 50001 specification created by the International Standards Organisation for an energy management system.

The standard specifies the requirements for establishing, implementing, maintaining, and improving an energy management system, with the purpose of enabling an organisation to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy security, energy use and consumption.

ENOC is now moving ahead of ISO 50001 and in 2017 will pursue Superior Energy Performance (SEP) certification, the US Department of Energy standard that provides guidance, tools and protocols to drive deeper and more sustained savings from ISO 50001. To qualify, facilities must implement an energy management system that meets the ISO 50001 standard and demonstrate improved energy performance.

Independent third-party audits at each facility verify achievements at Silver, Gold or Platinum level, based on energy performance improvement. This certification emphasises measurable savings through a transparent process.

The SEP goal is part of a comprehensive sustainability roadmap that ENOC has been preparing for since 2014. The aim is to invest \$15 million in sustainability projects over that period and achieve savings of \$6.9 million. In time, such investment is more than fully recovered. ENOC has already achieved savings of \$7 million, double the original target of \$3.5 million.

E&RM governance and policy

The importance assigned to energy and resource management is evident in the number and composition of committees charged with this responsibility.

The Executive Committee (EXCOM) leads overall direction and governance.

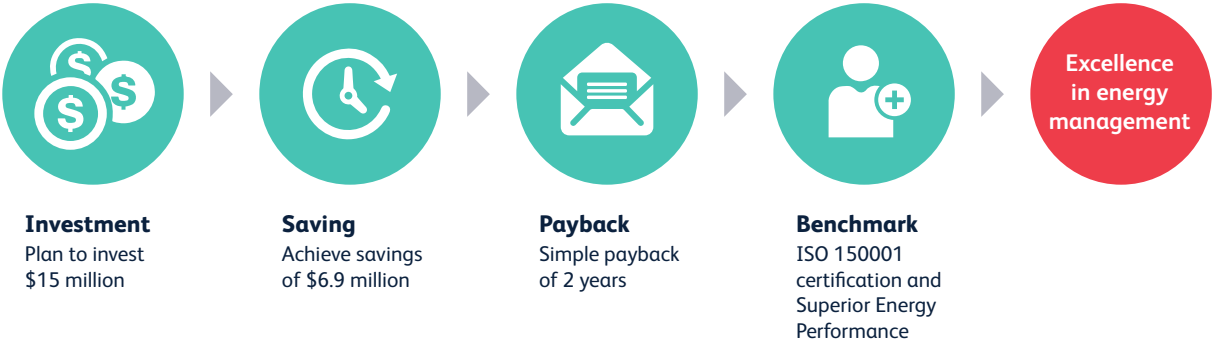
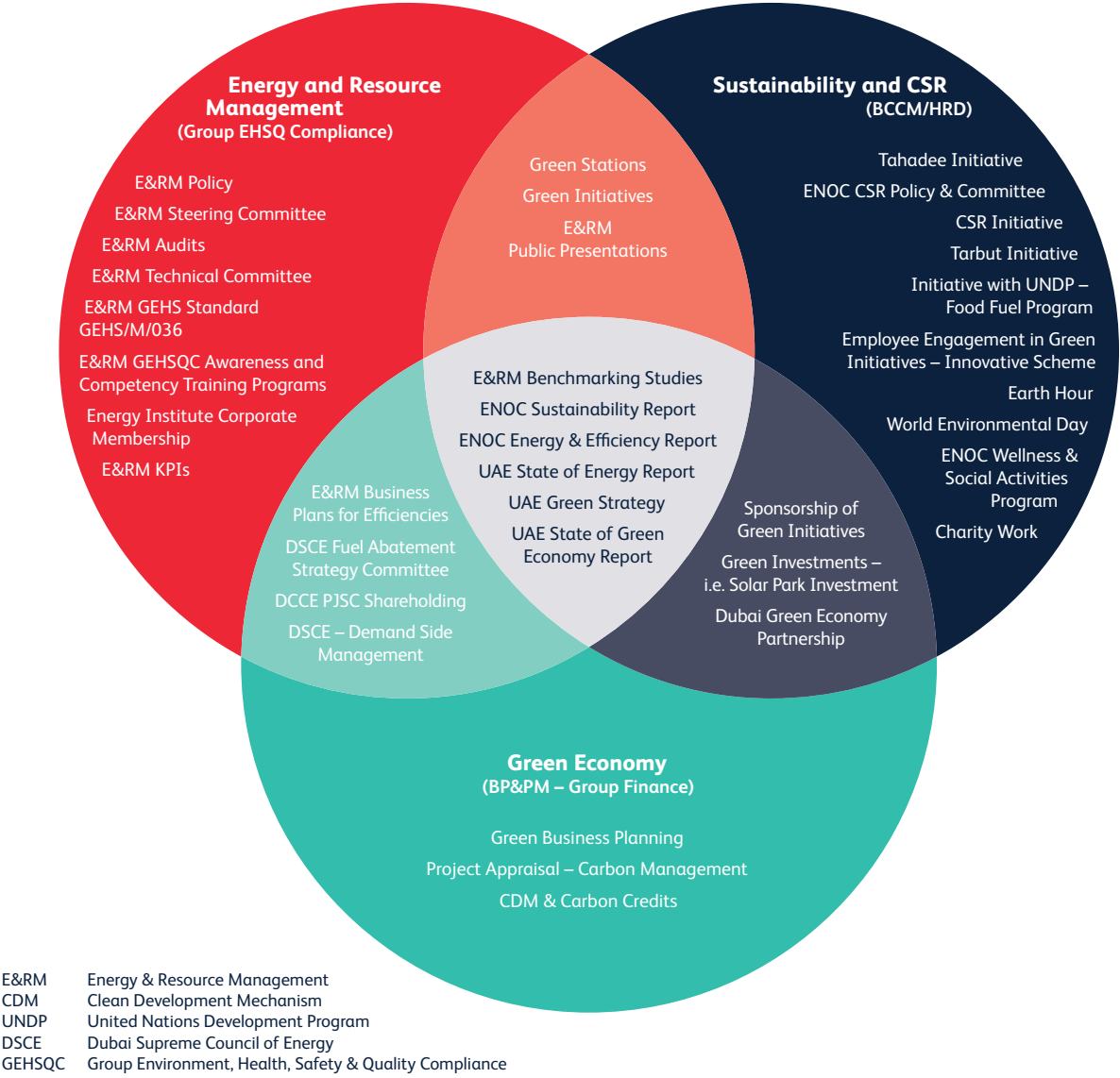
The Steering Committee is chaired by ENOC's Group Chief Executive and provides guidance and resources, defining long-term targets to meet the requirements of the Dubai Supreme Council of Energy (DSCE), IBPS, and Group Environment, Health, Safety, and Compliance (EHSQC).

With 25 members representing senior management from across all Group operations, the committee meets twice a year.

The Technical Committee is chaired by the Director of EHSQC and develops and maintains long-term plans to meet the defined targets. It has 22 members and 13 alternates, drawn from across the Group, and meets on alternate months.

The committees have overall responsibility for ENOC's five-point energy and resource management policy:

- Monitor** – measure, monitor, quantify and analyse energy and resource use and prioritise conservation measures
- Reduce** – reduce, recover, and reuse energy resources wherever economically viable
- Green energy** – consider use of renewable energy sources
- Lifecycle costs** – consider lifecycle costs when evaluating project options
- Improve and train** – provide adequate training to personnel and communicate effectively; continually improve on their energy resource use and performance



Sustainability review

continued

Within this policy, the annual Energy Conservation Business Plan is formulated, detailing quarterly plans and how they are to be implemented. Performance against targets is tracked through a comprehensive set of indicators that are measured and reported quarterly, as well as a full-scale performance audit. A further three to five projects are being added by 2019, with the aim of achieving at least 50 percent financial savings.

Implementation of the E&RM system and related activities takes place through scheduled meetings, data submissions, an annual training plan approved in the first quarter of each year, and submission, assessment, and approval of an annual corrective action plan.

E&RM works closely with the Dubai Supreme Council of Energy Fuel Abatement Strategy Committee and the Council's demand-side management.

ENOC is also a 25 percent shareholder in the Dubai Carbon Centre of Excellence which, through the pursuit of best practices and international benchmarking, facilitates the transfer of knowledge to clients, stakeholders, partners, and shareholders.

E&RM initiatives

Internally, ENOC's focus is on optimising energy and resource consumption. Major internal projects include redesign of the 'Stage Gate Process' that identifies, governs, and executes capital investment projects. The aim is to embed sustainability aspects of the Dubai Government's Directive on Green Public Procurement for Energy and Water Efficiency in every phase of major projects, while also making provision for energy savings and efficiency.

Implementation of the Waste Heat Recovery project at the ENOC Refinery saved natural gas consumption of 0.52 MMscfd (equivalent to AED 2.7 million a year). Flue gas temperatures were reduced from 250C to 150C, ensuring more efficient energy usage over the lifetime of the naphtha hydro-treatment plant. And annual reduction of CO₂ emissions by 10,000 tons equated to removing 2,100 cars from the roads for one year.

The DUGAS Waste Water Treatment project has purified waste water to the extent that it can now be used for irrigation. Waste water is laboratory-tested daily to ensure it is within the allowable limit set by the UAE legislation for agricultural use.

Water saving of more than 26 million litres per year is equivalent to reducing water demand for 60 households in Dubai.

The Distribution Division is using lighter and more efficient road tankers, replacing steel tanks with aluminium. This has almost halved tare weight and cut fuel consumption by 10 percent. Measures such as a preventive maintenance schedule, periodic efficiency monitoring, and improved route planning and management – including remote tank gauging systems for optimising capacity usage – have improved overall performance while reducing distances travelled and the total level of emissions.

Horizon Terminals have retrofitted more than 150 light fixtures with energy-efficient LED lighting technology and installed VSD to replace pumps' delta start panel. Overall, the project is estimated to save over \$280,000 annually – about 22 percent of the company's typical energy bill – while improving the quality of life in terminal facilities.

Employee behavioural competencies at management and technical levels are addressed by qualifications across the broad spectrum of functions – technician, engineer, manager, and executive.

- E&RM system standards
- General electricity conservation
- Air-conditioning and refrigeration
- Pumps, compressors, and motors
- Heating and combustion efficiencies
- Lighting
- Renewable energy
- Management system auditing
- Management system standards
- Energy and resource use monitoring and analysis
- Energy and resource use auditing
- Significant energy and resource use

Externally, ENOC's efforts are concentrated on developing products and services that will improve customers' energy and resource consumption while engaging suppliers in providing ENOC with energy-efficient products. These are mainly green and high-performance products and are dealt with under 'Green economy' in the third section of this sustainability review.

In 2010, Retail segment opened the first 'green' gas station in the Middle East, featuring solar panels in the PV in the roof tops, conserving 126 kWp. It also introduced an electric car charging facility and initiated the first forecourt canopy LED conversion.

Environment, health, and safety (EHS)

ENOC is committed to achieving business and operational excellence, providing best-in-class products and services and maintaining an overall sustainable growth. We strive to ensure our operations, products, assets and services are safe, secure and environmentally sound, and conform to all applicable laws and regulations. In line with this commitment, we ensure that environment, health, safety, security, and quality imperatives remain integral components of our operational objectives.

The responsible conduct of activities, and protecting the environment and the health and safety of all stakeholders, is embodied in our EHS Policy and has been our guiding principle as we continue to invigorate our health, safety, and environment programmes and enhance the well-being of our customers, employees and host communities.

Pro-active KPIs

At the beginning of 2016, a number of leading indicators were set as essential for contributing to continuous improvement, the most important being leadership engagement, internal and external audits, EHS promotions and campaigns, emergency drills, EHS-related training, and health check-ups for employees. All 2016 targets were exceeded, and we will continue the journey of continual improvement in 2017 and beyond.

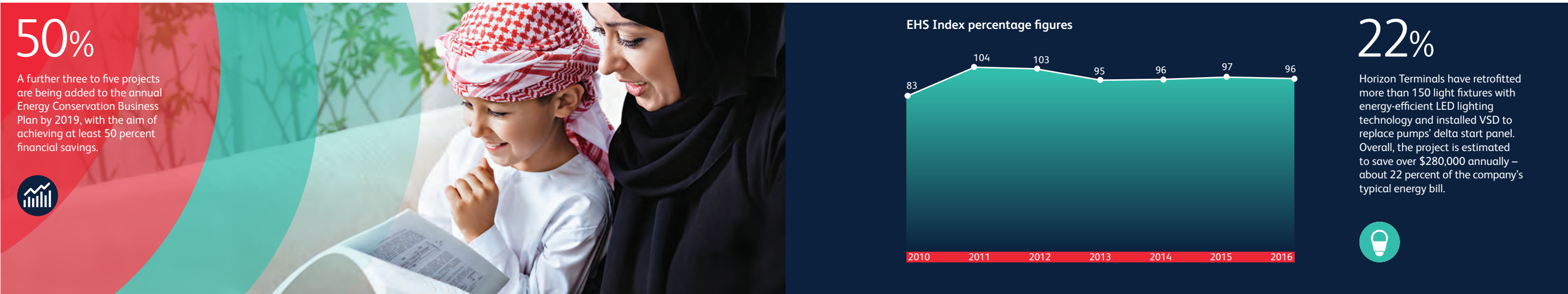
A Group-wide Integrated Audit Protocol was established to improve our internal EHS assurance process and to ensure corrective actions are addressed on time, with focus on mitigating high-risk areas. More emphasis is being placed on achieving operational excellence through a culture of self-assurance, instead of limiting ourselves to compliance criteria.

The Competency Framework has been developed for all EHS functions, to build capacity and competence within EHS team and develop the technical excellence required to guide process safety and operational excellence.

Emergency preparedness and response

ENOC has emergency response plans in place and the required resources to handle any emergency in our activities and facilities. To further improve our emergency preparedness proactively, we have embarked on a new initiative to develop Pre-incident Plans for various credible worst case scenarios. Significant work has been completed and by the second quarter of 2017 we will start to roll out these plans. ENOC will be one of the first companies in the region to take such a forward-looking initiative. We aim to ensure full implementation in all facilities by the end of 2017.

The sustained trend of high performance against Group KPIs is clearly illustrated in the EHS Index percentage figures for 2010 to 2016.



Proactive indicators for 2016	Target	Achieved
Internal and external EHS audits	434	527
EHS promotions and campaigns	186	371
Emergency drills completed	206	278
EHS-related training	53,500 mh	89,098 mh
Number of employees who underwent health surveillance check-ups	785	1,279

Lagging indicators for 2016

The Group recorded about 37.5 million work hours and its fleet of trucks, tankers and hired vehicles covered more than 10 million km during 2016 without any casualties. This is equivalent to circumnavigating Earth 300 times.

Lost-time incident rate per million work hours: 0.4 against a limit of 0.41

Motor vehicle accident rate per million km driven: 0.21 against a limit of 0.6

EHS training

We have introduced additional training programmes to enhance awareness and active participation by our staff and contractors to achieve happiness and work-life balance. These include:

- Stress management – ‘The Happiness Story’, in line with the Dubai Government’s appointment of a Happiness Minister
- Nutrition
- Ergonomics
- Office hazards and risk assessment
- Environmental awareness

In 2016, a total of 89,098 man-hours of training was completed, compared to the target of 53,500.

Retail taskforce for spills and fires

A Review Committee/Taskforce was formed and met throughout the year to review operational, maintenance and design issues to prevent recurrence of fires and spills. The committee published its report and recently finalised the Retail EHS Design standards. Periodic follow-up is being maintained to implement taskforce recommendations

Road transport safety

Although ENOC maintains a constant vigil on road safety aspects, a tanker rollover caused the driver to suffer serious injuries and also led to an oil spill. Based on the investigation, a number of preventive actions were taken including refresher training on roll-over prevention, route risk survey, tracking of vehicle movements online using in-vehicle system, and appointing a competent driver trainer. Training in defensive driving was also offered to office staff.

Conferences and workshops

Group EHS continued to run conferences and workshops, attended by internal and external stakeholders:

Marine Ship Inspection Report Programme (SIRE) – now in its ninth year, the workshop featured speakers from ENOC and external companies, with presentations mainly focused on human factors within the marine industry.

Occupational health seminars – two seminars had speakers from ENOC and external companies presenting on various industry occupational health topics.

EHS conferences – EHS representatives from ENOC presented at major external conferences and workshops such as the World Aviation Summit in Dubai; the Health, Safety, and Security Forum in Abu Dhabi; and the Global HSE Conference in Delhi.

Industrial hygiene

In a strategic move, we began outsourcing our industrial hygiene services from October 2016. By the end of 2017, ENOC will have completed the formal linking of industrial hygiene and occupational health, moving towards the elimination of potential occupational illnesses.

As a result of the EHS programmes and initiatives described above, substantial improvements have been achieved in several areas:

- Improved reporting of incidents and near misses
- Fewer injuries (lost-time injury rate of 0.1020 against the previous 0.1003 in 2015)
- Savings in water and energy
- Increased marine SIRE inspections, from 700 to 807
- Improved preparedness by developing pre-incident plans and aligning the emergency and crisis management plans
- Developing Integrated Auditing Protocol, which will result in fewer audits, enabling us to focus on high-risk areas and prompt close-out of corrective actions.

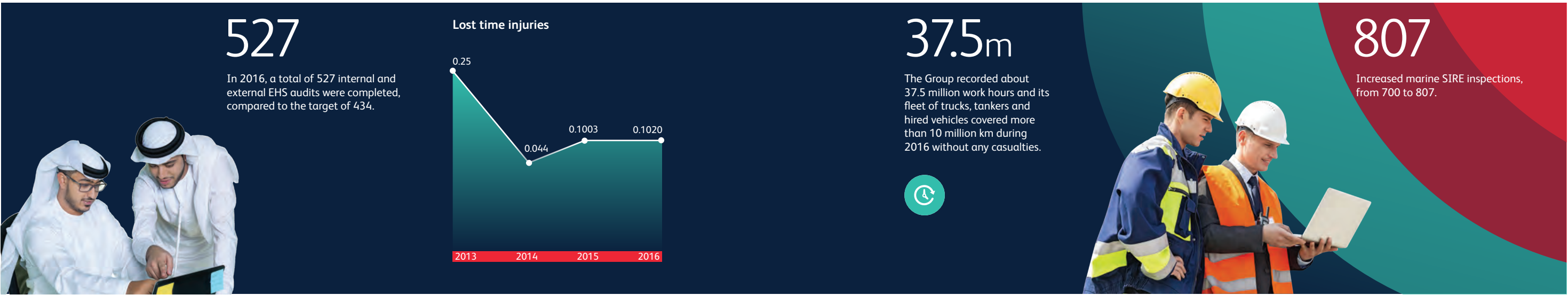
89,098

In 2016, a total of 89,098 man-hours of training was completed, compared to the target of 53,500.



0.126

As a result of the EHS programmes and initiatives, our lost-time injury rate of 0.126 reduced against the previous 0.134 in 2015.



Corporate social responsibility

Four-point plan for societal contribution

The social dimension of ENOC's sustainability programme overlaps and interlinks with the Group's environmental and economic efforts. The overall framework comprises four elements – employees, community, environment, and ethics.

Activities with communities are extensive and wide-ranging – from education to famine relief, personal wellness to maintaining a 'green' economy.

The CSR Steering Committee advises on policy and activities. The committee has 14 members and is chaired by the Director of EHSSQ and Corporate Affairs, with the Director of Shared Services as Vice-Chairman. The committee is formally incorporated and has its own charter. It meets quarterly and follows a structured approach:

- Build stronger associations and improve campaign effectiveness
- Improve creative elements
- Develop reporting function
- Maintain investment of only strategic interest
- Ensure internal stakeholders take part in and are aware of CSR activities

This is supported by a six-step process:

- 1 – Build association: strategic partners, join networks (NGOs), awards
- 2 – Leverage: policies, matrix, guiding principles
- 3 – Invest: media channels, sponsorships, partnerships
- 4 – Communicate: awareness, campaigns, joint activities
- 5 – Evaluate and recommend: KPIs, Steering Committee, ongoing strategy
- 6 – Report: white papers, editorials, interviews, panels/roundtables, events

Community

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

An educational agreement with the British University in Dubai initiated the first Sustainability Summer School international trip to Norway, Sweden, and Denmark – with 17 students and teachers learning from international experience in green practices, enabling them to propose green recommendations to decision-makers in the UAE. Educational development has been further aided by arranging visits to Duke University, Cass Business School, Sam Huston University, and Zayed University.

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

E&P operations in Turkmenistan

Under the amendment to the PSA in December 2014 in Turkmenistan, Dragon Oil continues to allocate about \$10 million annually for social and training programmes, undertaking various projects for the benefit of the community of Hazar, the hub of its operations in Turkmenistan. Among those in 2016 were repairs to educational and social facilities including schools and hospitals. Dragon Oil also sponsored various sports, educational and cultural events, and remains committed to funding the desalination plant in Hazar, as well as training of Turkmenistan citizens.

One of the most important aspects of the investment in the Cheleken Contract Area is the opportunity created for local businesses and local jobs. Dragon Oil has partnerships with a number of local companies for contractual work and materials supply, which employ a large local workforce.

Environment

As a strategic partner with the Emirates Environment Group since 2001, the number of teams working on recycling of cans, paper, mobile phones, and battery cells has grown from 16 to 77.

ENOC's CSR journey has been marked by many notable achievements, particularly in environmental education. Working with the Dubai Aquarium and Underwater Zoo, more than 1.16 million members of the community have learned about marine wildlife and conservation.

Ethics

At ENOC, 'ethics' is essentially a matter of being transparent within our business at all segment levels, showcasing our ethical practices through seminars, conferences and best-practice sessions.

We are in the process of achieving SA8000 certification, an auditable standard that encourages organisations to develop, maintain and apply socially acceptable practices in the workplace.

It was developed in 1997 by Social Accountability International (formerly the Council on Economic Priorities) by an advisory board comprising trade unions, NGOs, civil society organisations, and companies.

SA8000 streamlines the complexities of navigating industry and corporate codes to create a common language and standard for measuring social compliance. As it can be applied worldwide to any company in any industry, it is an extremely useful tool in measuring, comparing and verifying social accountability in the workplace.

We are also working towards certification by the International Standards Organisation under ISO 26000, developed to help organisations effectively assess and address those social responsibilities that are relevant and significant to their mission and vision; operations and processes; customers, employees, communities, and other stakeholders; and environmental impact.

ENOC's code of conduct meets SA8000 and ISO 26000 guidelines, with transparency further reinforced by contributing to the UAE's State of Energy and State of Green Economy reports and Arabia CSR Network Best Practices.



Green economy

Leading the way to a clean future

Key features of the green economy – the third element in ENOC's integrated sustainability programme – are sponsorship of green initiatives, green investments, and membership of the Dubai Green Economy Partnership.

Primary objectives include:

- Meeting OEM fuel economy legislation requirements
- Meeting global emissions requirements
- Development of low SAPs engine oils
- Introduction of high-quality petrol/diesel engine oils that are superior in drain period, engine cleanliness, and engine life

Green and high-performance products are therefore prominent in marketing efforts, highlighting the benefits of fully synthetic oils such as Protec Green.

Clean gases

ENOC has introduced cleaner fuel, notably compressed natural gas (CNG) that can be used to replace gasoline or diesel, in the process producing fewer undesirable emissions. The EMGAS CNG Initiative has converted vehicles operating within Dubai Airport premises from gasoline to CNG, as well as Abra water taxis on Dubai Creek. A CNG distribution network has also been established across Dubai.

Cutting Edge Gas (CEG) is another new generation product from EMGAS that provides customers with a convenient, cost-effective fuel gas for cutting applications. CEG offers numerous benefits over traditional acetylene fuels, including ease of storage, increased safety, and lower cost. It is an effective replacement for acetylene and is suited for any application involving cutting, heating, gauging or brazing – whether in shipyards, engineering works or machine shops.

EMGAS is also the region's sole supplier of high-quality aerosol propellants produced from propane and butane, blended in the ratio required by customers. The propellant is a viable and economical replacement for harmful CFCs (chlorofluorocarbons), which have been proven to contribute to the destruction of the ozone layer.

Being hydrocarbon-based, the EMGAS aerosol propellant does not contain ozone-depleting substances. The aerosol propellant production plant has been developed to the latest international standards and meets the strictest industry specifications for product purity and consistency. Applications include perfumes and cosmetics, pesticides, air-fresheners, polishes, and food-grade packaging. The product is also available for export, with customers able to uplift supplies using ISO-certified containers.

Green building

In the greening of ENOC's Dubai head office building – now certified as LEED (Leadership in Energy and Environmental Design) by the US Green Building Council – the building management system has been optimised. The computer-controlled system is installed in buildings to monitor and manage mechanical and electrical services.

Optimisation included installing new air-conditioning, an air-handling unit, chiller control, chiller plant manager, and LED lights.

Carbon credits

Green business planning, the role of carbon management in project appraisal, and the Clean Development Mechanism (CDM) and carbon credits are priorities in ENOC's green economy strategy.

CDM is a flexible mechanism defined in the Kyoto Protocol and provides for emissions reduction projects that generate Certified Emission Reduction units (CERs), which may be used in emissions trading schemes.



120kW

ENOC has opened the UAE's first solar-powered filling station, situated on Dubai's Sheikh Zayed Road. Solar panels on the roof have a rating of 120 kW, 30 percent more than the station's operational needs. The excess is fed back into DEWA's electrical grid.



ENOC Group legal entities

United Arab Emirates

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

Bermuda

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

Singapore

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

Kingdom of Saudi Arabia

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

Djibouti

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

Tanzania

ENOC Africa – **60%**

Somalia

Horn Fuel Trading LLC – Somalia – **51%**

Morocco

Horizon Tangiers Terminals SA – **34%**

United Kingdom

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

Malaysia

ESL Limited

Malta

Dragon Oil (Holdings) Limited

Jersey

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

