

DOUBLE MATERIALITY ASSESSMENT

In 2025, ADNOC Distribution conducted our first double materiality assessment (DMA) in line with consideration for the process outlined in the original European Sustainability Reporting Standards (ESRS) and EFRAG implementation guidance and GRI Standards.

Conducting this assessment has enabled us to identify and report upon the key material impacts on both people and the environment as a result of our operations, as well as understanding the main sustainability related risks and opportunities that could influence our financial performance and enterprise value. This holistic approach allows us to integrate these insights into our strategy, risk management and due diligence moving forward.

What double materiality covers

Impact materiality

We assessed the actual and potential impacts, both positive and negative, due to our own operations and full value chain over the short, medium and long term. We considered severity, which is dependent on scale and scope, as the primary criterion for assessing actual positive impacts. For actual negative impacts, the additional element of irremediability was considered. In case of potential impacts, likelihood was also considered along with severity.

Financial materiality

ADNOC Distribution evaluated the likelihood and magnitude of sustainability related effects on our financial performance, position, cash flows, access to finance, or cost of capital, including effects not yet reflected in financial statements.

Governance and stakeholder engagement

Our DMA was undertaken with oversight by the administrative, management and supervisory bodies at ADNOC Distribution.

We conducted extensive discussions to gain insights into our material topics. Internal stakeholders across our business units provided comprehensive inputs on the activities, value chain links and sustainability linked Impacts, Risks and Opportunities (IROs).

We also engaged with key external stakeholders such as suppliers/contractors, investors, government authorities, NGOs, customers and other partners for their feedback.



KEY ACTIVITIES



Reviewing understanding of our operations and value chain mapping

We mapped our operations and value chain in detail, including the business model, segments, major sites and markets and key relationships.

We also reviewed external regulations along with leading industry practices and benchmarks in our sector.



Identifying impacts, risks, and opportunities (IROs)

Based on our understanding of our value operations and value chain, we identified a list of sustainability linked IROs.

To support the comprehensiveness of this exercise, we considered several sources including internal documents, industry leading practices, sustainability standards and frameworks (GRI, SASB etc.).

The key IROs along with their mapping to material topics are shown in next page.



Material topic	Description of IRO	IRO type	Positive/negative (Impacts)	Actual /potential (Impacts)	Time horizon
Climate Change & GHG	Delayed energy transformation may reduce competitiveness and lead to long-term traditional fuel-demand decline	Risk, Impact	Negative	Potential	Long Term
	Failure to sufficiently reduce operational GHG emissions may prevent ADNOC Distribution from meeting its decarbonization commitments, resulting in regulatory, financial and reputational consequences	Risk, Impact	Negative	Potential	Medium to Long Term
	Physical climate risks & extreme weather disruption	Risk, Impact	Negative	Potential	Short to Medium Term
	Energy efficiency and cost-saving opportunity	Opportunity, Impact	Positive	Potential	Short Term
	Long-term carbon sequestration opportunity	Opportunity	NA	Potential	Long Term
Climate Adaptation, Resilience & Transition	Scaling clean mobility solutions strengthens market position and supports UAE Net Zero goals	Opportunity, Impact	Positive	Potential	Long Term
	Nature-based design opportunity for climate resilience	Opportunity, Impact	Positive	Potential	Medium Term
Biodiversity	Biodiversity	Opportunity, Impact	Positive	Potential	Medium to Long Term
Circular Economy/ Resource Management	Circularity, water efficiency & resource optimization	Opportunity, Impact	Positive	Potential	Medium Term
Energy Management	Opportunity to improve energy performance through real-time monitoring	Opportunity	NA	Potential	Short Term
Occupational Health and Safety	Road fuel transport safety and operational disruption risk	Risk, Impact	Negative	Potential	Short Term
Supply Chain Sustainability	Supply chain resilience through proactive commodity management	Opportunity	NA	Actual	Long Term

Material topic	Description of IRO	IRO type	Positive/negative (Impacts)	Actual /potential (Impacts)	Time horizon
Technological Innovation & Digitalization	Station solarization and AI energy optimization reduce Scope 2 emissions and improve energy efficiency and cost performance	Opportunity, Impact	Positive	Actual	Long Term
Waste, Water and Effluent Management	Non-compliance with water use and effluent discharge standards may lead to regulatory penalties, operational disruptions and reputational impacts	Risk	NA	Potential	Short Term
Business Ethics	Ethical conduct & responsible business practices	Opportunity, Impact	Positive	Potential	Short to Medium Term
Economic Performance	Strengthening economic performance to enable strategic growth	Impact, Opportunity	Positive	Potential	Medium to Long Term
Risk Management	Enterprise risk intelligence & data-driven decision-making	Opportunity, Impact	Positive	Actual	Medium to Long Term
Emiratization	Enabling workforce resilience and National talent development through Emiratization	Impact, Opportunity	Positive	Potential	Short to Medium Term
Employment Practices, Development and Wellbeing	Challenges in attracting, retaining and engaging employees across all levels may increase costs, reduce performance and weaken organizational capability	Risk	NA	Potential	Medium Term
Local Community	Sustainable mobility & local economic development opportunity	Impact	Positive	Actual	Long Term
Diversity, Non- Discrimination and Equal Opportunity	Strengthening workforce diversity and inclusive talent development	Impact, Opportunity	Positive	Potential	Medium Term
Human and Labor Rights	Failure to maintain fair practices for frontline workers may lead to legal, reputational and workforce stability risks	Risk, Impact	Negative	Potential	Short Term
Anti-Corruption & Anti-Competitive Behavior	Enhanced ethical governance, anti-corruption & fair competition	Opportunity, Impact	Positive	Potential	Medium to Long Term



Assessing materiality and engaging with stakeholders

We undertook extensive stakeholder consultations to help us capture all relevant perspectives. We developed a customized survey which was circulated to both internal and external stakeholders. Our internal stakeholders include employees across our business functions, including board and senior management. The survey was also rolled out to external stakeholders including tier one, and two suppliers/contractors, investors, government authorities, NGOs, customers and other partners for their feedback. We received around 100 responses, comprising both internal and external stakeholders. The parameters of scale, scope and irremediability described above were used to assess impact materiality and magnitude and likelihood were considered for financial materiality. The result form the stakeholder survey were consolidated and quantified with consideration for the ESRS guidance.



Developing and validating the materiality matrix

Based on the results of the survey, we developed a double materiality matrix considering both **Impact Materiality and Financial Materiality**. The final matrix was reviewed and validated by the management.



Environmental

- Climate change & GHG
- Energy management
- Water, waste, effluent and non-GHG pollution management
- Circular economy/resource management
- Climate adaptation, resilience and transition
- Biodiversity



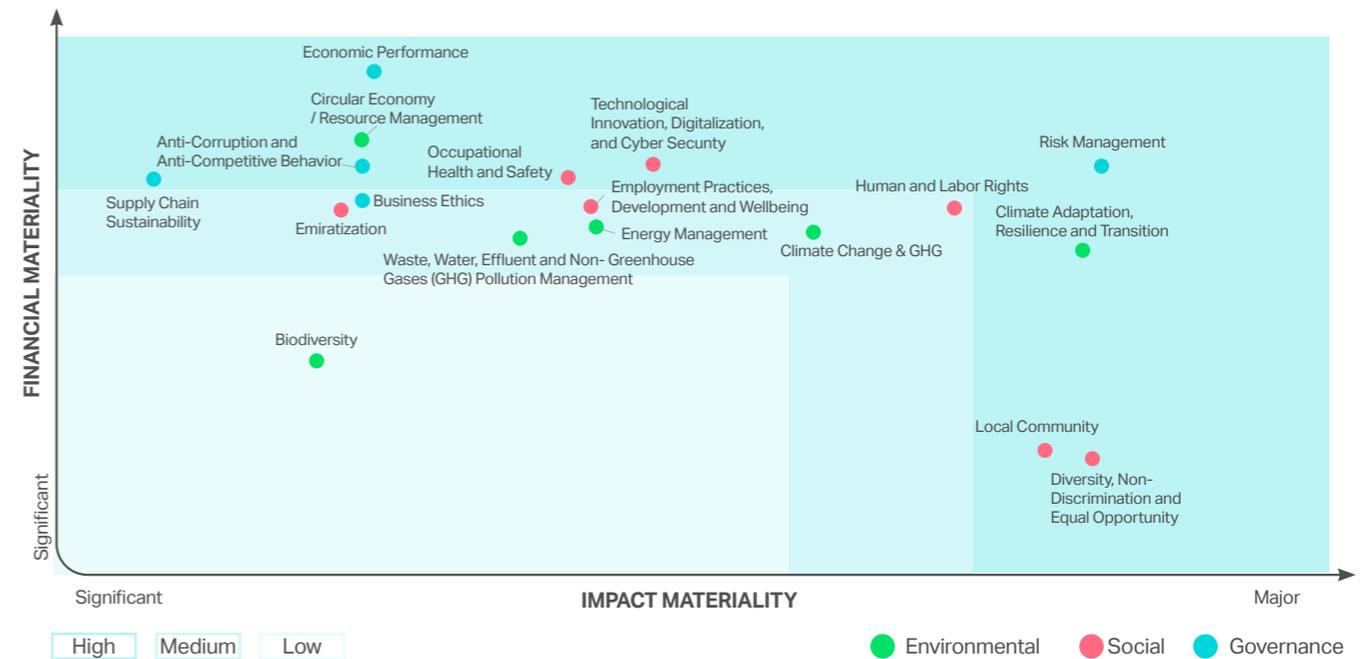
Social

- Emiratization
- Occupational health and safety
- Technological innovation, digitalization and cyber security
- Employment practices, development and wellbeing
- Human and labor rights
- Local community
- Diversity, non-discrimination and equal opportunity



Governance

- Economic performance
- Anti-corruption and anti-competitive behavior
- Risk management
- Supply chain sustainability
- Business ethics



The above matrix provides an overview of the impacts, risks and opportunities related to our business. It gives us insights into the key material topics where we can maximize our outward positive impact. Simultaneously we seek to ensure that we mitigate risks and exploit opportunities for ADNOC Distribution to grow sustainably in the future.

The below diagram highlights our 'Double Material Topics'; Climate Adaptation, Resilience & Transition, Climate Change & GHG, Employment Practices, Development & Wellbeing.

Conducting our first Double Materiality Assessment has allowed us not only to identify actual or potential material issues but rather to capture varied perspectives from a wide range of internal and external stakeholders.

Energy Management, Human & Labor Rights, Occupational Health & Safety and Risk Management. These are highly relevant for us from both an Impact and Financial Materiality perspective and we intend to prioritize these topics moving forward.

We are taking steps to ensure that these insights enhance our sustainability strategy and implementation processes moving forward. The DMA will be reviewed and updated periodically, including when key triggers arise (e.g., major transactions, supply chain shifts, new regulations, significant incidents).

