NET ZERO PATHWAY

Decarbonization roadmap

ADNOC Distribution is implementing a company-wide decarbonization roadmap to reduce our environmental footprint and operational greenhouse gas emissions, reinforcing our commitment to responsible growth and operational excellence.

Embedded in our business strategy and aligned with national and industry decarbonization goals, the roadmap positions us to enhance efficiency, strengthen resilience to climate-related risks covered in Natural Capital section and support the evolving needs of our customers and communities.

The roadmap sets defined governance, baselines and performance targets for Scope 1 and Scope 2 emissions. We are strengthening data quality and forecasting capabilities to measure future emissions, identify reduction pathways and integrate decarbonization criteria into investment decisions and day-to-day operations.

Key levers include energy efficiency across service stations and facilities, digital optimization of logistics, electrification where appropriate and the selective deployment of lower-carbon solutions.

2023

ADNOC Distribution unveiled its decarbonization roadmap and announced the Sustainability-Linked Loan (SLL)

2023 - 2025

Develop other environmental, social and governance initiatives to pioneer ESG

2023 - 2030

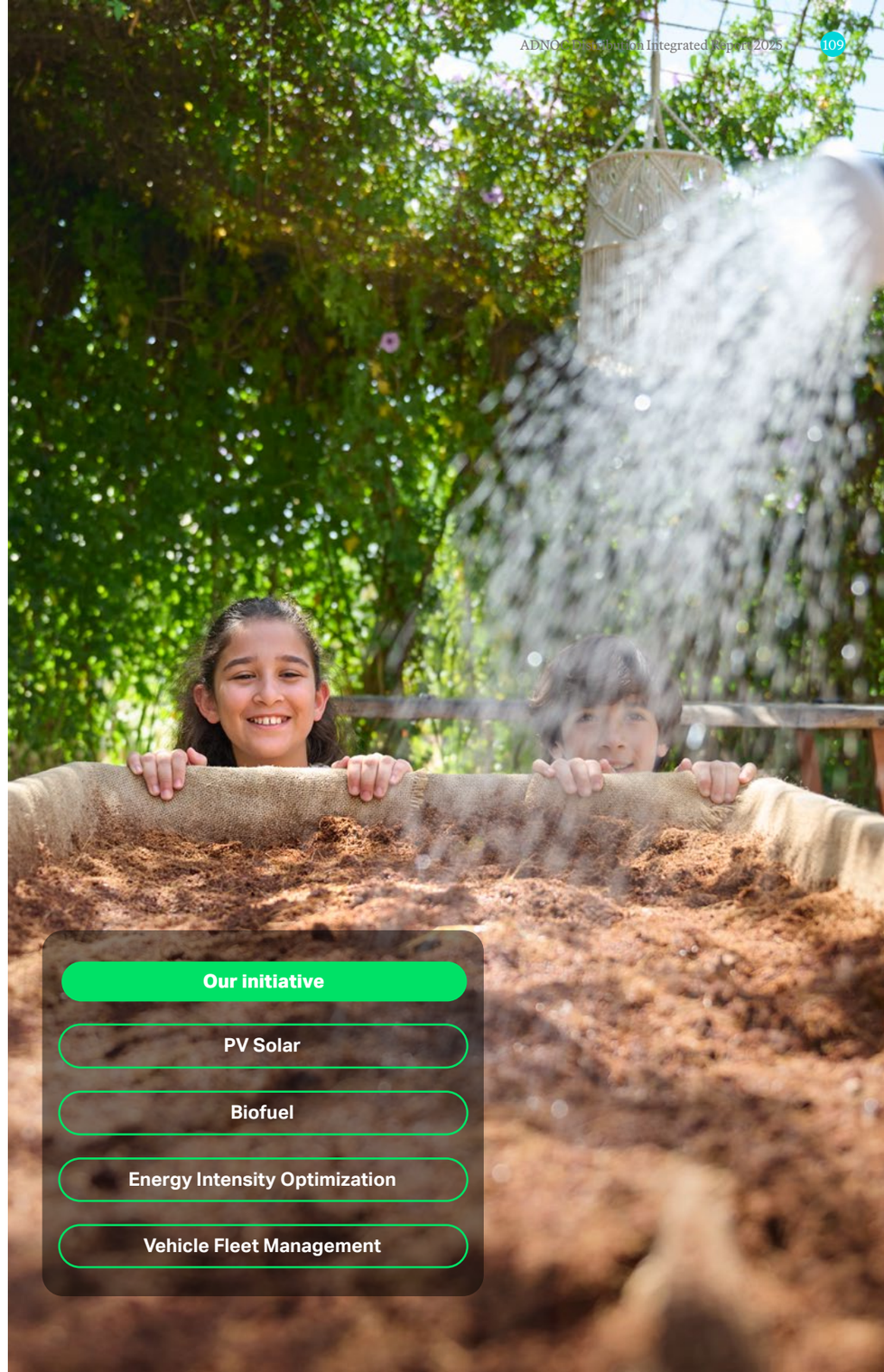
Execution of the Decarbonization Roadmap (GHG emissions reduction initiatives)

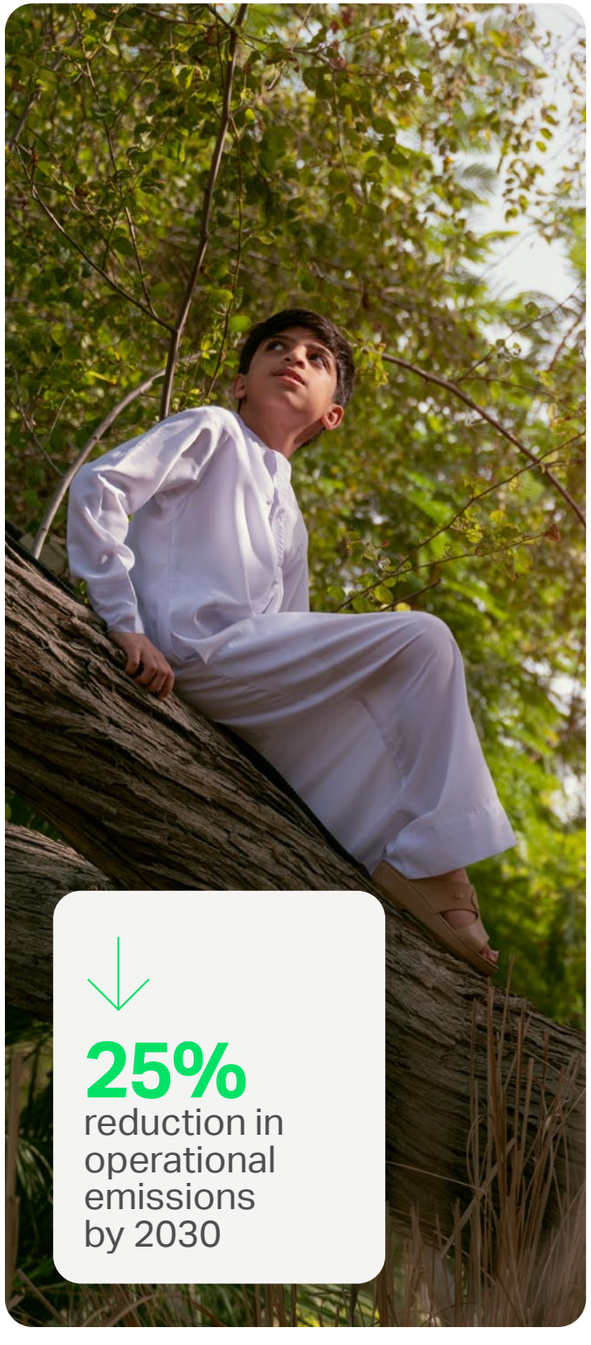
2023 - 2045

Set the path to net zero by 2045

ADNOC Distribution is committed to playing its part in the UAE's Net Zero by 2050 strategic initiative and the ADNOC Group ambition to reach Net Zero by 2045. Our decarbonization strategy prioritizes real, near-term emission reductions in our own operations, supported by a defined pathway to address residual emissions over the long term.

We are targeting a 25% reduction in our operational (Scope 1 and 2) emissions intensity by 2030 from a defined baseline year (2021) and we seek to translate efficiency gains and cleaner energy into tangible absolute emissions reductions as our business grows.





Decarbonization strategy

We are advancing a practical, operations-led decarbonization program to reduce greenhouse gas (GHG) emissions, improve energy efficiency and integrate renewable energy across our network.

We are targeting a 25% reduction in operational emissions intensity by 2030 against a 2021 baseline.

This pathway is expected to support national climate objectives, strengthens operational resilience, lower energy costs and align our brand with customer and stakeholder expectations for lower-carbon retail and logistics operations.

Our roadmap is grounded in robust data. We implemented a verified methodology for our 2021 energy and emissions baseline through an independent external consultant and we completed a comprehensive study covering emissions, water and waste to inform our priorities and investment decisions.

Scope 1

(direct emissions)

- Transition to lower-carbon fuels in our owned fleet and optimize operations to cut fuel use and idling time. For further details, please refer to the Natural Capital section of this report, which outlines our approach to fleet decarbonization
- Improve route planning, vehicle utilization and preventive maintenance to enhance combustion efficiency and reduce emissions
- Continue to pilot and adopt proven low-carbon technologies as they become commercially viable within our operating model

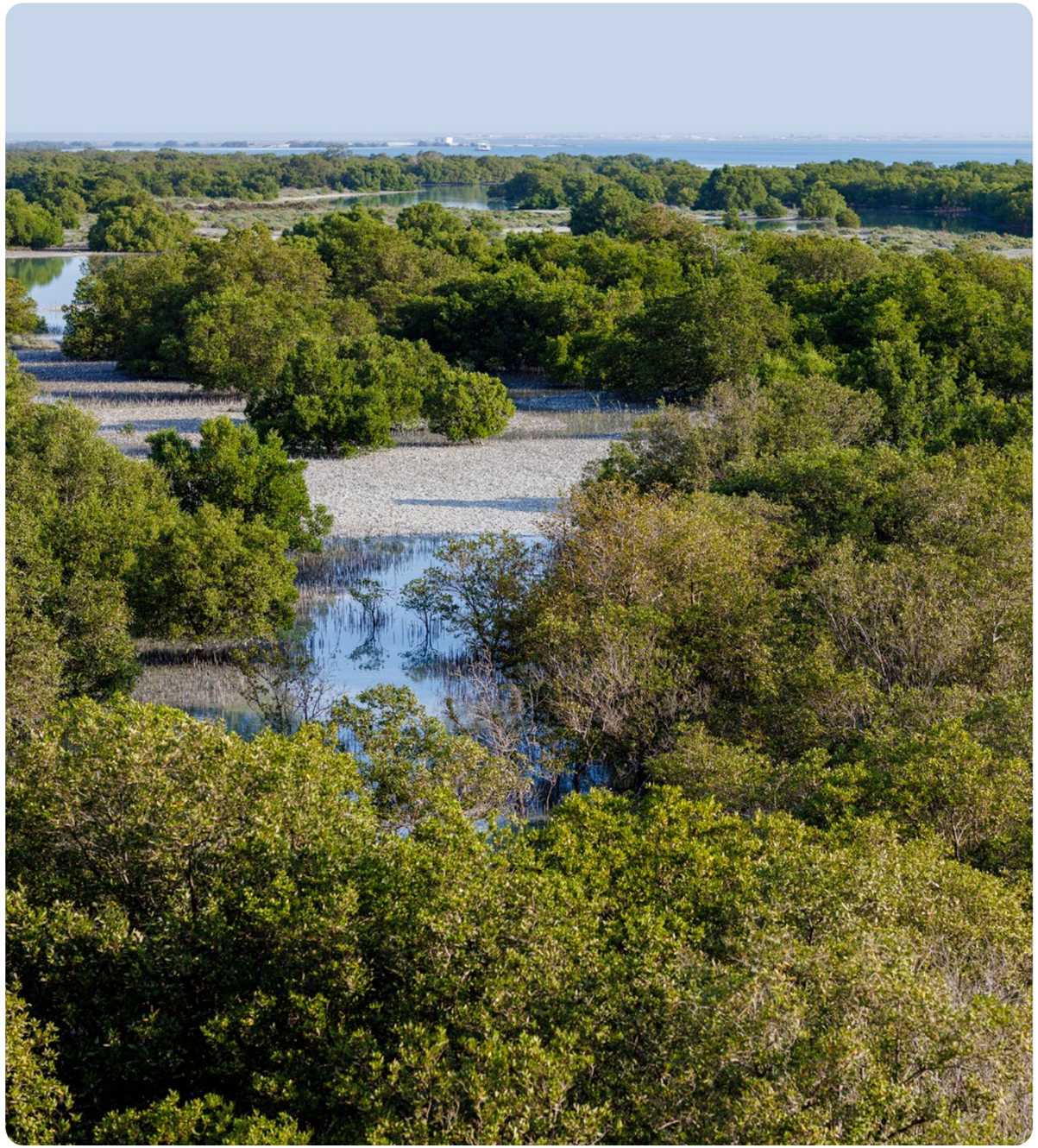
Scope 2

(indirect emissions from purchased electricity)

- Scale on-site solar generation across the UAE. By year-end 2025, 47 service stations were equipped with solar photovoltaic (PV) panels, with installations continuing through 2026 and beyond
- Enhance efficiency at the meter through LED lighting upgrades, high-efficiency Heating, Ventilation, and Air Conditioning (HVAC), optimized building design and retrofits and automated energy management systems
- Systematically identify and track Energy Conservation Opportunities (ECOs) across facilities to continually reduce total energy consumption

25%
reduction in operational emissions by 2030

47
service stations equipped with PV panels by end of 2025



Sustainability linked loan

We converted an AED 5.5 billion term loan into a Sustainability Linked Loan (SLL), directly tying our financing to progress on key environmental metrics. This approach embeds accountability into our capital structure and aligns our financial objectives with our sustainability strategy.

The SLL is anchored on two KPIs that reflect our operational decarbonization priorities:

KPI 1
Reduce operational greenhouse gas (GHG) emission intensity per site, calculated as Scope 1 and 2 emissions (tCO2e) divided by the number of sites. This intensity metric is designed to drive efficiency and emissions reduction as our network evolves.

KPI 2
Increase the utilization of renewable energy for our own consumption, measured by renewable electricity (MWh) used per year. This accelerates the transition of our operations to low-carbon energy sources.

We achieved both KPI targets for the year, reinforcing the credibility and ambition of our SLL framework. An independent second-party opinion confirmed the relevance and robustness of our targets and the alignment of the SLL with international principles for sustainability-linked financing.

Customer decarbonization

We launched the Customer Neutralization Project to mitigate GHG emissions associated with the energy we distribute starting with electric vehicle (EV) charging. This initiative is designed to make low-carbon choices easier and more accessible for our customers.

100 % of energy distributed for EV is sourced from renewable and clean energy sources. EV charging benefits over 25,000 EV users and demonstrates our commitment to credible, customer-centric decarbonization. By sourcing internationally recognized renewable energy certificates, we can provide verifiable claims and build trust in the environmental integrity of our offerings.

Our sustainability-by- design approach

ADNOC Distribution embeds sustainability criteria into the planning, design and delivery of both new-built and selected traditional service stations. Our priorities are clear: reduce energy and water consumption, improve thermal performance through passive design and advance circularity through responsible material selection and waste management. These design choices support our decarbonization roadmap and directly reinforce our sustainability-linked loan KPIs on emissions intensity and renewable energy use.

Our design principles

Efficiency first

Reduce operational energy and water demand through proven, cost-effective technologies.

Passive performance

Optimize the building envelope and shading to minimize heat gain and enhance thermal comfort at lower cost per square metre than conventional cooling-led solutions.

Compliance and credibility

Align with UAE building regulations and environmental requirements; integrate specifications into our standards and project controls for consistent implementation.

Circularity

Maximize reuse and recycled content and enable high-quality waste segregation to reduce resource depletion and landfill.

KEY SPECIFICATIONS

Energy and water

- **On-site solar readiness and integration**
  Photovoltaic (PV) systems* integrated on selected traditional stations, with a target to equip 100% of feasible sites
- **Lighting**
  ~100% LED lighting across stations; occupancy sensors installed in back-of-house areas to reduce unnecessary energy use
- **Cooling systems**
  Variable Refrigerant Flow (VRF) HVAC with a minimum 4 star efficiency rating for large Vehicle Inspection Center (VIC) buildings*
- **Water efficiency**
  100% of water faucets are equipped with sensors to reduce potable water consumption
- **Effluent quality**
  100% drainage water free from hydrocarbon content provided through effective oil water interceptors and grease traps to comply with regulatory standards

Envelope and passive design

- **High-performance envelope**
  Target U values of 0.22 W/m²·K for walls and roofs and 1.8 W/m²·K double glazing to reduce heat gain
- **Shading and form**
  Expanded shading canopies and solid side facades to improve thermal performance across all new stations, reducing direct solar exposure**
- **Daylighting**
  Minimum window-to-floor ratio of 8% in habitable spaces to enhance natural light penetration while controlling glare and heat gain through appropriate glass specification and shading

Materials and construction waste

- **Waste segregation**
  100% of new stations designed with dedicated segregation areas, protected within aluminum enclosures
- **Low-carbon concrete**
  100% use of “green” concrete for structural elements (e.g., cement replacements and optimized mixes) to lower embodied carbon
- **Recycled content metals**
  Structural steel and aluminum cladding specified with recycled content*

* This shall be implemented for traditional new stations as per feasibility assessment
** This shall be implemented for all new stations