Providing Energy for Life
ENOC is committed to the long-term sustainability of our nation and the regions in which we operate. Providing energy for our communities, our people, industries and our future.
ENOC is a leading integrated energy player, operating across the energy sector value chain.

149m customers served in 2018

256m barrels sales volume 2018

11,600+ employees

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

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

Our 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.

Our mission
To be an innovative energy partner, delivering sustainable value and industry-leading performance.
Enhancing value
Group-wide

Our 2018 results show a positive upward trend, and demonstrate the value of a broad-based strategy designed to deliver value at every touch point of our operation.

86,574
barrels daily crude production

149m
customers served in 2018

400m
commercial diesel sales volume

142
fuel stations

6.3m
cubic metres storage capacity

11,600+
over 11,600 employees

1,101m
US gallons of jet fuel sales volume

127k
ENOC’s refinery has daily capacity to process 127,000 barrels of refined fuel products

675k
MT annual MTBE capacity

60+
presence in over 60 countries
ENOC plays an integral role in the future growth and success of Dubai

ENOC plays an integral role in the growth and success of Dubai. Having contributed significantly to the growth of the emirate’s economy and to the development of its infrastructure in the first 25 years of our history, we now look forward to the next 25 years with great confidence.

ENOC will continue to deliver against its mandate of supporting Dubai Plan 2021, Dubai Clean Energy Strategy 2050 and the UAE Energy Strategy 2050, and in so doing play its part in the global recognition of Dubai as a thriving metropolis of commerce, community and tourism. In line with our mandate, we are investing in new infrastructure, and both the construction of our jet fuel pipeline to Al Maktoum Airport and the expansion of our Jebel Ali refinery are proceeding on track.

ENOC has evolved in parallel with Dubai’s own spectacular growth and diversification, and now, as the emirate continues to develop as a hub of innovation and entrepreneurship, we are matching its strategy of adopting the latest technologies to future-proof our business. Digitisation also underpins our thinking, and in the last year we have implemented a number of new state-of-the-art systems to make our business more efficient, more agile and better placed to extract value across all our business segments.

This future-ready mindset is crucial in the face of challenging and volatile economic and geopolitical conditions and longer term change. According to the BP Energy Outlook 2019, energy consumption in the Middle East is forecast to increase by 55 percent between 2017 and 2040. By that time, the United Nations estimates that the UAE’s population will have risen by 22 percent since 2015. Managing these shifts in socio-economic dynamics requires ingenuity, flexibility and speed, which ENOC has consistently demonstrated during its history, delivering sales volume growth at a rolling rate of 10 percent in the last five years. We will continue to respond swiftly and decisively to the changing market as we enter a new era of global energy dynamics.

ENOC’s primary purpose and strategic goal is to supply energy to the population of Dubai. We’re proud to deliver on this mandate while performing several other roles vital to the future success of the emirate and its citizens and residents. The development of human capital is essential to enable future generations to assume responsibility for the nation’s ongoing development as a thriving commercial hub that competes on the world stage. ENOC will continue to play its part in creating the talent of the future, providing an environment where its citizens can enjoy rewarding and fulfilling careers and serve their country with pride and distinction.

Outside of the UAE, ENOC intends to continue its expansion, as it cements its position in a number of key energy provinces, thereby promoting its brand internationally. The third element of the company’s strategy is to continue to extract value across the whole energy spectrum.

In order to fulfil our objectives, we rely on the support of our leadership, for which we remain grateful, as we continue to justify its faith in our ability to deliver growth, serve our community and generate value.

H.E. Saeed Mohammed Al Tayer
Vice Chairman

Message from Vice Chairman

“This future-ready mindset is crucial in the face of challenging and volatile economic and geopolitical conditions and longer term change.

H.E. Saeed Mohammed Al Tayer
Vice Chairman

10%
Sales volume growth rate over the past 5 years
Sheikh Hamdan, ENOC has grown to become a leading integrated global
company, and President of Dubai Electricity and Water Authority (DEWA).
He has also the benefactor and patron of the Sheikh Hamdan Bin Rashid
Al Maktoum Award for Medical Excellence, introduced 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
gas and oil 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.

H.E. Saeed Mohammed Al Tayer
Vice Chairman
H.E. Saeed Mohammed Al Tayer has an overall experience of more than 34 years in the field of telecommunications, energy, water, infrastructure, oil, gas and industry.
Under his leadership since 1992, DEWA achieved unprecedented successes and has become one of the very best distinguished entities in all aspects worldwide.
As an initiative of his own, several successful companies were established, including Emirates Central Cooling System (EMPOWER), Dubai Smart City Office, Vice Chairman of Emirates Global Aluminium (EGA), Vice Chairman of Emirates National Oil Company (ENOC), Vice Chairman of Dubai World Trade Centre (DWTC), Chairman of Dubai Airports Free Zone Authority (DAFZA), Board of Trustees, Chairman of the World Green Economy Organisation (WGEIO) and Chairman of Dubai Future Council On Energy. He was Chairman of the Environment and Information Committee – Dubai Executive Council – during the period from 2006-up to 2017. In addition, His Excellency is, currently, vice chairman, on various highly level committees, appointed by the Government of Dubai in the Emirate of Dubai.
He has received a number of prestigious awards such as the ‘Middle East Champion of Energy’ award received at the World Green Economy Summit 2015 from the United Nations Development Programme (UNDP). On 18 May 2015, the UAE Government appointed H.E. Al Tayer as the Goodwill Ambassador for ‘Sustainable Development Goals’. In addition, the Swiss Business Council Dubai & Northern Emirates awarded H.E. Al Tayer the prestigious ‘Lord of Matterhorn Award’. Moreover, His Excellency received an honorary doctorate from Ajman University in Dubai in appreciation of his continuing innovative efforts to achieve excellence and promote scientific knowledge and sustainability.

H.E. Abdulla AlMohri
Board Member
Member of the Investment and Finance Committee
H.E. Abdullah Al Mohri is a member of a number of highly esteemed boards, including Dubai’s Supreme Fiscal Policy Committee, Dubai World, the Federal Tax Authority as well as the Emirates National Oil Company (ENOC).
In recognition of his service towards the Emirate of Dubai, He was appointed as Vice Chairman of the Board of Directors of the United Arab Emirates Central Bank.
Previously, H.E. DFF’s Director General had many leadership and financial positions in a number of government entities at the local and federal levels, including the Emirates National Bank, Dubai International Financial and Administrative Affairs of Dubai Customs. He also chaired a number of committees, notably the VAT Committee at Dubai Customs. He also oversaw many legislative and regulatory committees, including the Executive Credit Policy Committee and the various Executive Credit Groups.
H.E. Al Mohri is a fellow member of the Chartered Institute of Management Accountants (CIMA) and has an MBA degree from the University of Pennsylvania.

Rasheed AlGassoub
Board Member
Member of the Audit Committee
Mr. Al Gassoub heads the investment office 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. Considered under his charge cover a wide spectrum of commercial, educational, and charitable organizations.
He currently serves on the boards of Emirates NBD, National Bank of Fujairah, ENOC, Dragon Oil, Maran Emirates Insurance Brokers, Tricon Value Investments, Dubai Development and Management Finance. He is also Chairman of Arab UAE, Arab Brokerage Co., UAE and Union Cement and Deputy Chairman of Dragon Oil (holding). He is also a member of many other boards including the Dubai Supreme Council of Affairs Council, Vice Chairman of Dubai World Trade Centre (DWTC) and General Director of the Dubai Civil Aviation Authority.

Dr. Ibrahim AlMubarak
Board Member
Chairman of the Investment and Finance Committee
Dr. Ibrahim AlMubarak is the Secretary General of Dubai Supreme Council of Energy (DSCE). He joined DSCE in 2004 and held the position of Vice Chairman of Dragon Oil (Holding) Limited from 1999 to 2012. Dr. AlMubarak holds a B.Sc. in Petroleum Engineering from the University of Texas. Before joining DSCE, Dr. AlMubarak worked for ENOC, ARCO Dubai Inc., Masdar Energy Establishment and Dubai Supply Authority.
With over 35 years of experience in Oil & Gas Industry and Energy Sector, Dr. AlMubarak used his comprehensive knowledge of oil and gas technology as well as his petroleum engineering education for focused an operational and technical recommendations on field development and drilling plans. He has gained experience in the management of gas storage for power generation in existing and new facilities. He previously served as the CEO of Far Eastern Energy & Gas and AlMubarak Energy Co.

Dr. Abdulrahman A. Al-Awar
Board Member
Chairman of the Nomination & Remuneration Committee and member of the Audit Committee and Chairman of the Investment and Finance Committee
Dr. Abdulrahman A. Al-Awar is a Fellow of the Energy Institute and a Member of the Advisory Board of the Energy Policy Research Lab, a division of the Dutco Group, a Dubai-based family-owned conglomerates, in the Middle East’s most successful companies were established, including Emirates National Oil Company (ENOC), Dragon Oil, Marsh National Bank of Fujairah, Dubai Inc., and enjoys jogging, sailing and other outdoor activities.

Mirza Al Sayegh
Board Member
Vice Chairman of Dragon Oil Holdings Limited (UK Programme).
Mr Al Sayegh holds a Master’s degree in International Relations from the University of Southern California (US Programme).

H.E. Al Sayegh
Board Member
Member of the Investment and Finance Committee
H.E. Al Saleh is a fellow member of the Investment and Finance Committee of Southern California Relations from the University of Southern California (US Programme). He is a fellow member of the Executive Council of Dubai, the Dubai World Trade Centre (DWTC) and a Member of the Investment and Finance Committee of the Executive Council of Dubai. H.E. Al Saleh has participated in a number of Dubai World Trade Centre (DWTC) and a Member of the Investment and Finance Committee of the Executive Council of Dubai. H.E. Al Saleh has participated in a number of foreign and national summits, conferences and many other events.

Dr. Abdulrahman A. Al-Awar
Board Member
Chairman of the Nomination & Remuneration Committee and member of the Audit Committee and Chairman of the Investment and Finance Committee
Dr. Abdulrahman A. Al-Awar is a Fellow of the Energy Institute and a Member of the Advisory Board of the Energy Policy Research Lab, a division of the Dutco Group, a Dubai-based family-owned conglomerates, in the Middle East’s most successful companies were established, including Emirates National Oil Company (ENOC), Dragon Oil, Marsh National Bank of Fujairah, Dubai Inc., and enjoys jogging, sailing and other outdoor activities.
Executive Management

Salf Hamad Al Falasi 
Chief Executive Officer, ENOC Group
In 2014, he was appointed as the Chief Executive Officer of ENOC Group in March 2014. Mr. Al Falasi has extensive experience in business strategy and operational excellence locally and internationally, in alignment with the vision and plans of the Government of Dubai. A 39-year seasoned professional, Mr. Al Falasi possesses a wide range of expertise in the fields of energy industry, en energy management and in-depth industry knowledge, spanning a wide range of specialties including project management and petroleum asset evaluation operations. He joined ENOC in 2009 as General Manager. In 2017, he was appointed Executive Director for Environment, Health, Safety and Quality (EHSQ) and the Corporate Affairs Director. Prior to his assignment with ENOC, Mr. Al Falasi worked with Abu Dhabi National Oil Company (ADNOC) for 25 years and was a Board member of National Marine Services. Mr. Al Falasi is a Chair of Gulf Energy Maritime PJSC. In addition, he is a Board member of the Supreme Board of Energy and Resource Management Programme.

Toyyab Al Mulla 
Managing Director, Supply, Trading and Processing
Toyyab Al Mulla is the Managing Director of ENOC’s Supply, Trading and Processing segment, spearheading the Group’s refining, tracking and petrochemical, Gas and FM/procurement business and associated marketing operations. During his tenure with ENOC, Al Mulla contributed significantly to key growth and development opportunities, including exploring TV opportunities at Jebel Ali, Fuel Oil and Shipping. With 35 years of diverse experience in supply chain, Mr. Al Mulla is a number of key roles internationally and domestically, providing strategic operational leadership in refining, trading, supply logistics, transportation, pipeline construction, marketing and strategy planning. He began his career in 1980 with Abu Dhabi National Oil Company (ADNOC), where he held various positions at the Group’s upstream and downstream operations. He moved to Emirates National Oil Company (ENOC) in 1992. In 2013, he was promoted to Group Executive Director – Oil, acting Group Executive Director – Trading, after which he was appointed CEO of ENOC’s Commercial and International Operations. In 2016, he was appointed as the Group CEO of ENOC Group. Mr. Al Mulla holds a BSc in Petroleum Engineering from the United Arab Emirates University. He is an Honorary Member of the Institute of Petroleum Engineers, Abu Dhabi Section.

Zaid Alqufaidi 
Managing Director, ENOC Retail
In his current role as Managing Director, ENOC Retail, Mr. Alqufaidi is responsible for the strategic development of ENOC Retail Group’s business. Through his extensive experience and capabilities, he has built a business with significant margins and growth at the forefront of the industry. Mr. Alqufaidi joined ENOC Retail in 2007, and has held several senior executive positions, including General Manager – Retail. Prior to that, he worked at Almarai Foodstuff, GBX and the Dubai Chamber of Commerce. Mr. Alqufaidi has a Bachelor of Science degree in Economics and Business Administration from the University of Bradford, United Kingdom.

Yasser Al Junaidy 
Chairman, Executive Director, Shared Services Centre, Group HR and New Business Development, ENOC Group
Yasser Al Junaidy has held various positions at ENOC Group, including that of Horizon Energy Maritime Chief Executive Officer and ENOC Group Chairman. Over the years, he has immensely contributed to the Group’s growth, profitability and excellence. In his current position as Managing Director of ENOC’s Commercial and International Operations, Mr. Al Junaidy spearheaded the Group’s marketing and development strategies, focusing on operational excellence locally and internationally. Mr. Al Junaidy took over the position of Group Chairman after retiring in 2016. Before his appointment as Executive Director – ENOC Group Strategy & New Business Development, Mr. Al Junaidy held the position of Group Chief Financial Officer. He was appointed in March 2015 as the Group’s Executive Director – Shared Services Centre, Group HR and New Business Development.

Nashat Al Mruf 
Executive Director, Shared Services Centre, Group HR and New Business Development, ENOC Group
Mr. Al Mruf is the Executive Director of ENOC’s Shared Services Centre, Group HR and New Business Development, ENOC Group. In his current role as Executive Director of ENOC’s Shared Services Centre, Group HR and New Business Development, Mr. Al Mruf leads all the Group’s HR and Shared Services activities. Mr. Al Mruf holds a Bachelor of Science degree in Economics, and has held various senior positions within the Group’s business units. He joined ENOC in 2003 and has held a number of senior executive roles in the Group’s Strategy and Commercial functions, including Portfolio Management, Investment and Corporate Development, Group Human Resources, Group Information Technology & Cyber Security. Mr. Al Mruf also holds a number of Board directorships, including that of Horizon Energy Maritime Ltd and its subsidiaries, ENOC Singapore and Gulf Energy Maritime PSC.

Tayyeb Al Mulla 
Managing Director, Supply, Trading and Processing
Toyyab Al Mulla is the Managing Director of ENOC’s Supply, Trading and Processing segment, spearheading the Group’s refining, tracking and petrochemical, Gas and FM/procurement business and associated marketing operations. During his tenure with ENOC, Al Mulla contributed significantly to key growth and development opportunities, including exploring TV opportunities at Jebel Ali, Fuel Oil and Shipping. With 35 years of diverse experience in supply chain, Mr. Al Mulla is a number of key roles internationally and domestically, providing strategic operational leadership in refining, trading, supply logistics, transportation, pipeline construction, marketing and strategy planning. He began his career in 1980 with Abu Dhabi National Oil Company (ADNOC), where he held various positions at the Group’s upstream and downstream operations. He moved to Emirates National Oil Company (ENOC) in 1992. In 2013, he was promoted to Group Executive Director – Oil, acting Group Executive Director – Trading, after which he was appointed CEO of ENOC’s Commercial and International Operations. In 2016, he was appointed as the Group CEO of ENOC Group. Mr. Al Mulla holds a BSc in Petroleum Engineering from the United Arab Emirates University. He is an Honorary Member of the Institute of Petroleum Engineers, Abu Dhabi Section.

Mustafa Al Hashemi 
Executive Director, Finance & New Business Development
Mustafa Al Hashemi is the Executive Director of Finance and New Business Development, ENOC Group. In his current role as Executive Director of Finance, Mr. Al Hashemi is responsible for the Group’s strategy and operational development, delivering significant value to the organization through improved performance, service excellence and cost optimization measures, while generating superior financial returns. Mr. Al Hashemi joined ENOC Group in 2009 and has held positions in Group Corporate Affairs, Group Legal, Risk Management, and Group Information Technology & Cyber Security. With over 20 years of experience in the energy sector, Mr. Al Hashemi took over the position of Executive Director, Finance & New Business Development, after his appointment as Executive Director – ENOC Group Strategy & New Business Development, in 2017. Mr. Al Hashemi has held various key roles in the Group’s business including Executive Vice President, Executive Vice President – Retail and Executive Vice President – Trading and Processing. Mr. Al Hashemi joined ENOC Group in 2009 as a Senior Financial Manager before being promoted to Group Controller. Prior to that, he was a Senior Financial Manager at the Dubai Wholesale Company. Mr. Al Hashemi holds a Bachelor of Science degree in Economics from the University of Oklahoma in the USA. He is an Associate of Chartered Accountants of England and Wales (CA (UK)) and a member of the Institute for Management Development (MSD) in Switzerland.

Nasir Al Junaidy 
Executive Director, Shared Services Centre, Group HR and New Business Development, ENOC Group
Nasir Al Junaidy is the Executive Director of ENOC’s Shared Services Centre, Group HR and New Business Development, ENOC Group. In his current role as Executive Director of ENOC’s Shared Services Centre, Group HR and New Business Development, Mr. Al Junaidy leads all the Group’s HR and Shared Services activities. Mr. Al Junaidy holds a Bachelor of Science degree in Economics, and has held various senior positions within the Group’s business units. He joined ENOC in 2003 and has held a number of senior executive roles in the Group’s Strategy and Commercial functions, including Portfolio Management, Investment and Corporate Development, Group Human Resources, Group Information Technology & Cyber Security. Mr. Al Mruf also holds a number of Board directorships, including that of Horizon Energy Maritime Ltd and its subsidiaries, ENOC Singapore and Gulf Energy Maritime PSC.

Mohammed Sharaf 
Group Chief Financial Officer, ENOC Group
Mohammed Sharaf is the Group Chief Financial Officer of ENOC Group. In his current role as Group Chief Financial Officer of ENOC Group, Mr. Sharaf spearheaded the Group’s strategy and commercial functions through key departments including Portfolio Management, Investment and Corporate Development, Group Human Resources, Group Information Technology & Cyber Security, and Treasury, Financial Analysis and Budgeting Economics and Group Information Technology & Cyber Security. Mr. Sharaf, who joined ENOC Group in 2005, is a Senior Financial Executive with more than 20 years of experience. In his previous role, he led the finance functions in Emirates Aluminum Company (EA) and is a member of the Emirates Global Aluminium (EA) Group’s Executive Committee. Prior to his appointment as Group Chief Financial Officer, Mr. Sharaf held various senior financial roles within the Group, including Executive Vice President – Financial Services, and Executive Vice President – Financial Services, before his current position as Managing Director, ENOC Group.

Ali Rashid Al-Jawaran 
Managing Director, Exploration and Production and CEO of Dragon Oil
Mr. Al-Jawaran has more than 35 years of experience in oil and gas exploration and production and holds a number of senior management roles in the Abu Dhabi National Oil Company (ADNOC) group of companies – Abu Dhabi Company for Onshore Oil Operations (ADCO), as well as Abu Dhabi Marine Operating Company (ADMA-OPCO) from 2006 to 2016. He has received several industry honors, including the Society of Petroleum Engineers (SPE) distinguished membership, two innovation awards from BP Middle East, SPE’s Kuwait Young Professional of the Year, and several SPE recognition awards – the latest being Honorary Member. Mr. Al-Jawaran has a Bachelor of Science degree in Petroleum Engineering from Oklahoma State University in the USA. He is an Associate of Chartered Accountants of England and Wales (CA (UK)), a member of the Institute for Management Development (MSD) in Switzerland.
A fully integrated energy business

Energy business
ENOC’s energy business comprises Exploration and Production, Supply Trading and Processing (STP), Terminals, Fuel Retail, Aviation, and Products.

Subsidiary businesses
ENOC has also established a solid presence in related fields and subsidiary enterprises. Current activities include convenience store franchises and automotive services.

Convenience stores
ENOC operates a successful network of over 200 convenience stores across the UAE, offering customers a wide range of both local and international brands.

Read more on page 51

Automotive services
ENOC operates two automotive services for its customers in the UAE. AUTOPRO offers a range of automotive services at a number of locations, from basic car wash to maintenance and repair services. TASJEEL provides a comprehensive range of vehicle testing and registration services for car owners across a network of outlets.

Read more on page 52

ENOC GROUP

Corporate segments
- Group Strategy & Finance
- Group HSE
- Shared Services, Group HR and New Business Development
- Directorate of Internal Audit & Business Ethics
- Government & International Affairs

Business segments
- Exploration and Production
- Dragon Oil
- Supply, Trading and Processing
- Refinery
- Trading
- Petrochemicals processing
- Terminals (HTL)
- Storage
- Distribution
- Commercial and International Sales
- Lubricants
- Aviation
- Gas (ENMAG)
- EIPM
- Retail
- Fuel Retail
- Automotive
- C-Stores (2000)
- F&B
- Property Rental
- Car-leasing

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Read more on page 40

Read more on page 50

Read more on page 44
Our global footprint

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

- 249m barrels produced in 2018
- 60+ presence in over 60 countries
- 80,000+ barrels of oil per day produced by Dragon Oil
- 57+ nationalities employed
- 30 subsidiaries involved from exploration to retail
Focusing on delivering value throughout our entire value chain

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

1970s - 1980s

1971 - Obay Prospecting and Mining Company (now Dragon Oil) is established.
1974 - CAUSAS Bottling Company is established.
1976 - CYGAS, the first LPG cylinder factory in the GCC region, begins its operations.
1977 - DUGAS (Dubai Natural Gas Company) is established and begins construction of a 50 MMscfd gas plant.
1980 - DUGAS begins commercial production of LPG and condensate. Emirates BulkTankers and BulkTerminals Company (EBBTC) is established.
1981 - CAUSAS becomes wholly owned by the Government of Dubai, and is renamed Emirates Gas (EMGA).
1984 - DUGAS’s second ethane gas plant is completed with a capacity of 135 MMscfd. The DUGAS DEWA 24-inch pipeline is completed, and the 12-inch fuel gas pipeline from Jebel Ali to the Fateh Field is commissioned.
1988 - EBBTC is renamed Emirates Petroleum Products Company (EPPCO).
1989 - DUGAS’ Manghop-Jebel Ali pipeline is completed. Emrados Terminals is formed to establish a chemical storage terminal in Jebel Ali.
1990s

1991 - ENOC’s Retail segment launches convenience stores, later branded “ZOOM”.
1993 - ENOC is formed through the transfer of four wholly or majority owned Government of Dubai companies.
1995 - DUGAS’ 500,000 MT methyl tertiary butyl ether (MTBE) facility becomes operational.
1996 - EPPCO International becomes an ENOC joint venture with Chevron, and its storage terminal at Jebel Ali is established. ENOC enters the aviation fuel market.
1997 - EPPCO Projects begins marketing ENOC and Cable branded lubricants. Emrados Terminals (now known as Horizon Jebel Ali Terminals) is acquired by ENOC.
1998 - ENOC acquires 46 percent of Dragon Oil.
1999 - ENOC’s Snake Pipeline is inaugurated, supplying aviation fuel to Dubai International Terminals.
2000s

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 Commercial and International Sales segment is formed to take over aviation fuel marketing from EPPCO Projects.
2002 - ENOC acquires a 35 percent stake in AscotBank Terminals with a capacity of 19,300 m3 (now 28,800 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 remaining shares in EPPCO from Chevron.
2006 - Horizon Singapore Terminals is commissioned, with a capacity of 73,000 m3 (now 124,300 m3).
2007 - ENOC’s Snake Pipeline (supplying aviation fuel to Dubai International Terminals) undergoes a major upgrade.
2009 - ENOC Lubricants and Grease Manufacturing Plant begins operations.

2010s

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 Burgas Exploration Permit, offshore Tunisia.
2012 - Horizon commissions a new terminal in Tangier, Morocco with a capacity of 133,000 m3.
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.
2014 - ENOC’s Jebel Ali refinery announces an expansion valued at more than US $1 billion.
2015 - ENOC acquires the remaining 46 percent of Dragon Oil.
2016 - Horizon divests its interest in Horizon Taysoung Korea Terminals. ENOC’s Jebel Ali refinery announces an expansion valued at more than US $1 billion.
2017 - ENOC launches Biodiesel in the UAE.
2018 - ENOC pilots first relocatable fuel station in Dubai.

2010s - 2019

ENOC’s journey
Delivering value for our people and our customers now and for the future

We are building a business that is ready to meet the challenges of a rapidly changing market.

In 2018, ENOC took a number of steps to expand its presence in both its domestic and international markets, fulfilling its ongoing mandate to support Dubai’s 2021 Plan and deliver energy to its people. We accelerated our ongoing digital transformation, deploying the latest technologies to make our operations more efficient and future-proof, and better able to serve our communities.

28% increase in revenues
Meeting tomorrow’s challenges today

2018 was a year in which volatility of oil and gas prices resulted in a more challenging environment. At the start of the year, prices had risen to levels closer to what had been seen before 2014. However, concerns over the changing dynamics of supply and demand, combined with slower global economic growth, led to a reduction in prices in the final quarter of the year. Despite this backdrop, the Group’s revenues for the year reached US$21.02 billion, representing a 28 percent increase over 2017. This is a highly creditable performance and a testament to ENOC’s diverse and flexible business model and its ability to extract value across the energy spectrum.

Our upstream operations produced more than 86,000 barrels of oil per day, an increase of 3 percent compared to 2017, and the segment’s contribution to Group’s profit remained higher than in the previous year. Across the whole business, we continued to invest in growing our presence in both domestic and international markets, as well as implementing new systems and technologies that will equip us for the changes that our industry is undergoing. At the end of 2018, we submitted an offer to acquire certain oil producing assets in Egypt, and an agreement was signed in June 2019. Meanwhile good progress was made in expanding our refinery at Jabal Ali.

Our retail network also continues to grow, with initial steps taken towards our entry into the Sharjah market, as well as further growth of our presence in Saudi Arabia. We remain on course to achieve our target of 178 stations by 2020.

We attach great importance to conducting operational activities in a sustainable manner that preserves the environment and protects the health and safety of all our stakeholders. This has been our guiding principle as we continued to pursue our health, safety and environment programs in order to enhance the wellbeing of our customers, our employees and host communities. During the year, all relevant performance indices were improved through effective coordination and planning.

ENOC remains committed to supporting Vision 2021 and our priority is to maximise the efficiency, security and safety of energy supply. In this endeavour, we recognise the importance of using the latest technologies available, while seeking to achieve our core objective of delivering world-class sustainable and integrated energy solutions, by striving for excellence in operations, innovation and the happiness of our employees, customers and partners. In 2018 we embarked upon a disruptive innovation journey with NEXT, an ENOC accelerator programme which we believe will represent a quantum leap in our growth strategy, business development and operational efficiency. Moreover, we are expanding our use of the latest solar technology across our fuel station network, and are continuing to launch innovative, convenient and accessible refueling services such as the compact station in Arabian Ranches.

Central to all our goals are our employees and their exceptional skills, knowledge and passion. Human capital is vital to our efforts in meeting the UAE’s energy needs and sustaining economic growth.

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

Strong global growth from 2017 continued into early 2018, contributing to a healthy annual growth rate of 3.6 percent according to the IMF World Economic Outlook. However, in the latter half of the year a number of factors softened momentum including an economic slowdown in Europe and parts of Asia, weaker financial market sentiment, and various geopolitical and trade-related uncertainties.

Despite a deceleration in some of the world’s major economies, growth across emerging markets and developing economies is expected to remain relatively stable in 2019 at an average of around 4.6 percent (compared with 4.5 percent last year) with only modest variations among countries.

The lower pace of U.S. monetary tightening towards the end of 2018 is likely to be followed by the European Central Bank, given low levels of inflation, stabilising growth in Germany, France and Italy, declining exports and the prospect of further Brexit uncertainty.

The economy of the UAE is expected to grow by 2.8 percent in 2019, well in excess of the estimated 1.7 percent growth achieved in 2018. The UAE liberalisation and stimulus measures announced in May (UAE Cabinet decision to allow foreigners to set up businesses outside free zones and Abu Dhabi 3 year AED 50 billion (US $13.5 billion) stimulus package supporting SMEs and new industries) are likely to accelerate growth in financial and construction sectors, and stock markets. Other factors supporting an improving outlook for the UAE include sustained crude oil prices, growth in the real estate and construction sectors as Expo 2020 infrastructure is finalised, and robust tourism receipts.

Crude outlook

After a buoyant quarter and further weakening in financial markets, price expectations for Brent in 2019 have been reviewed somewhat, with benchmark Brent prices expected to be within the $60 – $65/bbl band for 2019. The International Energy Agency (IEA) expects global oil demand to be in the region of 100 million b/d for 2019, while global oil demand growth for next year is forecast to reach 1.4 million b/d on the back of robust Chinese and Indian consumption. It is likely that crude markets in 2019 will be sensitive to supply constraints, with Brent supported by the 1.2 million b/d OPEC+ cuts agreed in December, losses of up to 1.0 million b/d or more of supply from U.S. sanctions against Iran and reduced Venezuelan crude supplies from new U.S. sanctions on the country’s national oil company. However, if demand weakens further as a result of a global economic slowdown and intensifying trade disputes, oil producers will have to cut even deeper to balance the market.

Inflation dynamics

The forecast of around 1.4 million b/d in global oil demand growth underpins sustained 2019 product demand mainly from non-OECD Asia. The global oversupply of light distillates affecting markets during the latter half of 2018 is expected to reduce in Q1 and Q2 2019 as seasonal demand and decreasing stock levels improve gasoline market fundamentals. However, the timing of new crude distribution units coming online in China, Malaysia, and Kuwait – as well as some new condesate splitter in Iran – could boost regional gasoline supplies, returning those markets to an oversupplied condition.

Crude prices will remain open to the impact of movements will be whether or not the OPEC+ and Russia will extend their agreement beyond the initial period and the level of compliance. The major factor controlling price movements in 2019 will be the impact of OPEC+ supply cuts agreed in December, losses of up to 1.0 million b/d or more of supply from U.S. sanctions against Iran and reduced Venezuelan crude supplies from new U.S. sanctions on the country’s national oil company. However, if demand weakens further as a result of a global economic slowdown and intensifying trade disputes, oil producers will have to cut even deeper to balance the market.

Economic environment

Finally, energy markets experienced a volatile year amid supply concerns in relatively tight markets, heightened geopolitical uncertainty and an uncertain economic outlook. Brent benchmark crude oil reached nearly four-year highs of $86/bbl at the beginning of the fourth quarter before dropping by almost 40 percent to $54/bbl by year end.

Global economic outlook

The slowdown in economic growth in the second half of the year and an increasingly pessimistic outlook have moderated growth expectations for 2019. The IMF revised its global 2019 growth forecast from 3.7 percent to 3.3 percent due to the high level of economic risk including the possibility of prolonged Brexit uncertainty, a potential escalation in U.S. – China trade tensions, and indications of decelerating economic growth in China.

A cooling U.S. economy in the last quarter of 2018 with lower consumer spending and retail sales underpin a decline in growth rate from 2.9 percent this year to 2.3 percent in 2019. Further escalations in trade tensions with China and the possibility of prolonged Brexit negotiations, Chinese growth is expected to slow to 6.3 percent in 2018 from 6.6 percent last year amid weaker credit growth and rising trade barriers. Unless tensions in the U.S. – China trade relationship are de-escalated, existing and further retaliatory tariffs will increasingly impact manufacturing, exports and energy demand for transport and shipping globally.

The economy of the UAE is expected to grow by 2.8 percent in 2019, well in excess of the estimated 1.7 percent growth achieved in 2018.

Refined products outlook

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Boosted by industrial demand growth and seasonal travel, middle distillates, gas oil and jet kerosene are expected to generate the bulk of refined product demand in 2019. A potentially bullish factor for middle distillates in 2019 however concerns the increasing number of bans on diesel car by European cities which could prompt a transport shift towards gasoline.

As markets prepare for the implementation of the 0.50 percent global sulphur limit for marine fuels in 2020 under International Maritime Organisation (IMO) regulation, bunker fuel demand is expected to switch around Q3/Q4 2019 strongly in favour of marine gasoil, resulting in a global fuel supply surplus.

Other factors supporting an improving outlook for the UAE include sustained crude oil prices, growth in the real estate and construction sectors as Expo 2020 infrastructure is finalised, and robust tourism receipts.

GDP dynamics

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Growth, knowledge, innovation and sustainability

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

Mission
We deliver world-class sustainable and integrated energy solutions. We do so by striving for excellence in operations, innovation, and happiness of our employees, customers, and partners. During 2018, our strategic focus concentrated on:

- Serving the growing energy needs of Dubai and contributing to the achievement of Dubai Plan 2021, deploying the latest digital technologies that are using big data to drive efficiencies.
- Building world-class capabilities to grow profitably and sustainably both domestically and internationally.
- Fostering operational excellence, governance, and world-class HSE standards.
- Developing the ‘One ENOC’ culture – integrating our employees as one team along the value chain.
- Maximising happiness and value delivered to employees, customers and partners.

Our strategy

ENOC’s growth strategy for 2019-23:
In the medium term, ENOC will continue to focus its efforts in Dubai across all its businesses. The Group has undertaken significant investments to expand its asset base primarily to meet the UAE’s domestic fuel requirements. Our refinery expansion project, which will increase the capacity by 50 percent, is on track for completion by fourth quarter of 2019. Last year, the Group added another 13 retail stations, taking the total count to 128 in the UAE. The group plans to further add 30 stations in Dubai each in 2019 and 2020, and also intends to re-enter Sharjah by re-arranging 6 stations in 2019.

To meet the increasing jet fuel requirements at the Al Maktoum International Airport, ENOC started construction of a 16 km fuel pipeline last year. The pipeline will carry 2000 cubic meters of jet fuel per hour and will enable the group to meet more than half of the fuel requirement of the Airport until 2050.

Elsewhere, ENOC will continue to push its volumes higher. This will be further augmented by our continuous efforts to innovate and deliver the best possible customer experience. One example was the launch of its first of its kind compact retail station in the UAE last year. The station can be dismantled, relocated and re-installed in just 30 days and can store 30,000 litres of fuel which is sufficient to fuel up to 400 cars a day.

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Looking at the long-term strategy for ENOC, last year the group embarked on a journey to create a transformational agenda under which various industry developments such as the changing landscape of mobility, renewables and technology were studied.

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

Another element of this exercise was to align ENOC with various other long-term plans such as Dubai Plan 2021, Dubai 2030 Industrial Strategy, Dubai Clean Energy Strategy 2050, and RTA’s Mobility Plan.

Various rounds of discussions were held with the business segments and their respective leadership teams to generate an exhaustive list of strategic options for ENOC. These options were then prioritised against criteria such as ENOC’s capabilities, potential long-term returns, the ability to mitigate impending risks and the competitive advantages of each segment. Based on this, the top 10 strategic options were identified which included renewables, digitisation, petrochemicals, gas expansion, trading diversification, research and development, international expansion, ENOC Next, on-demand and venture capital. Each option was sponsored by an Excom member and under their guidance, a detailed business case was developed.

In 2018, ENOC’s key markets experienced significant macroeconomic and geopolitical headwinds. The oil industry itself is undergoing major change that will have a long-term impact on the industry players. To better place ENOC a decade down the line, we will continue to further explore the strategic options prioritised last year and develop a roadmap to widen the scope of our operations. Digitisation and the use of big data to find better and more efficient business processes are at the heart of these efforts.

Top 10 strategic priority areas:
- Renewables
- Digitisation
- Petrochemicals
- Gas expansion
- Trading diversification
- Research and development
- International expansion
- ENOC Next
- On-demand
- Venture capital

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Total retail station in 2018

50% increase in capacity from refinery expansion project.
Financial and operational performance for the year

Growth slowed across the Gulf but, with the exception of Kuwait, has not stopped. The Gulf states have continued to spend fast enough to keep their economies growing. Corporate profitability is closely tied to government spending in the Gulf, the IMF says. With the exception of Dubai, the state is the prime motor of economic activity. Even the private sector depends on government contracts.

2018 proved to be another year of mixed fortunes for the oil and gas industry. Prices firmed up to levels only previously seen prior to 2014, before slipping down in the last quarter of the year as fears of global oversupply began to kick in just as the global economy started to show signs of reacceleration. Market fundamentals also played a big part, especially the unexpectedly strong rise of U.S. oil production.

On the domestic front, increased levels of competition impacted the company’s top-line performance, but despite this backdrop, ENOC’s revenues for the year were US $21,022 million representing a 28 percent increase over 2017. To counteract the pressure on market share in the UAE, ENOC worked hard in 2018 to improve efficiency, introducing a range of initiatives aimed at enhancing margins and driving profitability. The most important of these was an increasing integration of the business segments, to draw efficiency and collaboration. In addition, the company made good progress in its continuing expansion into other markets as a further hedge against local competition.

The average gross field production from our Exploration & Production (E&P) segment for 2018 was 86,574 bopd (2017: 83,950 bopd) an increase of 3 percent compared to prior year. During 2018, the E&P segment entered into a two-year marketing arrangement until January 2021 for a significant proportion of its entitlement export production to be marketed through Baku, Azerbaijan with another Group entity. The segment’s contribution to Group’s profit remained higher than in the previous year.

The commodities industry struggled with over-supply and depressed prices across the world. Market dynamics were also challenging for our terminal network as tankage oversupply and low fuel oil volumes due to IMO regulation lead to drop in sales and release of storage space in Singapore and Fujairah regions.

2018 saw the introduction of VAT for the first time in the UAE. ENOC had prepared thoroughly for this development, with all its systems and outlets fully integrated and fully compliant. The impact of VAT on the company’s business was unsurprisingly felt most strongly in the retail segment, but even here it was relatively modest; although sales were also affected by the introduction of duties on fizzy drinks and tobacco products. The retail segment of the business had a busy year, opening new stations and FM outlets as well as activating a number of campaigns to promote its various brands.

Cash flow, financing and capital expenditure liquidity management across major lines of business remained robust. Cash generation during the year enabled the Group to undertake various capital expenditures and payment of dividend to shareholder. The Group commands strong debt servicing capacity whilst the optimisation between short- and long-term debt has continued. The average cost of debt also continues to remain very competitive.

Major capital expenditures undertaken by our upstream segment include completion of 19 wells in the Dzheitune (Lam) and Dzhygalybeg (Zhdanov) fields, new warehouse and chemical storage building, commissioning of gas generators and water injection system with 2 trains on LAM-28 platform. Excellent progress was made at the Jebel Ali refinery expansion project. The Project comprises of adding a new condensate processing train to the existing facility expanding daily capacity from 140,000 barrels per day to 210,000 barrels per day. The Project will ensure that the revamped Refinery’s production, which will include Gasoline, Jet fuel and Diesel, not only meet the stringent Euro V standards in the local and international markets but also is capable of meeting expanding domestic demand while maintaining flexibility to tap international market opportunities. Work also commenced on the retail business’ planned entry into Sharjah.

At 31 December 2018, the Group’s cash and bank balances stood sufficient to meet its current and future requirements and contractual obligations.

International expansion will continue to be a key priority for the company, building on the progress already made as a means of strengthening other parts of the business less impacted by domestic competition.

Outlook

Geopolitical and economic factors beyond the company’s control continue to cause hiccups and create uncertainty. However, ENOC is facing up to these challenges robustly and is taking steps to manage the volatile dynamics of the market. International expansion will continue to be a key priority for the company, building on the progress already made as a means of strengthening other parts of the business less impacted by domestic competition. Aligning the company’s own vision with the Dubai government’s economic and social agenda, as set out in Vision 2021, also remains fundamental to its strategy. A major component of this involves embracing technology and the digital revolution to maximise the commercial opportunities that exist for those companies that truly innovate rather than imitate. As a fully integrated 21st century energy company. ENOC is well poised to do this.

Finance
Effective talent management drives long-term success

The transformation roadmap for talent management initiated in 2017 continues to be the focus in 2018, where best practice and process improvement remained priorities for ENOC’s future success.

Automation of HR services and the innovative learning practices implemented in 2018 have resulted in an increased level of employee satisfaction in various areas related to job and skills alignment, customer focus, leadership and mission alignment. Employee churn was less than 5 percent, an outstanding indicator of the strength of the company. Employees’ pride in being associated with the ENOC brand and an increasing desire to maintain long-term careers within the organisation are fundamental to its future success.

ENOC’s work culture encourages employees to be bold and creative, to think big, and to seek and to grow along with the business. At a time when digitisation is playing an increasing role in the industry, everyone in the organisation can contribute through finding new and better ways to make it more efficient and more profitable. This can be best achieved through an environment of openness that has been created, where new ideas are appreciated and employees are supported on a continuous path of learning and development.

These efforts have created an organisational climate that fosters performance excellence. Our focus is to provide employees with the necessary tools, align their individual goals with those of the organisation, and recognize their achievements.

UAE national development

Several initiatives aligned to the UAE National Agenda that were previously implemented have started to yield results. In 2018, ENOC succeeded in attracting the highest number of UAE nationals through various forums such as career fairs, university presentations and in-house programmes. The Group was pleased to welcome a total of 176 UAE nationals in various roles and responsibilities.

Our employer branding efforts have been highly successful in attracting talent, and also in ensuring our employed nationals play an active and meaningful role in the Group’s development. ENOC is an organisation that cares about UAE nationals and recognises that Emiratisation is a key leadership agenda, and as a result of these efforts, not increase in UAE national headcount at the year end was 12.5 percent higher than the year before. This brings us closer to achieving the ENOC Emiratisation Strategy 2017 – 21, capitalising on our access to the local talent pool, and aligning the strategic direction of the Group with the Dubai Plan 2021.

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

Through the Graduate Development Programme (GDP), all UAE nationals were inducted in 2018, providing on-the-job exposure in non-technical areas of work to help them develop expertise in corporate and support specialisations. After an assessment of acquired competencies and job knowledge, they are now performing roles of their preference in various parts of the business.

We also continued with initiatives such as our Secondment Programme, Summer Internship Programme, and Work Placement Programme. These initiatives provide a platform for young and aspiring Emiratis to experience the working environment at ENOC, and to use the diverse opportunities offered in various businesses, to develop their own unique career paths.

Fostering leadership through strategic initiatives

The Leadership Circle Profile 360 instrument continues to provide in-depth feedback for individual leadership development. Coaching and aspiring Emiratis to experience the working environment at ENOC, and to use the diverse opportunities offered in various businesses, to develop their own unique career paths.

Leveraging technology

Taking into consideration the diverse ways that people consume information today and the evolving nature of the ENOC employee brand, we now have a presence across a wide range of platforms from the more traditional ENOC Career Portal to active social media interactions, industry forums, university websites and career fairs.

We continue to receive more than 40,000 applications every year from prospective job seekers, indicating our status as an employer of choice.

With extensive automation in employee services and administrative matters, employees can fulfil almost all their requirements online. These enhancements will deliver significant cost benefits and enhance resource efficiency across the Group’s activities. Process improvement and overall governance are always primary goals, and we are fully compliant with our internal and external quality management standards and other regulatory requirements. In 2018 we undertook the highest number of process automation and improvement projects, totalling more than 36 processes. These have resulted in improved data accuracy, quicker customer resolutions and improved quality in decision making.

Performance and innovation

Establishing a performance culture is vital for ENOC, and our continuously evolving Performance Management Programme is ever more effective in our commitment to improving systems. We have further refined our reward management programmes to better align business goals and individual performance, rewarding employees for their direct contribution to key operational deliverables. Performance differentiation is a leading focus area of the ENOC leadership, fully acknowledging employee feedback from recent engagement surveys related to the topic.

Managers are encouraged to hold courageous performance conversations, address poor performance and adhere to internal calibration guidelines to ensure employees receive the process as fair and transparent. This approach applies equally to reward systems, which acknowledge outstanding performance more than average performance. Customised job-based incentive programmes further help to establish a healthy culture environment for improved performance.

Employee happiness

The 2018 ENOC Employee Engagement Programme, implemented in the last quarter of the year, received 83 percent employee participation. It was sent to employees in every country in which the Group has operations, and responses were received in five languages. This outstanding level of participation is testimony to the trust employees have in the confidentiality of the process and the certainty that the feedback will result in actions for improvement.

The 2018 survey was completely administered online which was a departure from the traditional paper and web combination used previously. More than 1200 employees were assigned email addresses and a unified communication platform was created so that all employees can participate in organisational activities and send and receive feedback.

Results from the programme showed a significant increase in level of engagement compared with the previous year, and well above the global average, which gives great reassurance that ENOC has the right organisational environment for employees to feel motivated. Confidence in leadership is also an important benchmark and was one in which ENOC again scored highly. Other areas of strength where the survey identified included the company’s ability to provide employees with opportunities to take on varied roles, the aligning of skill sets with job roles, and open culture where employees can feel free to express their thoughts and opinions.

The survey also produced positive results in the areas where senior management had committed to making improvements, such as recognition, care, development and progress discussions.

Our Wellness and Social Affairs Department continued with its efforts to have in place an annual schedule of activities that promote a common culture and support the strategic objective of employee happiness. These activities include team spirit, encourage camaraderie, and promote an environment of friendship and trust. Hundreds of employees and their families participated in a number of events which were highly successful in achieving this objective. These included a female sports tournament under the patronage of Her Highness Sheikha Hind bint Faisal Al Qassimi; a Holy Quran competition for children; the ENOC Golf Day; International Happiness Day, and a Pink Day to raise awareness of breast cancer.

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</table>
Effective governance drives value creation

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

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

Board Committees

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

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

Investment and Finance Committee
The Investment and Finance Committee is responsible for overseeing the overall mix of business and directing its growth by developing high-level strategies. Its 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.

The Investment and Finance Committee is headed by Ahmad Sharaf and his director members are H.E. Abdulrahman Al-Salih, H.E. Ahmad Buti Al Mahfudz and Dr. Abdulrahman Al Awar. Other permanent members are the Group Chief Executive Officer, Chief Financial Officer, and the relevant segment Managing Director.

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

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

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

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

The EXCOM is a recommendatory body headed by the Group CEO. Its proposals are conveyed to the Board through the Group CEO. It includes the Managing Directors of all business segments, the Chief Financial Officer, the Director of Internal Audit and Business Ethics, and the Executive Director of Shared Services Centre, Group HR and New Business Development.

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

The Group Credit Committee is headed by the Chief Financial Officer. Its members include the Executive Director of Shared Services Centre, Group HR and New Business Development.

Corporate Governance Committee
The Corporate Governance Committee is chaired by the Group CEO, includes all members of the EXCOM.

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

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

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

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

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

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Enterprise risk management

Integration and discipline minimise threats

ENOC Group has adopted an Enterprise Risk Management (ERM) Framework that continues to address the full spectrum of risks facing our organisation.

An integrated, structured, and disciplined approach to risk management ensures that potential risks that may adversely impact our businesses will be appropriately addressed, and that opportunities for growth and development are channelled back into the strategy and objective-setting process. 2018 did witness a broad spectrum of unprecedented geopolitical and economic changes such as the US-China Trade War re-imposition of partial sanctions against Iran, uncertainty over Brexit, turmoil in European economies, extreme weather conditions and regional political unrests resulting in high volatility in oil prices and a general slow-down across the economy. The ever looming threat of cyber-attacks have also resulted in ENOC adopting more resilient measures to counter such attacks. With ENOC’s presence in diverse markets, it is imperative that the organisation continues to follow a coherent and robust approach to risk management, where resources are channelled to address key strategic, operational, and financial risks in the most effective and efficient manner.

Everyone has a role to play in the Group’s ERM; this entails understanding the risks and opportunities facing each segment of our businesses, assessing exposure, and acting decisively to respond effectively and preserve and maximise value.

The ever looming threat of cyber-attacks have also resulted in ENOC adopting more resilient measures to counter such attacks.

Under the ERM framework, the management team considers ENOC Group’s risk appetite when evaluating strategic alternatives, setting objectives, and developing mechanisms to manage all related risks. The process provides the means 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 mitigate risks, and understand the interrelated impacts and integrated responses to multiple risks, as well as reduce surprises and the associated costs or losses. By considering a full range of potential events, the management team is well positioned to proactively identify opportunities, thereby effectively assessing overall capital needs and enhancing capital allocation.

During 2018, the ENOC ERM framework has not only been revalidated to comply with ISO 31000 but has also been further strengthened by the inclusion of Business Continuity Management with the Group being certified to the ISO 22301 Business Continuity Management Standard before end of 2018 as per the directive of the UAE Supreme Council of Energy (DSCE).

Within the scope of the ERM framework, the Group has now established a robust business continuity management programme. In close collaboration with the National Emergency and Disaster Management Authority (NEDMA) of the UAE Supreme Council for National Security, ENOC Group has successfully developed and tested its segment level crisis management plans and unit level emergency response plans.

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Principal risks

Exploration and Production (E&P)

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

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

• Oil price volatility — which can impact the organisation’s development plans, profitability, cash flows, liquidity, and ability to finance planned capital expenditure because of lower revenue, leading to impartment of the organisation’s oil and gas properties, and, consequently, the recoverability of the organisation’s investment in its subsidiaries.
• ENOC 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. ENOC Group has also initiated expansion plans in other countries such as Egypt and Afghanistan and production will begin after delivery of suitable work programmes to make the acreage economically viable.
• E&P operations must comply with various international and local laws and regulations, including those related to ethical business conduct and international trade. The organisation therefore has in place a robust and comprehensive corporate compliance programme to identify, assess and mitigate compliance-related risks. Among other things, the programme covers areas of ethical business conduct, international trade, third-party due diligence and monitoring, as well as corporate social responsibility.

Supply, Trading and Processing

With the reintroduction of partial sanctions against Iran, the primary risk relates to the sourcing of regular condensate feedstock which the segment could obtain from other countries without compromising to some extent on the specifications and cost. Supply and Operations continue to maintain reasonable diversification in sources of supplies for condensate to offset any potential disruption that may arise.

Sustaining regular supplies of Jet A-1, MOGAS, Diesel and LPG to the local market (i.e. System Business) is critical for the entire supply chain beginning with this segment. Adequate measures are in place to mitigate the risk of non-availability and dry-outs by procuring, processing and storing adequate finished products to meet local demand.

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 levels, as well as conducting regular counterparty reviews.

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

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

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

Fulfilling our role as a responsible corporate citizen

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

ENOC has developed its own Code of Business Conduct (the Code) to reflect ENOC’s ethical aspirations and ethical commitment towards its stakeholders. It provides a clear insight and understanding of the basic values and integrity of conduct expected of everyone working for and on behalf of ENOC.

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

All ENOC employees, suppliers, vendors, consultants, contractors and representatives are ultimately responsible for carrying out business with integrity, in an ethical manner and in compliance with applicable laws.

ENOC Ethics: Hotline is established to provide employees with a confidential way to report misconduct and any violation of the Code in an easy and confidential way. ENOC Ethics: Hotline is managed by an external party to ensure the confidentiality of the reporter and to give comfort for employees to report anonymously.

Terminals

Terminals are impacted by global economic conditions, and these 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 risks 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 the risk by long-term contractual arrangements and the provision of various ancillary services that help in retaining customers.

A key threat exists in respect of operations in countries that are susceptible to social and political uncertainties, and these are mitigated by maintaining a close watch on political developments, as well as constant liaison with the relevant authorities.

Product spills, the potential for adverse impact on the environment and possible damage to reputation, business, and profitability as a result are also significant risks. These are mitigated by maintaining a close watch on environmental developments, as well as constant liaison with the relevant authorities.

Refined

Refined is also exploring possible diversification into other countries to expand its operations and support other lines of ENOC businesses.

Commercial and International Sales

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 132 airports in 25 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 HSE. The plants undertake periodic preventative maintenance, operation audit, HSE audits, and employee training to ensure that both plants operate smoothly and safely.

Retail

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

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

The Retail segment also has a growing network of ENOC petrol stations and ZJUX convenience stores in Saudi Arabia. Like the Commercial and International Sales 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 Tappeel vehicle registration service encounters risk in competition, the financial viability of business collaboration, and non-compliance with policies and procedures. Close monitoring of the business environment through system-based and manual controls ensures these risks are continuously managed.
Achieving success and growth through innovation

All of our business segments continue to perform well and effectively manage the challenges that they face in a rapidly changing market.

ENOC is a fully integrated energy company that covers the entire spectrum of the energy value chain: exploration & production, midstream refining, supply and storage, and downstream distribution and retail. Every business segment has embraced the digital transformation that is sweeping across our industry, enabling them to maintain their competitiveness, achieve their commercial goals and fulfil their environmental responsibilities. ENOC remains on track to meet all of its operational and commercial targets, with several milestones passed during the year, and is well placed to continue its growth trajectory and deliver on its ongoing mandate to supply energy to all of its communities.

123m
customers served in the year
Our energy value chain

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

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

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

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

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

**UPSTREAM**
- Dragon Oil camp
- Raw material supplier
- Utilities supplier
- Finished product supplier

**MIDSTREAM**
- Feedstock
- Power plant
- MTBE plant
- Finished product supplier
- Lubes blending plant

**DOWNSTREAM**
- Refinery
- Refined products (Naphtha, Diesel, Jet, Reformate, Propane, Butane, LPG, Sulphur, Fuel Oil, MTBE, Condensate)
- Finished products for sale
- Finished products (Lubricants)
- Traders refineries oil & petrochem companies
- Airlines refuellers
- Household consumers

- Industrial consumers Transport companies
- Industrial consumers Re-distributors
- Individual consumers

- Industrial consumers
- Finished products for sale
- Traders refineries oil & petrochem companies
- Airlines refuellers
- Household consumers
- Industrial consumers
- Finished products for sale
- Traders refineries oil & petrochem companies
- Airlines refuellers
- Household consumers
- Individual consumers
Exploration and Production (E&P)

Increasing production and profitability

At Dragon Oil, the only constant parameter is change to maintain the agility of the oil and gas market. Accordingly, our goal must be to continue to produce oil in safe conditions and on both a profitable and sustainable basis, focusing on cost discipline to maximise effective financial management to deliver a healthy bottom-line result in a volatile world.

Drone Oil is an upstream oil and gas exploration, development and production company, as part of ENOC Group. Dragon Oil has a producing asset in offshore Turkmenistan, and exploration assets in Iraq, Tunisia, Algeria, Egypt and Afghanistan.

Since 2000, Dragon Oil has been the operator of the producing block in the Cheleken Contract Area in the eastern section of the Caspian Sea, with 100 percent interest. The area covers about 950 km² and comprises two offshore oil and gas fields, Dzheitune (Sami) and Dzhhygalbeg (Zhdanov). These areas are being developed under a production sharing agreement.

Dragon Oil has interests in exploration, development and production acreage in Algeria, Tunisia, Yemen, Iraq and Afghanistan. The company continues to deliver against all of its obligations under the various agreements it has in place with its partners, which include oil majors and state oil companies, whilst at the same time acting in the best interests of all of its other stakeholders, not least local communities.

Recent developments

In 2018, Dragon Oil in its best case net profit target, with total expenditure more than 30 percent below budget and over US $60 million of real cost savings achieved. The company produced 300 million barrels of oil, ending the year with daily production of more than 80,000 barrels of oil per day (bopd). Dragon Oil’s long-term strategy is to boost production to 200 mmbopd and in 2018, it took a significant step towards that target.

Late in 2017, Dragon Oil entered into dialogue with Egypt’s state oil company and British Petroleum (BP) in relation to the purchase of certain of BP’s producing assets in Egypt. The safe process was highly competitive, but after entering the data room and conducting a detailed analysis, Dragon Oil submitted its offer in late 2018. Its bid was successful and an SPA was signed in June 2019. The company is very pleased with this outcome, which is a testament to its proactive track record in Egypt, its strong relationship with the government, its respect for the local community and its ability to meet its obligations time and again.

The purchase of these assets will boost Dragon Oil’s total production gradually to 150,000 bopd, taking it significantly closer to its long-term target, which will be achieved in the immediate term through aggressive development programmes in Turkmenistan, Iraq and Egypt.

In Turkmenistan, Dragon Oil entered into marketing arrangements with ENOC in 2018 to export its entitlement production through various Caspian routes at a discount to Brent until the beginning of 2021, adding good learning in Marketing about alternative solutions.

The company completed 19 development and appraisal wells in the Dzheitune (Sami) and Dzhhyagalbeg (Zhdanov) fields during 2018. Three drilling rigs were deployed, including two jack-up rigs and one platform-based rig. The average gross field production was around 86,600 barrels per day, slightly higher than the previous year.

Major infrastructure projects completed during the year included a new warehouse and chemical storage building, commissioning of gas generators and water injection system on LAM-2 platform.

To monetise gas reserves and utilise resources optimally, plans include a gas development infrastructure including the Gas Treatment Plant project, which will produce export-quality gas and condensate. The construction contract is expected to be awarded in 2019. The processing capacity of the plant is expected to be 200 mscfd, increasing to 350 mscfd of gas, which, according to our current estimates, should allow us in the future to stop around 3,000 barrels of oil per day of condensate and produce dry gas.

Dragon Oil continues with abandonment and decommissioning work in the first phase of its strategy for decommissioning wells and facilities in the Cheleken Contract Area. During 2018, Dragon Oil plugged and abandoned one well in each of the Dzhhyagalbeg (Zhdanov) fields. Scop removal from old platforms continues during 2019.

Marketing of crude oil (million barrels)

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</thead>
<tbody>
<tr>
<td>Unit</td>
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<td>20.23</td>
<td>20.33</td>
<td>21.40</td>
<td>11.50</td>
<td>11.50</td>
<td>11.60</td>
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Average gross production (bopd)

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</thead>
<tbody>
<tr>
<td>Unit</td>
<td>86,574</td>
<td>83,952</td>
<td>90,301</td>
<td>92,650</td>
<td>78,709</td>
<td>73,750</td>
<td>67,600</td>
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</table>

The guiding principle of ‘People First’ continues to drive our focus on empowering, trusting and supporting talented workforce, aligning with a commitment to ensuring a high level of ethical conduct, fairness, and attractive career development opportunities for all employees. We are also very focused on our communities, for example, Turkmenistan, 95 percent of our team are Turkmen nationals.

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80,000 barrels of oil per day (bopd)
Through its trading, refining and petrochemical business, ENOC is sufficiently diversified to adapt to the rapidly changing market environment, where advances in vehicular technology will have a profound impact. Even with the predicted market shift to electric and hybrid vehicles, demand for other refined products – whether for industrial or domestic use – will continue to be strong.

2018 saw the market enter a period of volatility and uncertainty that was very different from the previous year, as a result of increased competition, a fall in oil prices in the last quarter of the year and other geopolitical factors. In response to this, STP acted quickly and decisively to mitigate against the impact of these more challenging conditions. It was able to replace inventory that was lost from the re-imposition of sanctions and recovered the financing of previously ordered feedstock, all within two months. Other sources of condensate were subsequently located, from all over the world, enabling 60 days of inventory build up of Feedstock and refined products.

Recent developments

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

A refinery expansion project, initiated in 2016, with an estimated cost in excess of US $1 billion is on track for completion on time and on budget. It will add a new condensate processing train, expanding daily capacity by 25 percent to 213,500 barrels. The project also involves additional downstream processing units such as naphtha hydrotreater, naphtha isomerisation unit, naphtha reforming, naphtha isomerisation unit, naphtha hydrotreaters, utilities, warehouse and storage tanks.

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


MTBE production (KMT)

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<tr>
<td></td>
<td>570</td>
<td>623</td>
<td>585</td>
<td>722</td>
<td>440</td>
<td>626</td>
<td>535</td>
</tr>
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Oil is the lowest-cost fuel option. Although there are alternatives, they are still expensive to produce, do not have the range, and lackage is not yet feasible. Aviation and jet fuel are still hugely in demand. ENOC’s model has been thoughtfully structured to take these factors into account, leaving us in a strong position to continue operating in the industry – and to meet the likely increased demand.


Refinery throughput (abbn)

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<tr>
<td></td>
<td>43,188</td>
<td>51,123</td>
<td>43,457</td>
<td>54,421</td>
<td>50,867</td>
<td>50,209</td>
<td>43,532</td>
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EnOC’s Supply, Trading & Processing (STP) segment plays a vital role in managing the supply side of the Group’s operations, while maximising returns on midstream and downstream assets by promoting value-added business propositions.

STP manages two plants to international standards, providing various refined products that are distributed through the ENOC and DPGCO 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. STP has also increasingly collaborated with other business segments to support their commercial objectives, evidence of a more integrated approach being adopted across the group as a whole.
Global expansion has driven the growth of Horizon Terminals since it was established by ENOC in 2003, prompted by the growth of the UAE as a trade hub and the fast-growing demand for bulk liquid storage. Operating from the UAE as a holding company, HTL has consolidated the Group’s terminal assets with facilities in the Middle East, North Africa, Asia, and East Africa.

In addition to its original terminals in the UAE and Saudi Arabia, Horizon also has similar facilities in Singapore, Djibouti, and Morocco. Since its establishment, Horizon’s position in the UAE was subsequently strengthened 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 a considerable portfolio of petroleum and chemical storage facilities across the UAE. The subsidiaries in Fujairah have 23 tanks and total petroleum capacity of 463,000 m³. An independent chemical terminal in Jebel Ali handles the largest range of bulk liquid chemical products handled in the region, both for inland consumption and re-exports. The facility has 59 tanks with total capacity of 54,400 m³.

EPCCO International, a joint venture between Horizon and Chevron, stores and distributes Retail fuel for ENOC retail network which covers Dubai and the Northern Emirates, undertakes bunkering, re-exports, and strategic defence storage facilities. Products include gasoline, diesel, fuel oil, asphalt, and aviation fuel. Based in Jebel Ali, EPCCO International’s 153 tanks provide a total capacity of 936,700 m³.

Vaypek Horizon Fujairah, situated just outside the Strait of Hormuz, is another important venture. One-third owned by Horizon, the facility has deep-water berths and a single-point mooring facility capable of handling shipments for bulk oil, consolidation, blending and strategic storage. It serves the world’s second-largest fuel market and is connected via pipeline to the local refinery, a neighbouring terminal, and the local power plant.

With capacity of more than 2.6 million m³ in 73 tanks, the Vaypek Horizon facility is accessible by land or sea and handles a range of products, including crude oil and refined petroleum products.

Horizon’s Jebel Ali petroleum terminal comprises 161,000 m³ of 55 ft x 10 ft tankage capacity and a 60 km pipeline connecting Jebel Ali to Dubai International Airport. Built with 100 m³ per hour pumping capacity, the pipeline ensures continual jet fuel supply to Dubai International Airport, which is the busiest in the world, and also supports ENOC’s other aviation business requirements.

The commissioning of this project has cemented Horizon’s position as the leading bulk storage entity in the Middle East, and represents a key pillar of the Government of Dubai’s strategy for economic growth and diversification.

International
Flanking 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 53 percent, caters to the storage, handling and blending requirements of national oil companies, oil majors, traders and bunkering companies. It is designed for multi-berth discharge and loading operations to maximise throughput. The facility has 59 tanks with total capacity of more than 1.25 million m³.

Horizon has a 36.5 percent interest in Aramco Terminals in Yanbu. It is Saudi Arabia’s first independent storage facility and has been granted ‘bonded storage’ status. Located on the highly strategic Suez Canal route, this 288,100 m³ capacity terminal with 26 tanks handles import, export, and consolidation and trans-shipment cargoes. Servicing both petroleum and chemical products, the facility meets the needs of Yanbu’s nearby refineries, the global, petrochemical facilities and industrial complexes.

Horizon owns 40 percent of Horizon Djibouti Terminals, which has 31 tanks offering total capacity of 399,300 m³. The facility has dedicated jetty and large tank capacities to meet breakbulk and consolidation of cargoes, arbitrage storage, and strategic storage, as well as serving inland road deliveries.

Horizon’s other asset is Horizon Tangier Terminals in Morocco, in which it owns a 34 per cent stake. The terminal is based at the western entrance to the Strait of Gibraltar, and has 19 tanks and total capacity of 532,900 m³, along with other supporting infrastructure.

In 2018, Horizon’s assets in Morocco and Djibouti benefitted from increased demand, driven by Ethiopia raising its level of exports, and also from the closure of a refinery in Morocco, which was forced to import oil products to make up the shortfall. This helped to offset the impact of the more challenging conditions experienced elsewhere and demonstrates the importance of ENOC’s strategy of international expansion.

Recent developments
Horizon continued to explore other expansion opportunities, in line with the Group’s strategic goals. Although the pricing environment tightened with the entry of private equity players into the market, Horizon has also approved further investment in the existing terminal in Saudi Arabia (Ardak Tank terminal), to provide tankage services to new customers through long-term binding contracts.

Towards the end of 2018, Horizon’s Operational Excellence Management system was finalised. This is a fully integrated system designed to raise standards of safety, sustainability and resilience, which will be rolled during the current year.

In 2019, Horizon will continue to leverage business development efforts, which will enable the company to identify new expansion opportunities and explore diversification into ancillary lines of business such as storage and regasification of LNG, in line with ENOC’s strategic objectives.
The energy market has become more volatile and more competitive, both domestically and internationally, with lower cost operators pushing poor quality product into the market. Against such a backdrop, it is essential that governments and established industry players work together to ensure that quality is not compromised by failure to meet the required standards of operation and delivery. ENOC has played a key role in helping to formulate such regulations and welcomes all initiatives that improve overall quality.

Burhan Al Hashemi
Managing Director, Commercial and International Sales

Over the last few years, a considerable amount of work has gone into creating a regulatory framework to ensure that existing and new market players keep the standards of oil and related products to a sufficiently high standard. Such a framework is a vital tool in raising standards, driving up quality and creating a safer environment and a stronger economy for the citizens and residents of the UAE. In 2018, that work culminated in the agreement of a series of policies, rules and regulations to be put before the committees of the individual emirates who will supervise the licensing, production and distribution of the relevant products.

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

The Commercial and International Sales 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.

International expansion complements ENOC’s mandate to serve the UAE market and drive its economy. ENOC is thus both a supporter and developer of national infrastructure, but also an entrepreneurial business that seeks to create value through growth.

Recent developments
After establishing a record of significant growth and success in the UAE, ENOC’s aviation business and impressive supply network has now grown to cover 152 airports across 25 countries.

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

New technology has improved the turnover time for fuelling the 873 aircraft using a specially designed low-bed hydrant dispenser that is positioned directly under the aircraft’s wings. The low-bed also improves safety and efficiency by reducing the need for climbing ladders and pulling hoses and equipment.

ENOC Industrial Products division has also successfully launched BioDesk5, an advanced alternative green fuel product commonly used for diesel engines. The new product is produced from vegetable oil and waste cooking oil, lowering emissions, smoke and unburnt hydrocarbons. Investing in advanced alternative fuel demonstrates ENOC’s commitment to the UAE Energy Plan leading up to 2050 which targets an energy mix that combines renewable, nuclear and clean energy sources to meet the country’s economic requirements and environmental goals.

By introducing BioDesk5 in the commercial & industrial segment, ENOC has pioneered yet another initiative amongst national oil companies in the region. In April 2018, ENOC collaborated with Dubai Municipality to launch a pilot project, using BioDesk5 to fuel Dubai Municipality’s fleet of trucks at its Umm Ramool facility.

Operational review continued
Industrial Products

EMGAS has been one of the main drivers behind Dubai’s advance towards economic and sustainable development over the last 30 years, including expanding the Gas marketing which has been serving the UAE market since 1974.

We have acquired a proven track record with Emirates Gas (EMGAS) in our pursuit of smart and clean energy solutions, helping support Dubai’s efforts to win a global bid to host the 2020 edition of the prestigious World LPG Forum, hosted by the authoritative World LPG Association (WLPGA). LPG will take centre stage as evidence that investment in sustainable, cleaner fuel technologies is transforming the industry.

EMGAS within its wide product portfolio, also supplies Emirates Gas Aerosol Propellant (EGAP) as a replacement to harmful CFC’s and Cutting Edge Gas (CEG) as an alternative to acetylene for industrial clients engaged in metal cutting activities. The company is committed to promoting clean fuel in Dubai through the introduction of CNG as an alternative fuel for transportation. Through exports and joint ventures, EMGAS is actively pursuing growth opportunities abroad.

EMGAS – LPG cylinders (bulk) (MT)

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<th>Year</th>
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<td>243,434</td>
<td>254,744</td>
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<td>217,211</td>
<td>235,856</td>
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<td>235,856</td>
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<td>3,859</td>
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<tr>
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<td>221,213</td>
<td>244,608</td>
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<td>293,859</td>
<td>3,836</td>
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Volumes – aviation refuelling (Million USG)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<td>2015</td>
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<td>2016</td>
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<td>2017</td>
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<td>60</td>
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<td>2018</td>
<td>60</td>
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<td>60</td>
<td>60</td>
<td>60</td>
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</tbody>
</table>

Products are distributed in more than 60 markets in the Middle East, Indian Subcontinent, South and Central Asia, and Africa.
Converting the service station into a community hub for the future

Operational review

2018 saw ENOC make great strides in delivering paying bills, fixing phones and dropping off pharmacies and other retailers, ATM machines, with fully stocked convenience stores, eateries, care of all that. More and more customers can be achieved by adding increasing levels of ease and convenience. Drivers need not leave their vehicles to refill the tank, take delivery of pre-ordered groceries, or pay for any of the transactions. Automated systems such as vehicle and personal identification and cashless payment solutions take care of all that. More and more customers can now benefit from these systems as ENOC continues to increase the number of cashless payment methods available to them.

The modern day service station needs to do more than simply supply fuel for cars and check tire levels and tire-pressure. Service stations are now destinations in their own right, complete with fully stocked convenience stores, cafes, pharmacies and other retailers, ATM machines, and various other pay-points. Services such as paying bills, fixing phones and dropping off laundry are all part of defining convenience. 2018 saw ENOC make great strides in delivering this experience to its customers.

Technology lies at the heart of enabling this to be achieved by adding increasing levels of ease and convenience. Drivers need not leave their cars to refill the tank, take delivery of pre-ordered groceries, or pay for any of the transactions. Automated systems such as vehicle and personal identification and cashless payment solutions take care of all that. More and more customers can now benefit from these systems as ENOC continues to increase the number of cashless payment methods available to them.

We will see the trend continue, as innovation challenges the traditional models. ENOC is at the forefront of this revolution, as it continues to expand its network both domestically and regionally, enabling more and more people to turn what used to be an ordinary, routine experience into something to look forward to. Meanwhile, ENOC continues to deliver on its mandate of fueling the smart economy.

Following the launch of the UAE’s first solar-powered petrol station which proved so successful, solar power is now an integral part of all our new stations including those to be added as part of the planned 40 percent network expansion by 2020. Solar power generates about 30 percent more power than is needed to run the station. The surplus is fed back into DEWA’s main grid. ENOC Retail today has 10 service stations that run on solar.

In recent years, ENOC has sought to apply the latest technology to make its stations as energy efficient as possible. One of the best examples is exposure recovery, a process that captures and condenses vapour released from fuel dispensers, saving up to 20,000 litres a year. Installing LED lighting in the network has reduced energy consumption by 50 percent, and variant refrigerant flow technology for air-conditioning is 35 percent more efficient than conventional systems. ENOC has also rolled out a digital screen system across its network creating a new, enriching customer experience. Such initiatives are consistent with ENOC’s long-term strategic objectives that are aligned to the Dubai Plan 2021 of creating a ‘smart and sustainable city’.

Motorsports in Dubai can refuel their vehicles using RFID-enabled cashless and cardless systems of ENOC service stations. VIP – vehicle identification pass – a system which incorporates a vehicle fitted radio frequency identification (RFID) security tag enabling the vehicle to be automatically recognised, along with the customer’s pre-set fuelling preferences. Customers need not wait to pay – just fill and go – illustrating ENOC’s leadership in innovative fuel retailing. This speeds up the refuelling process and enables customers to better manage their accounts and set budgets for each fuelling transaction. The system saves an average of three minutes per customer at petrol stations.

In 2016, ENOC became the first fuel retailer in the UAE to enable mobile payment, enabling customers to pay while sitting in their vehicles. This was followed with multiple payment methods as ENOC introduced the Dubai Smart Government app, the first fuel retailer in the UAE to do so, enabling customers to pay from inside their vehicles using a smartphone. PIN-less transactions for credit and debit cards were also launched, working closely with Network International - along payment through the RTA’s NOL Card. 2018 also saw the finalisation of the ENOC pay app, another mechanism that allows motorists to pay for both fuel and non-fuel products remotely and swiftly, further enhancing the customer experience.

The app commenced roll out in April 2019. 2018 saw the Group focus heavily on raising awareness of its brand, both through its commercial and marketing activities and through closer engagement with the community. One example of the evolution of this brand was the introduction of new staff uniforms, which gave the brand a new look and feel that customers can feel in the heart of the station. In addition, all of the retail brands were activated across all social media channels. From a community perspective, ENOC opened its first community station since the announcement of its expansion plans in Discovery Gardens.

Wider business

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

Convenience stores

ZOOM is the leading home-grown convenience store operator in the UAE. With 224 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 systems of design, décor and store layout, developed with top international design consultants. In 2019 ZOOM aims to expand to 18 new locations.

During 2018, ZOOM underwent a brand re-launch and was repositioned as ‘your neighbour’. The brand strategy is to focus on the community and consumer experience while celebrating food and the unique offerings with a whole lotta lovin’. The store layout was reviewed bringing in vibrant fan colours to the mix and expanding the fresh food corner.

ZOOM launched its mobile ordering e-commerce platform in collaboration with UberEats, giving customers the option of convenient door-to-door deliveries by ordering through the mobile app. Fuelcard ordering was added in 2018 where customers could order fuel from their vehicles while they wait.

From paying credit card bills, line-free mobile phone recharges, online shopping, metro tickets to gift cards, topping up mobile wallets, or recharging local and international phone credits, the ZOOM service counter is a one-stop shop for integrated convenience. Currently 15 services are available, with a further 25 under way. In 2018, five new stations were launched at ZOOM in the Dubai Metro. ZOOM is also the first retailer to accept NOL payment at its outlets.

Zaid Alqufaidi
Managing Director, Retail
With 78 locations across the UAE, the Pronto coffee shop and fresh bakery concept is designed to complement ZOOM outlets. Fresh deli/restaurant 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.

Automotive services

AutoPro

From carwash to maintenance and repair services, AutoPro’s 38 centres across Dubai and Sharjah provide a wide range of automotive services. Recent additions to services include extended partnerships with Privik Dostup, Falken and Bridgestone, offering customers exclusive promotions, track servicing, payment in easy instalments through three major banks, Energizer car batteries from Germany, and an extended range of bodyshop and paintwork detailing.

AutoPro signed an MOU with ACDelco authorising its service centres in 2018, and 10 sites are planned to go live in 2019. AutoPro also introduced its mobile unit for tyre and battery repair called ‘AutoPro on Demand’, with two vans on the roads.

AutoPro signed an MOU with ACDelco authorising its service centres in 2018, and 10 sites are planned to go live in 2019. AutoPro also introduced its mobile unit for tyre and battery repair called ‘AutoPro on Demand’, with two vans on the roads of Dubai. AutoPro launched Taqjeel testing and registration, including insurance services at two of its locations as a pilot.

Taqjeel

Taqjeel has opened 4 new locations in 2018. In January 2018, the new ‘Dubai Municipality’ vehicle testing centre opened for Dubai Municipality Vehicles. In April 2018, ‘Discovery Garden’ was opened. The site has nine test bays for light vehicle testing service; Vehicle Testing, Registration, and VIP Services. In August 2018, ‘Abu Shagara’, Sharjah was opened. The site has one test bay for Vehicle Testing service. In August 2018, ‘City of Arabia’, was opened. The site has three test bays for light vehicle testing service; Vehicle Testing, Registration, and VIP Services.

Taqjeel, which offers a comprehensive vehicle testing service, plans to open three new locations in 2019. Taqjeel also announced plans to build a second fully-functional service station in Ras Al Khamiah, covering an area of more than 50,000 m². The other two locations are in Motor City and Sharjah Police Headquarters.

Taqjeel partnered with Sharjah Police to launch a safety campaign in 2018 encouraging drivers to take a greater level of responsibility for their vehicles and keep their vehicles registered and up to date, which increases road safety.

New Taqjeel services introduced in 2018 include Chassis embossing for Mini Trailer in Sharjah and Khorfukkan, Wossol services started in Dubai. Battery Test in Sharjah Auto Village (756), and Civil Defense Test in Sharjah Heavy (767).

Eighteen Taqjeel 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.

Food & beverage

Paavo’s Pizza

Paavo’s Pizza is a fast-casual pizza restaurant with a ‘build-your-own’ concept franchised from Orion Food System in the US. It currently has eleven locations in Dubai, with plans to open four more in 2019 – in Dubai and the Northern Emirates.

Popeyes

Popeyes is an American multinational chain of fried chicken fast food restaurants founded in 1972 in New Orleans, Louisiana and headquartered in Miami, Florida. Since 2008, its full brand name is Popeyes Louisiana Kitchen, Inc. It is currently a subsidiary of Toronto-based Restaurant Brands International. Popeyes number of locations is 3,102 with thirteen locations in Dubai and plans to open seven more in 2019 – in Dubai and the Northern Emirates.

2012 2013 2014 2015 2016 2017 2018

US $409 million

Non-fuel revenue breakdown

Food and beverages 2%
Car services 14%
C-stores 75%
Testing and registration 8%
Others 1%
Protecting the environment and our people with technology

Sustainability review

We are committed to preserving the environment and protecting the health and safety of all our stakeholders.

In 2018, ENOC made excellent progress in meeting the sustainability KPIs it had set in the previous year. This was the first time that the company had set such targets, in its twenty-five year history, reinforcing its commitment to these values. We have also introduced a more robust and efficient procurement system to achieve a fully sustainable supply chain. This will accelerate delivery and reduce the risk of incidents that cause environmental damage; and it will also minimise the illegal and unsustainable use of natural resources, which will help to cut greenhouse gas emissions and reduce pollution.

13,400 tCO₂ saved in 2018 from E&RM initiatives
Sustainability at our core
Award-winning approach delivers tangible results

As an international energy company covering the entire spectrum of the industry from drill bit to petrochemical, ENOC is well aware of its obligation to protect the environment and ensure the health and safety of its people. We make every effort to meet our responsibilities and have implemented a range of measures across our business specifically aimed at meeting this important objective.

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

The latest phase in ENOC’s sustainability transition began in 2016 when we identified the need to formally present our sustainability performance to our internal and external stakeholders, in addition to the grassroots work performed on our sustainability priorities.

ENOC’s sustainability performance report, published in 2017, was a first for the Group and the first sustainability performance index for the Middle East’s oil and gas sector. ENOC also set itself a series of sustainability targets, the first time it has done so in its history. Substantial progress continues to be made towards reaching the KPIs and, as a result, US $8.2 million of cost savings were also achieved.

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

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

Golden Peacock Award
EnOC’s modern annual Sustainability Performance Report, published in 2017, was a first for the Group and the first sustainability performance index for the Middle East’s oil and gas sector. ENOC also set itself a series of sustainability targets, the first time it has done so in its history. Substantial progress continues to be made towards reaching the KPIs and, as a result, US $8.2 million of cost savings were also achieved.

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Golden Peacock Award
In recognition of our Group’s efforts to achieve excellence in sustainability performance and promoting sustainable development in the region, we won the 2018 Golden Peacock Global Award for Sustainability—a worldwide corporate excellence benchmark, for the second consecutive year in the global institutional award category, and for the third time in a row, ENOC won the Arab CSR Award.

The Golden Peacock Awards are established to encourage organisations to strive sustainability schemes within their operations. ENOC is the first energy player in the Middle East to receive the award, endorsing its wide range of sustainability initiatives, positive impact on stakeholders, and enhancing the happiness of employees. This recognition is a true testament of ENOC’s sustained commitment towards managing consumption of energy within our facilities and ultimately raising sustainability standards.

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

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

Measuring performance
To measure sustainability performance within ENOC, we developed key performance indicators (KPIs) against a set of environmental, social and economic criteria. We included these in the scorecard of segments, business units, and individual departments. The topics covered have been aligned with the requirements of the Global Reporting Initiative (GRI)—the independent international organisation that has pioneered sustainability reporting since 1997. The 19 KPI outcomes, and data associated with each topic, are incorporated into ENOC’s Sustainability Index. With the launch of ENOC’s Sustainability Performance Report, ENOC became the first organisation in the Middle East to incorporate a Sustainability Index in its performance scorecard.

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

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Description of KPI</th>
<th>Measurement unit</th>
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<tr>
<td></td>
<td>Environmental KPIs</td>
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<tr>
<td>4</td>
<td>Thermal energy consumption per unit reduction</td>
<td>GJ/million GJ</td>
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<tr>
<td>5</td>
<td>Electrical energy consumption per unit reduction</td>
<td>kW h/million kW</td>
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<tr>
<td>6</td>
<td>Energy reduced reduction from baseline</td>
<td>% (ENOS)</td>
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<tr>
<td>7</td>
<td>Renewable energy generation against consumption</td>
<td>% (Watt/Watt input)</td>
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<td>8</td>
<td>GRI report on carbon footprint</td>
<td>%</td>
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<td>9</td>
<td>Air emissions (NOx, NO, PM, COx above legal limit)</td>
<td>% of source above limit</td>
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<tr>
<td>10</td>
<td>Recycled water usage compared with total water consumption</td>
<td>%</td>
</tr>
<tr>
<td>11</td>
<td>Waste reduced compared with baseline</td>
<td>%</td>
</tr>
<tr>
<td>12</td>
<td>Flare gas reduction compared with the baseline</td>
<td>%</td>
</tr>
<tr>
<td>13</td>
<td>Amount of green procurement vs. total procurement</td>
<td>%</td>
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</table>
To be the role model and the benchmark choice in sustainability across oil and gas industries in the region

Since 2014, the reduction in greenhouse gas investment, cumulatively amounting to 58.59 percent drop in waste intensity 
28 percent drop in energy intensity 
53 million km driven in car 
221,700 trees grown for 10 years 
5.7 million litres of gasoline 
20 percent and waste recycling to 17 percent 
ENERGY CONSUMPTION ACROSS THE BUSINESS

SI No. | Aspect | Unit | 2014 | 2015 | 2016 | 2017 | 2018
---|---|---|---|---|---|---|---
1 | Total Energy | GJ | 21,646,928 | 25,070,938 | 23,750,737 | 22,546,783 | 21,035,927
2 | Specific Energy | GJ/ton | 0.57 | 0.53 | 0.47 | 0.43 | 0.43
3 | Total Emissions | tCO2e | 1,099,106 | 1,053,762 | 1,003,533 | 1,073,948 | 989,089
4 | Specific Emissions | kg CO2/ton | 24.29 | 22.32 | 20.54 | 18.51 | 17.38

28 percent drop in GHS intensity 
27 percent drop in water intensity 
9 percent drop in waste intensity 

The tangible benefits arising from commitment to sustainability are evident in the return on investment, cumulatively amounting to US $20.6 million since 2014: 
- Achieved all time high savings US $3 million equivalent 6.7 percent of 2013 (baseline cost) 
- Sustained 3 times increase in 2018 savings achieved compared to 2014-2016 
- Made new investments worth US $18.6 million on Energy & Resource Management savings (ERMS) 
- Equivalent to 13,400 tons of CO2 emissions saved, or 5.7 million litres of gasoline 
- 221,700 trees grown for 10 years
- 53 million km driven in car

Since 2014, the reduction in greenhouse gas emissions amounted to: 
- 28 percent drop in energy intensity 
- 28 percent drop in GHS intensity 
- 27 percent drop in water intensity 
- 9 percent drop in waste intensity

Rethinking our procurement
At ENOC, comprehensive procurement is not simply about being ‘green’. It is also about: 
- Purchasing that is socially and ethically responsible 
- Minimising environmental impact through the supply chain and in its lifecycle 
- Delivering economically sound solutions 
- Maintaining good business practice

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

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

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

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

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

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

The social aspects include better contracting conditions for workers, supporting the development of small and medium enterprises and local community engagement. The concept of green procurement is gaining momentum across the Group, particularly its contribution to achieving sustainability goals. In 2018, 71 percent of ENOC’s procurement qualified as green, and more than 89 percent of total suppliers were local.

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

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

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

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

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

Our energy intensity has decreased over the last four years with an almost 28 percent reduction in the gigajoules of energy consumed per ton of production. Our biggest consumer of energy is the ETP segment that includes the refinery and DUGAS. This is to be expected due to the energy-intensive nature of refining to produce the products. We have taken several energy and resource management measures, which has resulted in a reduction in the overall specific energy consumption. These measures include waste heat recovery in our refinery operations, greening of buildings, and establishing renewable energy whenever possible.

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

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

The Group’s water use for 2018 amounted to about 1,918,063 m3, with refinery, retail and DUGAS accounting for 49.6 percent, 27.8 percent and 16.1 percent respectively. Our other business segments accounted for the remaining 6.4 percent.

Way forward to improve our environment performance
ENOC is gradually increasing its effort in terms of time and money to take the next step in our sustainability journey. One area where this will have a direct impact on our environmental performance is in the transition to measuring ENOC’s Sustainability Index with its KPIs and targets for our business segments.

For example, over the past nine years ENOC has set a quantifiable target for energy and resource management. In 2018, this metric continued to mature as ENOC’s Sustainability Index, taking our different business segments into consideration.

The index now exists as a variable set of targets depending on operations (energy intensity, emission intensity, water, waste, procurement, flaring etc.). We have an ambitious target in E&M to reduce our energy consumption by 1.2 percent in 2021 from the 2013 baseline.
Sustainability review continued

Energy and resource management

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

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

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

As part of ENOC’s cultural shift from compliance to performance, the organisation also decided to introduce self-audits to give the business units full ownership of the audit results and the need to take corrective action, if any. But for self-audits to yield good results, it was felt that detailed training programmes would be necessary. Also, suitably qualified internal auditors – ideally with training in energy management – must conduct the self-audits.

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

ENOC is determined that its E&RM strategy should drive innovation and fresh thinking, both within the organisation and as a role model externally. All business units submitted proposals for achieving ISO 50001 certification by the end of 2018, and some have already been successful.

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

Key initiatives for 2018:

• Applied a 3 percent savings target through E&RM
• Conducted training on self-audits for all ENOC business units
• Introduced ENOC’s Superior Energy Performance Scheme

A framework for ENOC’s Superior Energy Performance (SEP) Scheme has been developed and was implemented at the end of 2017 with 2018 the first full year in which the scheme operated. Central to a comprehensive sustainability roadmap that ENOC has been preparing for since 2014, the objective is to meet US $15 million in sustainability projects over that period and achieve savings of US $5.5 million. We have now achieved savings of US $19.4 million up to 2018 triple the original target.

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

The ENOC Scheme establishes minimum requirements relating to the E&RM System, Measurement and Verification (M&V) and energy-related data. There is system of certification which ranges from the basic certified level up to platinum. Four of ENOC’s business segments have already achieved bronze, and the plan is to move steadily towards the platinum settings.

Having launched the second edition of ENOC’s Energy and Efficiency Report in 2018, we made good progress in meeting its objectives of moving away from conventional energy management system audits and adopting a culture of superior energy performance and operational excellence. The report also identifies two critical goals: the need for organisations to build their own culture of superior energy performance and to institutionalise Energy and Resource Management (E&RM) practices within their operations.

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

ENOC is determined that its E&RM strategy should drive innovation and fresh thinking, both within the organisation and as a role model externally. All business units submitted proposals for achieving ISO 50001 certification by the end of 2018, and some have already been successful.

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

US $19.4m savings achieved

ISO 50001

all business units submitted proposals for achieving ISO 50001 certification by the end of 2018, and some have already been successful
Corporate social responsibility
Making a positive impact

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

Our social responsibility framework

Community

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

This year, ENOC Group celebrated the International Day for Older Persons, in collaboration with Beit Al Kheir Society, as part of the nation’s ‘Year of Zayed’ initiative. The Group’s employees visited the Senior Happiness Centre run by Dubai Health Authority, along with volunteers from Beit Al Kheir Society, and organised a series of interactive activities for the elderly.

Central to our theme of commitment, we joined hands with Rasas’ Volunteering Initiative, and participated in preparation of 7,000 items of clothing with People of Determination for over 3,000 beneficiaries. As part of Rasas’ Volunteering Initiative, 650 volunteers from ENOC participated in retrofitting 30 houses and installing 30 solar LED lights. Volunteering activities by ENOC employees are another important facet of community engagement.

We went a step ahead, and the Group delegation welcomed H.E Lieutenant General Dhahi Khalfan Tamim, Deputy Chairman of Police and General Security of Dubai, as guest lecturer who shed light on the leadership qualities of the Late Sheikh Zayed bin Sultan Al Nahyan, Founder of the UAE.

Community activities also include working with the Solar Decathlon Middle East, where teams were challenged to adapt their designs to the heat, dust, and high humidity experienced in the Middle East. ENOC sponsored the initiative, and 15 teams from around the world designed solar powered sustainable houses for a total prize of AED 10 million.

Notable community-related activities meant collaboration with the Community Development Authority (CDA) wherein the companies came together to distribute 100 Union Coop cards valued at AED 2,500 each to Emirati single mothers on Emirati Women’s day. The initiative aimed at supporting single mothers, who are shouldering a family of four members and above to achieve financial independence and security.

Carrying on its largest corporate social responsibility initiative for Dubai Autism Center, the Group organised a visit to Dubai Aquarium Underwater Zoo. The idea was to integrate people of determination through the various educational activities.

In 2018, applications were received for the ENOC Energy Scholarship Programme, a post-graduate Master’s degree in Energy Management from Heriot-Watt University in Dubai. Heriot-Watt is the only college in the UAE that offers these courses, and three UAE nationals are now enrolled in the programme.

In 2018, employees were invited in the preparation of 10,850 school kits that were distributed to National Charity Schools under the auspices of Dubai Cares, a philanthropic organisation working to improve children’s access to quality primary education. Employees also participated in ENOC’s ‘Minds of Giving’ campaign, helping to prepare more than 500 care packages.

Exploration and Production operations in Turkmenistan

For the first time since ENOC became its outright owner, Dragon Oil was fully integrated into the company’s broader sustainability programme. As part of the process, a survey was conducted to identify the top 10 sustainability issues which Dragon Oil addresses.

Dragon Oil allocates about US $13 million annually to social initiatives and training programmes, undertaking various projects for the benefit of communities in Hazar, the hub of its operations in Turkmenistan, and in Ashgabat, Turkmenistan’s capital and largest city. Activities include making repairs and infrastructure development, educational and social facilities, including schools and hospitals, and sponsoring various sports, educational and cultural events.

Training the citizens of Turkmenistan is a priority. Dragon Oil invested more than US $3 million during 2018 to improve the professional capabilities of the company’s national employees. About 145 training events were conducted, in which more than 5,600 national employees participated.

Some 30 employees are now enrolled in the program, including 5 during 2018. Two are expected to graduate in 2019.

In collaboration with Tomsk Polytechnic University, Dragon Oil arranged and conducted entrance examinations in mathematics, chemistry, physics, and the Russian language. For the top 20 school leavers who applied for scholarships. Based on the exam results and other critical indicators, the selection committee awarded scholarships to ten Hazar people in 2018, bringing the total sponsored by Dragon Oil to 31.

Environment

ENOC’s CSR journey has been marked by many notable achievements, particularly in environmental education. Working with the Dubai Aquarium and Underwater Zoo, for example, has resulted in some 2,250 million members of the community learning about marine wildlife and conservation.

As a strategic partner of Emirates Environmental Group, we strive to create a platform for tomorrow’s sustainability champions to come together and discuss contemporary environmental issues via public-speaking competitions and debates. More than 750 students participated from a total of 87 schools and 51 universities from across the MENA region.

Business Review

ENOC Review 2018

Sustainability review continued
Green economy
Correcting perceptions of ‘green = expensive’

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

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

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

ENOC experience shows this is far from reality, as demonstrated by the financial impact of ‘quick win’ efforts. An investment of AED 75.6 million since 2014 has already yielded ongoing savings of more than AED 71.3 million.

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

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

A number of projects illustrate ENOC’s commitment to sustainable practices. The first solar powered service station in the UAE – now the model for all future ENOC stations – can produce 120 kWh on an ideal day. 30 percent more than needed to run the station. Excess power is transmitted back to DEWA’s main grid through a solar meter the tracks input. ENOC estimates that more than 7.6 GWh of solar energy will be produced to power these stations, reducing the load on DEWA’s grid and power-generation capacity.

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

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

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

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

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

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

#### United Arab Emirates
- ENOC Processing Company LLC
- ENOC Taqwil 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 IS Petronethinak LLC – 70%
- ENOC Supply and Trading Company LLC
- ENOC Marketing LLC
- ENOC Lubricants and Grease Manufacturing Plant LLC
- EPPCO Projects LLC – 51%
- ENOC Retail LLC
- ENOC Retail System
- Emirates Gas LLC
- Horizon Terminals Limited
- EPPCO International Limited – 50%
- Horizon Jebel Ali Terminals Limited
- Vipat 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 (Bengbu, Tunisia) Limited
- Dragon Oil (Sanduqli) Limited
- Dragon Oil (Mazar-i-Sharif) Limited
- Dragon Oil (Philippines SC63) Limited

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

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

#### Malaysia
- ESL Limited

#### Malta
- Dragon Oil (Holdings) Limited

#### Morocco
- Horizon Tangiers Terminals SA – 34%

#### Saudi Arabia
- Arabank Terminals Ltd – 36.5%
- United Gulf Aircraft Fueling Company LLC – 49%
- Saudi Emirates Fuel Company
- United Fuel Company
- Integrated Logistics Company – 40%

#### Singapore
- Horizon Singapore Terminals Pte Ltd – 52%
- ENOC Singapore Pte Ltd
- Falcon Grace Private Limited
- Falcon Victory Private Limited
- ETL Falcon Private Limited
- Centennial ASO Shipping Private Limited

#### Somalia
- Horn Fuel Trading LLC – Sanaa – 51%

#### Tanzania
- ENOC Africa – 60%

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