



ADNOC GROUP SUSTAINABILITY REPORT 2015

TAKING INNOVATION TO NEW HEIGHTS

Executive Summary





We are committed to maximizing the value of our oil and gas assets and to remaining a trusted and reliable global energy supplier for the long-term benefit of our country and our customers.

We will do so by focusing on four strategic areas: enhancing the company's performance, increasing profitability, optimizing efficiency, and investing in our people.



CEO MESSAGE

For over four decades, ADNOC has played a fundamental role in helping establish the UAE's robust economic foundation and empowering sectors that are contributing to our country's ambitious socio-economic development objectives. As we look ahead into the future, we remain committed to creating lasting and sustainable value for our people, our business and society.

Our core mission is to be a responsible and reliable energy provider dedicated to maximising the value of Abu Dhabi's oil and gas resources, for the benefit of our country and our customers. To this end, we are focused on creating a more profitable upstream, a more valuable downstream and a more sustainable and economic gas supply, without compromising HSE or the integrity of our assets.

It is our duty to ensure that people have access to safe and secure energy, both today and tomorrow, to enable continued economic prosperity. This role comes with many responsibilities - to our shareholders, neighbours, customers and communities. Improving operational efficiencies and optimising our assets are central to ADNOC becoming the most efficient, performance-driven, and profitable business that it can possibly be.

Central to this is our continued pursuit of excellence in HSE. It is not only the right thing to do, but will be one of the key success factors in achieving our business objectives. Having our people return home safely at the end of every work day and enabling them to stay healthy are fundamental to everything we do. In addition, we are enhancing the skills of our employees and upgrading their capabilities so that they can achieve their full potential.

Protecting the natural environment is an important responsibility, and we will strive to protect the ecosystem across our operations and throughout the life of our assets. We are proactive towards marine development and have a portfolio of carbon sequestration and biodiversity enhancement projects. As we increase production of oil and natural gas to meet the growing energy demand, we will continue to manage our own greenhouse gas emissions, and contribute to effective long-term solutions to address climate change risks.

As the national oil company of Abu Dhabi, ADNOC has a wider role in driving the creation of long term, sustainable in-country value. We do this by developing knowledge, through education and research; job creation and

advancing local talent; investing in the local supply chain, and creating critical infrastructure to support our economy's growth and development.

Working in synergy with our group of companies and strategic partners we are determined to identify opportunities where we can leverage the expertise, knowledge and insights of the men and women who work for ADNOC, to pioneer new ways to address current and future challenges. By pushing our boundaries further than ever before, we will ensure the company's long-term resilience and sustain our competitive edge, enabling us to deliver greater value to our stakeholders and our shareholders.

Dr. Sultan Ahmed Al Jaber
Chief Executive Officer

Highlights

- 20 diversified and integrated Group Companies
- >3.15 million barrels of oil per day (bpd) ranking ADNOC among the biggest oil and gas producers world wide
- 3 academic and training centres providing a skilled workforce to the UAE's local oil and gas industry
- 4 research and innovation centers covering all aspects of ADNOC's petroleum value chain

ABOUT ADNOC

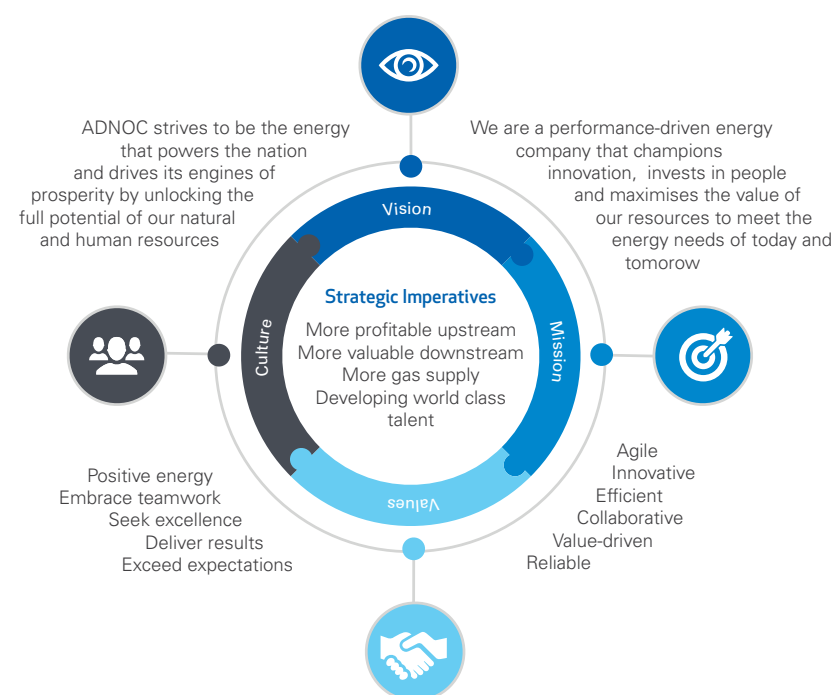
Abu Dhabi National Oil Company (ADNOC) was established in 1971 under the UAE's wise leadership. Today it is one of the world's leading integrated oil and gas companies, with an oil production of over 3.15 million barrels per day and an energy infrastructure comprised of 20 specialist subsidiary and joint venture companies known as ADNOC's Group Companies.

Thriving on a spirit of enterprise and a commitment to safely and reliably deliver energy to our domestic and global consumers, our Group Companies' operations encompass a portfolio of world-class projects and assets that cover all aspects of the hydrocarbon value chain, including crude oil and natural gas exploration, production, refining, processing, manufacture of petrochemicals and marketing.

ADNOC's headquarters are located in Abu Dhabi and so are our major group-wide operations.

Vision, Mission, Values & Culture

Our Vision, Mission, Values and Culture were developed to build on ADNOC's history of success and its continued role as an important cornerstone of the UAE economy. They form the pillars of our new operating model, organizational structure and strategic imperatives.



Who we are



20 Group Companies

ADNOC's business model of collaboration with international oil majors across our group of companies has enriched our collective experience. Our long-standing relationships are true partnerships that go back to the birth of our company and have been part of ADNOC's successful growth.



>3.15 Million BPD

We are focussed on maintaining our current level of production and are committed to achieving our 2018 production target, with due consideration of prevailing market conditions. ADNOC has always been an agile company capable of adjusting to the market and ensuring that our supply is aligned with projected demand.



3 ACADEMIC & TRAINING INSTITUTES

Investing in education is one of ADNOC's strategic priorities. We are very proud of our family of educational institutes that were established by ADNOC to nurture a specialised, competitive and highly professional young workforce for the local oil and gas industry, and help create educated and engaged UAE citizens.

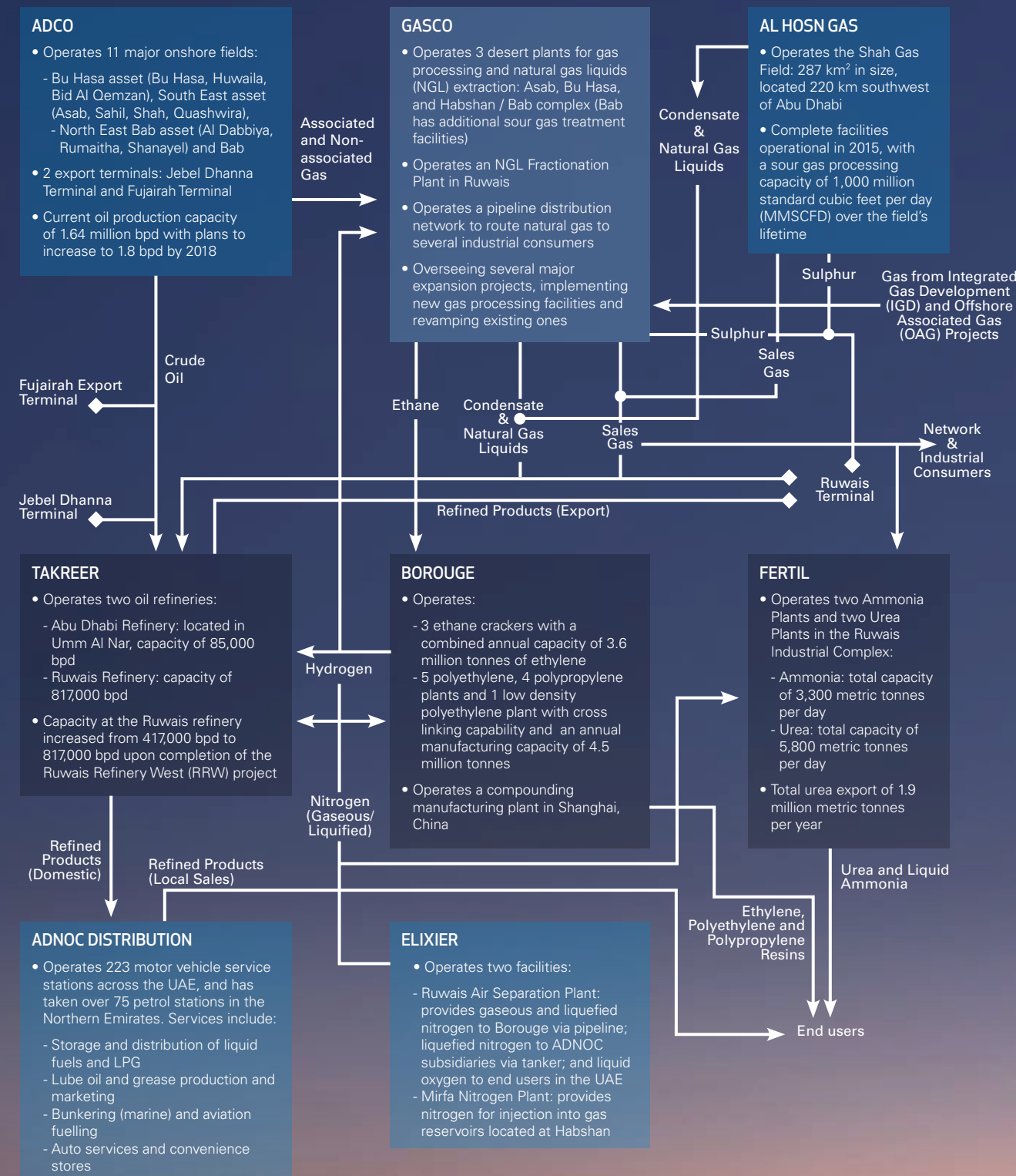


4 Research & Innovation Centres

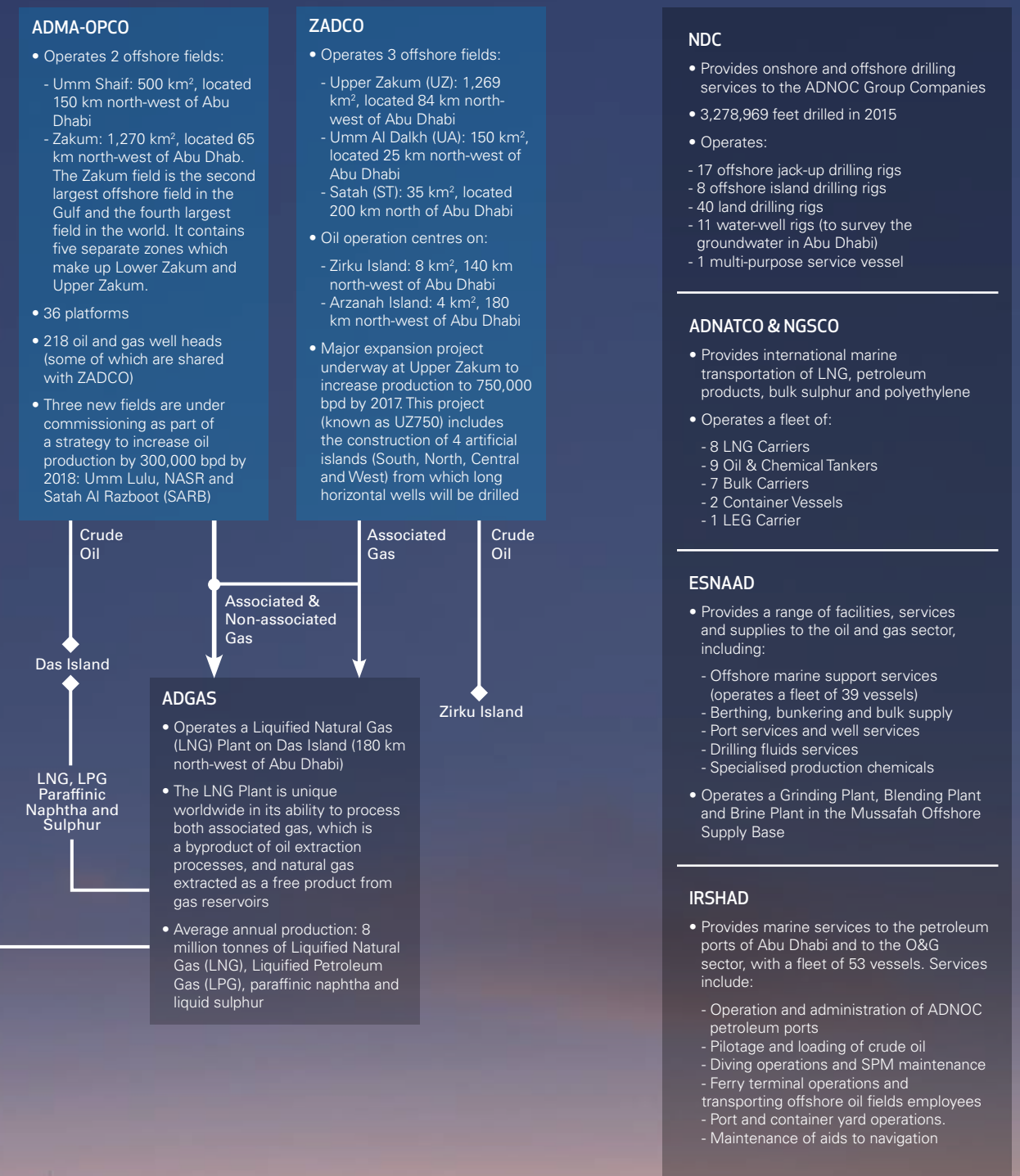
ADNOC's world-class research and innovation ecosystem includes the Petroleum Institute Research Centre, the Borouge Innovation Centre, the TAKREER Research Centre, and ADNOC R&D Hub (which oversees a portfolio of research project for ADCO, ADGAS, ADMA, Al Hosn Gas, GASCO and ZADCO).

ADNOC Group Companies

Onshore



Offshore



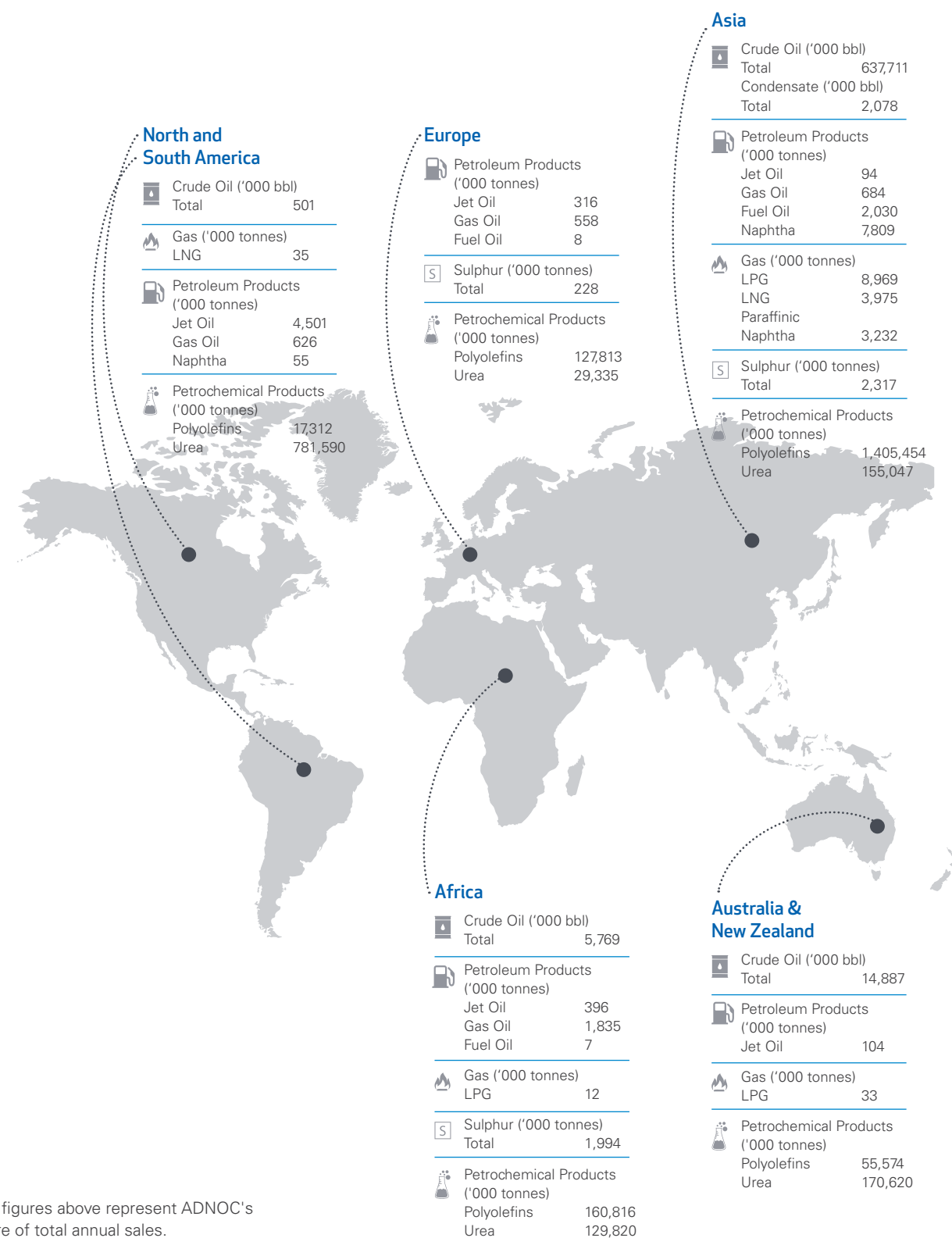
This illustration excludes assets which are still in developmental stages (Al Yasat Petroleum and Al Dhafra Petroleum), and excludes the Independent Operators (ADOC, Bunduq and TOTAL ABK).

→ Flow of products ♦ Industrial terminal for processing, storage and export of products



Products and Markets

The ADNOC Group is a reliable energy provider to the UAE and to the world. Our oil, gas, refined products and petrochemicals are sold across six continents and contribute to empowering economies and industries all over the world.



The figures above represent ADNOC's share of total annual sales.

Stakeholders

As an energy supplier, we have many responsibilities — to our employees, contractors and partners, the government and regulators, industry partners and to our communities.

Working together with our stakeholders allows us to appreciate different viewpoints and maintain a global perspective. It also helps us build mutually beneficial and long-lasting relationships and create opportunities that are aligned with their interests. This is fundamental towards helping us continue to improve our company.

We use a variety of mechanisms to engage our stakeholders, including internal and external one-on-one and group dialogues and briefings, senior executive speeches and press releases, community consultations, email communications, publications such as the Annual Sustainability Report and our quarterly newsletters.



Local communities

Our relationships with communities are important for all our activities, but particularly for major new projects where our presence may bring about changes in the local areas, such as jobs and support for community development, as well as increased road traffic and changes in the landscape. We engage with local communities through public consultations and meetings with local representatives.

Industry

We work through industry groups to help establish standards and address complex energy challenges, and we are members of industry bodies such as the International Association of Oil & Gas Producers (IOGP) and the American Petroleum Institute (API). Our Group Companies are also members of the industry associations relevant to their operations.

Academic and training institutes

In addition to establishing our three academic institutes, which include the Petroleum Institute, we collaborate with research institutions on various initiatives across the UAE to encourage more youth towards innovation and excellence on future energy and sustainable development.

Customers

ADNOC's millions of customers range from consumers purchasing our fuels and lubricants to large-scale industrial customers of oil, natural gas and petrochemicals. Through our concerned Group Companies, we engage with customers about supply chain management, GHG emissions and the sustainability of our products across their life cycle.

Employees

Our nearly 65,000 employees are the drivers for our continued business success. We keep our employees informed about the context within which they work and have established channels for our employees to raise concerns across our operating sites. We have an ongoing dialogue with our employees about a wide range of issues, including benefits, development opportunities and diversity.

Suppliers, contractors and partners

Like our industry peers, ADNOC rarely works in isolation; approximately 400 million man hours were recorded by the contractor workforce across our group-wide operations in 2015. Safe

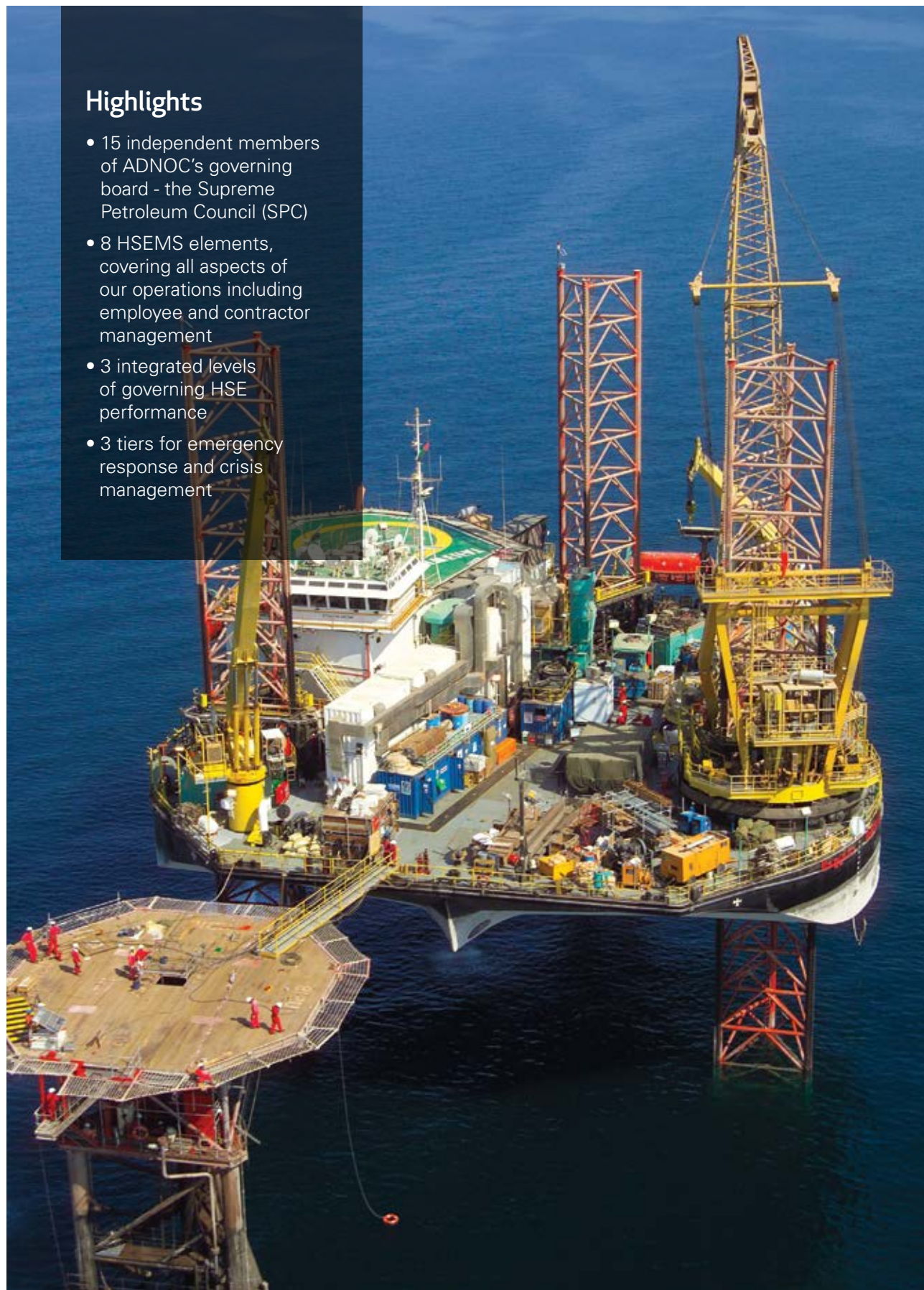
and responsible operations depend on the capability and performance of our suppliers, contractors and partners. To this end, we set operational standards through legally binding agreements. Training and dialogue also help build the capability of our contractors.

Governments and regulators

We engage with the local and federal government on many fronts and aim to maintain dialogue with all relevant government agencies, ministries at every stage of our operations. We engage in policy debates that are of concern to us and the communities in which we operate, such as climate change and energy, water management, security and nationalisation.

Highlights

- 15 independent members of ADNOC's governing board - the Supreme Petroleum Council (SPC)
- 8 HSEMS elements, covering all aspects of our operations including employee and contractor management
- 3 integrated levels of governing HSE performance
- 3 tiers for emergency response and crisis management



HOW WE OPERATE

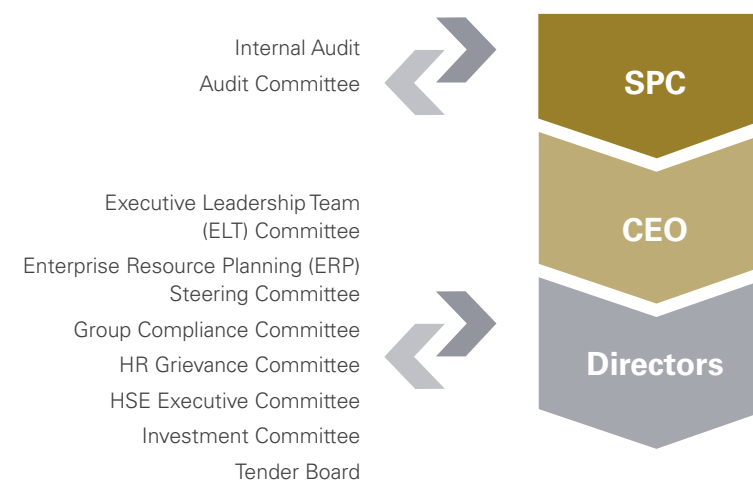
Our role in supplying energy comes with many responsibilities - to our shareholders, customers and communities. Our employees, technical expertise, financial strength, and the management practices that we build into the fabric of our operations are central to establishing a high-performance culture and to creating long-term value for ADNOC and our stakeholders.

Achieving this requires a driven corporate governance structure that promotes the company's vision and objectives; robust processes to effectively manage our HSE, security, quality and reputational risks; and effective emergency response practices that can be quickly mobilized in the event of an incident.

As we strive towards operational excellence, we will continue to seek new and improved ways that will help us perform better. We expect the same from our contractors and suppliers.

ADNOC's Governance Structure

The Supreme Petroleum Council (SPC) functions as ADNOC's governing board and oversight committee. The Council is the highest authority responsible for the petroleum industry in the Emirate of Abu Dhabi; it formulates and oversees the implementation of Abu Dhabi's petroleum policy across all areas of the petroleum industry to ensure that the set goals are accomplished.



Operating framework

Our commitment to an outstanding performance is built from the solid foundation of our long-standing Health, Safety and Environment (HSE) policy, and is the foundation of our oversight over our operations. This policy is also embedded within our operating standards and our management systems.

Codes of Practice

To ensure that all aspects of health, safety and environmental management are carried out successfully and consistently across the oil and gas sector in Abu Dhabi, ADNOC established a centralised framework of operational standards against which compliance is mandatory.

These standards provide a comprehensive cover of petroleum industry activities with distinct HSE risks or impacts, and their requirements adhere to UAE Federal Laws and Regulations. The operational standards are collectively known as the ADNOC Codes of Practice.

HSE Management System

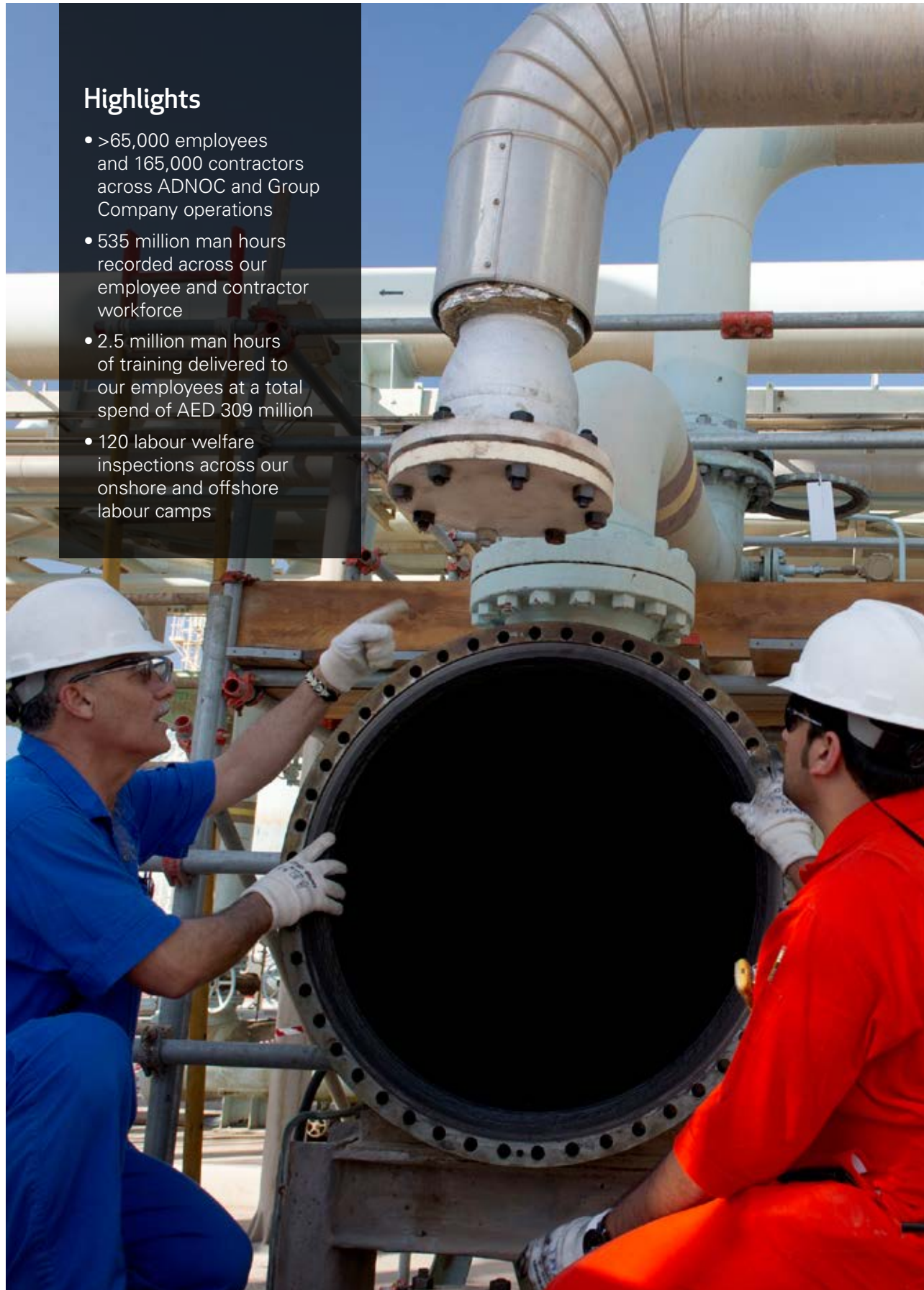
The ADNOC Codes of Practice provide structured guidance for the development of a comprehensive HSE Management System (HSEMS), covering all aspects of employee and contractor activities. The HSEMS is intended to serve as an engine driving ADNOC HSE policy implementation and continuous improvement in performance.

8 HSEMS Element

- Leadership & Commitment
- Policy & Strategic Objectives
- Organisation, Resources & Competence
- Risk Evaluation & Management
- Planning, Standards and Procedures
- Audit
- Implementation & Monitoring
- Management Review

Highlights

- >65,000 employees and 165,000 contractors across ADNOC and Group Company operations
- 535 million man hours recorded across our employee and contractor workforce
- 2.5 million man hours of training delivered to our employees at a total spend of AED 309 million
- 120 labour welfare inspections across our onshore and offshore labour camps



PEOPLE

The continued success of our company is embedded in our commitment to health and safety and our dedication to providing a work environment in which everyone is treated fairly and has the opportunity to maximise their potential.

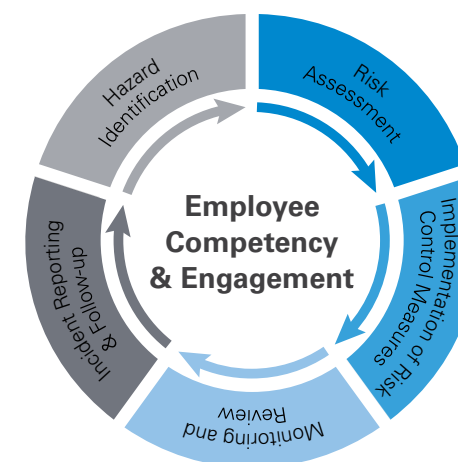
Having our people return home safe and well at the end of every work day and enabling them to end their working life fit and healthy is central to everything we do. Regardless of where our people are located or the type of work they undertake, we strive to create a working environment that is free from occupational illness and injury.

This is reflected in the processes and controls we have in place throughout our organisation. Our principles and requirements for safe, reliable and compliant operations are part of our HSEMS against which all ADNOC operations are required to align. Our operations are also required to have systems in place to identify, manage and effectively respond to foreseeable crises and emergencies. Collectively, these requirements are designed to enable our operations to safely return to full function as soon as possible.

Keeping our people and operations safe

We are relentless in our pursuit of safety so every employee and contractor goes home from work each day safe and healthy. This commitment also extends to members of the communities where we operate. We strive to create and maintain an injury-free work environment and to apply robust operating and maintenance practices across our facilities and work places.

Managing occupational safety



Managing our occupational safety risks

The risks inherent to our operations include a number of hazards that, although many may have a low probability of occurrence, can have extremely serious consequences.

Hazard identification, risk assessment and implementation of risk control measures based on the appropriate risk control hierarchy, are central to our management of occupational safety. These requirements are integrated in our ADNOC Codes of Practice and our group-wide HSEMS, the latter of which our operations are required to have in place and implement.

Focusing on the health and welfare of our people

Our operations are required to identify and establish an inventory of all current or anticipated agents that are potentially hazardous to health, and assess the health risk associated with exposure to these agents.

117

occupational health inspections

2,040

food, surface swab and water samples collected for the chemical and bacteriological laboratory analysis

120

labour welfare inspections

Developing our people

We are committed to our employees' professional development and supporting their career goals. We seek to foster a diverse workforce of highly talented individuals committed to achieving our business priorities.

2.5 million hours

in employee training delivered, at a cost of > AED 309 million

Highlights

- AED 698 million in environmental expenditure
- 13% reduction in flaring compared to 2014 levels
- 578 million GJ consumed (of which 548 million GJ is direct energy and 22 million GJ is indirect energy)
- 10.9 million GJ energy savings (corresponds to 1.9% of energy consumed)
- 13 air quality monitoring stations
- 2.3 million mangrove seedlings across our nurseries

ENVIRONMENT

Protecting the natural environment is a huge challenge for all of us, and at ADNOC we are determined to play a constructive part in delivering reliable, affordable and positive energy, and we have come a long way to ensuring environmental issues are key components of our corporate culture. As we seek to increase production of oil and natural gas to meet growing global energy demand, we will continue to take steps to reduce flaring and the GHG intensity of our operations, and contribute to effective long-term solutions to manage climate change risks.

As part of our HSEIA process, our operations are required to assess the environmental impact and risks of new projects and substantially altered existing projects, and ensuring environmental risks are managed to an acceptable level and do not result in unacceptable consequences to the environment. This is supplemented with continuous environmental monitoring during the development and active phases of our projects, through to decommissioning.

Biodiversity and ecosystem services

Biodiversity and ecosystem services are important for society, and we work to protect them across our operations and throughout the life of our assets. ADNOC also takes a proactive approach towards marine development and has a portfolio of carbon sequestration and biodiversity enhancement projects across the Emirate of Abu Dhabi.



2.3 million mangrove seedlings across ADNOC's nurseries in Al Dabbia and Zirku Island, with 550,000 planted across the Emirate of Abu Dhabi



1 hectare of seagrass plantation, established in a process that involves the relocation of mature plants taken from healthy donor beds to the restoration site



184 artificial coral reef structures deployed in the Western Region of Abu Dhabi - in three locations; namely Makasib Island, Rock Mosfayer and north-west of Nitah Island

Biodiversity protection

ADNOC's group-wide operations are located in diverse terrestrial and marine environments, some of which contain ecosystems with outstanding biological, geographical or social value.

The Environmental Impact Assessment (EIA) studies performed as part of ADNOC's mandated HSEIA process integrate biodiversity considerations including the identification of protected areas and endangered species, their roles in different ecosystems and habitats, their vulnerabilities and cultural significance. These findings are then integrated into biodiversity management plans to ensure potential impacts are first avoided or secondly, minimised, throughout the lifetime of our projects from initial planning to final decommissioning.

Engaging on climate change policy and planning

The UAE has been at the forefront of climate change negotiations, with ADNOC playing an active role in supporting the UAE in local, regional and global efforts that encourage sound policy solutions for addressing the risks of climate change, particularly in the context of rising energy demand and global economic growth.

Non-GHG emissions and air quality monitoring

ADNOC established an Air Quality Monitoring System (AQMS) in 2008. The system comprises of a network of thirteen monitoring stations (ten fixed and three mobile) for monitoring the ambient air quality in the vicinity of our facilities. The AQMS enables ambient air quality and meteorological data from all monitoring stations to be sent on a real-time basis, including providing a simulation tool to develop and implement an air quality management program.

Highlights

- 3 ADNOC academic and training dedicated to providing world class education and research facilities
- 4,285 active scholarships
- 1,241 graduates from the Petroleum Institute
- 79% executive and senior management positions occupied by UAE nationals
- AED 95 million in sponsorships and donations within the Emirate of Abu Dhabi



SOCIETY

As the national oil company of Abu Dhabi, ADNOC has an important role to play in driving the creation of long term, sustainable in-country value. We accomplish this in several ways that include: investing in education and research; job creation; advancing local talent and the local supply chain; developing critical infrastructure to support our economy's growth and development; and the sharing of knowledge, best practice and technology across the local oil and gas industry.

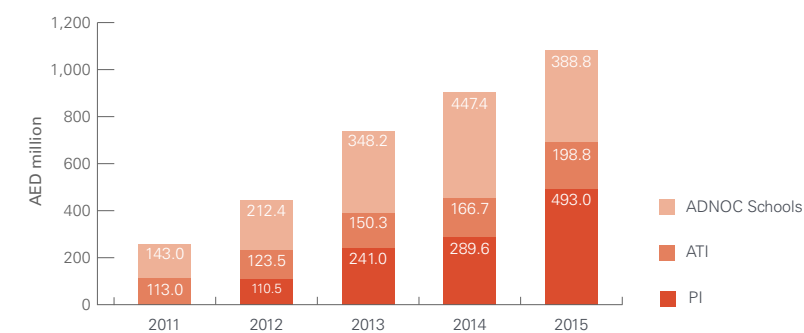
The broad and long-lasting socio-economic benefits generated by our operations are never delivered at the expense of our commitment towards being a responsible corporate citizen. We strive to demonstrate this commitment through practical actions undertaken in partnership with our stakeholders to ensure that our operations are aligned with their interests and that we continue to build mutually beneficial relationships. Our aim is to create opportunities that positively enhance the lives of people who work for us and live near our operations, as well as the society overall.

Building a knowledge-based economy

Innovation, research, science and technology are the pillars of a knowledge-based, highly productive and competitive UAE economy. This principle is embedded in ADNOC's efforts to establish a world-class education and energy research ecosystem that harnesses the talent and creativity of Emiratis and supports the needs of the expansion and development projects in the oil and gas sector.

Our investments in education and academia have therefore grown year on year, with our growing family of academic institutes that include the Petroleum Institute (PI), ADNOC Technical Institute (ATI) and our ADNOC Schools which are established across four locations in the Emirate of Abu Dhabi.

Funds towards ADNOC's academic institutes



Local economic growth and development

ADNOC, together with the wider energy sector, provides fundamental support in deepening and broadening the domestic industrial base, and driving the country's broader socio-economic development. Our projects help create jobs and develop new skill sets among the local population, while at the same establishing key infrastructure of benefit to the wider economy.

Developing the local economy and infrastructure in the places we work

The city of Ruwais is one of ADNOC's success stories. It represents a multi-million-dollar investment and serves as a major contributor to the local economy of the Western Region and the UAE overall.

Developing local content

ADNOC's current target is to achieve 75% Emiratization across core ADNOC and Group Company positions by the end of 2017.

Working with the community of Al Gharbia

Our diverse and large scale energy projects in Al Gharbia are driving forces for the region's socio-economic development, whose citizens are amongst ADNOC's most valued stakeholders.

In 2015, ADNOC and our Group Companies undertook our first group-wide stakeholder engagement campaign in Madinat Zayed. The campaign set a precedent for ADNOC's engagement practices in the region, by collaborating and engaging with a spectrum of parties and regional representatives individually and collectively in a traditional setting that enabled the effective sharing of knowledge and viewpoints. These include members of government and public bodies, members of the general public, and the student community across schools, colleges and universities.

Sustainability Performance Summary

Data on our sustainability performance from 2011 to 2015 is presented below.

PEOPLE	2011	2012	2013	2014	2015
Total number of employees ^a	>33,000	>37,000	>50,000	>60,000	>65,000
Percentage of employees who are UAE nationals ^a (%)	33	33	32	34	34
Percentage of senior and executive management positions occupied by UAE national employees	66.5	65	74	69	79
Women in workforce (%)	8.5	8.7	8.3	10.1	10.3
Employee training (thousand man hours)	940	1,160	1,900	2,341	2,452
Employee training (AED million)	78.5	229.5	306	445	309
Fatalities ^b – employees	1	0	2	0	2
Fatalities ^b – contractors	12	12	9	8	3
Exposure hours (million hours)	589	865	710	581	535
Fatal Accident Rate (FAR) – per 100 million hours	2.21	1.39	1.55	1.38	0.93
Lost Time Injury Frequency (LTIF) – per million hours worked	0.14	0.1	0.09	0.11	0.10

^a Employees refers to ADNOC and Group Company employees across all positions.

^b Refers to recordable (work-related) fatalities.

ENVIRONMENT	2011	2012	2013	2014	2015
Flaring (MMSCFD) ^a	63	60	62	69.9	61.0
GHG emissions - scope 1 & 2 (million tonnes CO ₂ e) ^b	21.4	23.2	23.6	25.4	26.8
Direct energy consumption (million GJ)	450	527	528.6	532.5	547.7
Indirect energy consumption (million GJ)	18	21.2	18.6	17.5	22.0
Energy savings (million GJ)	14	17.9	16.9	21.6	10.9
Environmental expenditure (AED million)	602	387.5	584	637	697.9
Oil spill incidents ^c	-	25	38	24	20
Volume of oil released (boe)	-	1,125	3,715	2,111	1,800
Volume of oil recovered (% of oil released)	-	77	99.7	96	98

^a Flaring data for 2013 - 2015 has been revised to include the flaring data of the three Independent Operators, as shown in the adjacent chart

^b GHG emission values are based on the equity share approach and have been derived using the Intergovernmental Panel for Climate Change (IPCC) 4th Assessment Report (AR4), 100-year Global Warming Potentials (GWP). Whilst ADNOC does not hold equity in the Independent Operators, their impacts are included separately - as shown in the adjacent chart.

^c Oil spills are defined as any liquid hydrocarbon release of more than one barrel of oil equivalent (boe).

SOCIETY	2011	2012	2013	2014	2015
Active ADNOC scholarships ^a	1,236	1,497	3,894	4,285	5,299
Funds to academic institutes and programs ^b (AED million)	261	435	743	908	1,084
Sponsorships and donations ^c (AED million)	-	106	137	114	106
Petroleum Institute enrollments – Females (%)	32.6	32.8	36.8	45.5	51.1
Petroleum Institute enrollments – Emiratis (%)	48.3	69.9	71.3	69.9	73
Internship opportunities provided to students from higher education colleges and universities	-	-	-	-	484
Procurement budget spent on local suppliers ^d (%)	77	70	89	83	79

^a Scholarships are awarded under ADNOC's Scholarship Program, which sponsors talented UAE nationals to pursue their post-secondary education in reputable academic institutions in the UAE and abroad, and to specialist in the various technical disciplines essential to the oil and gas industry.

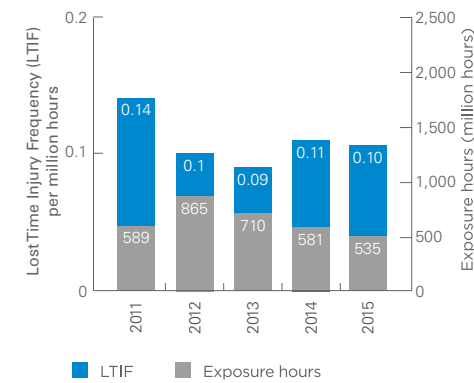
^b Includes funds towards ADNOC's academic institutes (Petroleum Institute, ADNOC Technical Institute and ADNOC Schools) and the ADNOC Achievers Oasis Program (AOP)

^c Excludes ADNOC's broad infrastructure investments which are difficult to quantify because of their wide-ranging scale and diversity.

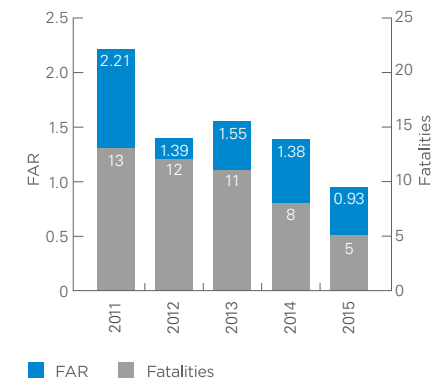
^d ADNOC defines local supplier as a provider of materials, products and services that is based in the UAE or has a local sponsor in the UAE. The sponsorship arrangement often requires the sponsor to share a percentage of the contract with their sponsor, ensuring that a proportion of the contract value is realised locally.

Cautionary statement: Where '-' is stated, the data is either not available for the reporting year or has been omitted from this report as it was measured in a manner that is no longer consistent with new collection and reporting methodologies that took effect after the data's disclosure, and is therefore not comparable for trend purposes.

LTIF - Exposure Hours



FAR - Fatalities



> 65,000

employees

79%

senior and executive management positions occupied by UAE nationals

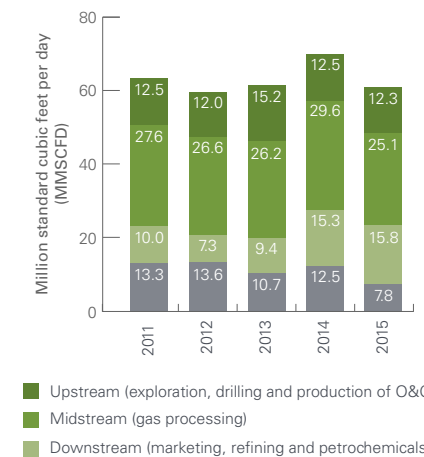
AED 309 million

in training and development expenditure

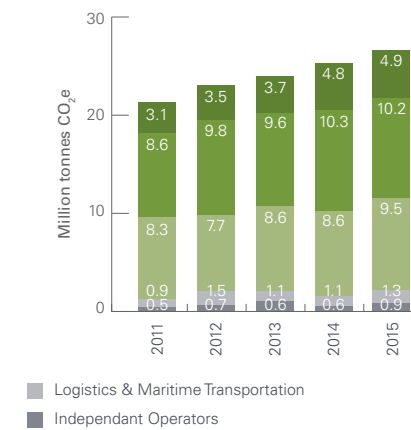
10.3%

female workforce

Flaring



GHG Emissions (Scope 1 & 2)



13%

reduction in flaring compared to 2014 levels

>AED 697 million

environment expenditure

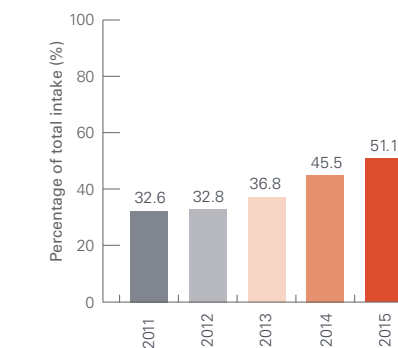
10.9 mililon GJ

energy savings

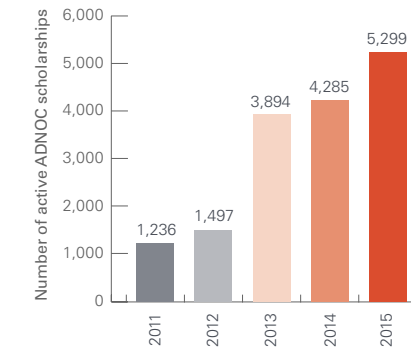
98%

recovery of hydrocarbon spills (by volume)

Enrolment of female students in PI



ADNOC Scholarships



5,299

active scholarships sponsored to date

51.1%

enrollment of females in ADNOC's Petroleum Institute

79%

procurement budget spent on local suppliers

>AED 1 billion

in academic funds

About this publication:

This is the seventh year that ADNOC reports on its sustainability efforts. This publication provides an executive summary of ADNOC's 2015 operations in the United Arab Emirates and ADNOC's sustainability performance for the five year period starting from 1 January 2011 to 31 December 2015. To view our full ADNOC 2015 Sustainability Report, which has been prepared in accordance with the Global Reporting Initiative (GRI) Generation 3.1 (G3.1) Sustainability Reporting Guidelines (including the Oil and Gas Sector Supplement), please visit www.adnoc.ae/sustainability.

Please direct any questions regarding this publication or the full ADNOC 2015 Sustainability Report to:

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Cover page photo: "The Falconer of Liwa" - courtesy of James Thomas Ryan (ZADCO). The photo received the Special Recognition Prize in the 2015 ADNOC Sustainability Photo Contest

