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ADNOC

CORPORATE GOVERNANCE REPORT 2018

DRIVING GROWTH DELIVERING VALUE



ADNOC Distribution

Contents

1	Introduction
2	Our Corporate Governance Overview
3	Share Dealings
3	ADNOC Distribution's Board of Directors
7	Executive Management
12	Transactions with Related Parties
15	External Auditor
15	Audit Committee
16	Nomination and Remuneration Committee
16	Insider Dealing Committee
17	Internal Control System
18	Corporate Social Responsibility
19	General Information

Introduction

2018 was ADNOC Distribution's (the Company's) first full year as a company listed on the Abu Dhabi Security Exchange (ADX) – a key milestone for us in our journey of transformation under which our aim is to promote the long-term sustainable success of ADNOC Distribution, generate value for stakeholders and contribute to the wider society.

As part of this transformational journey, and in keeping with the commitments that we made to all stakeholders when listing our securities on the ADX, we have adopted and implemented corporate governance policies and procedures that are designed to ensure a culture of consistency, responsibility, accountability and transparency of the highest standards at all levels and which comply with all applicable laws and regulations while also being in line with international best practices.

Ensuring that our governance processes and procedures are undertaken properly helps to contribute to our long-term sustainable success. Accordingly, we are taking this opportunity to remind you of the comprehensive corporate governance framework that we have adopted and under which we operate. In this report, we will provide you with an overview of our corporate governance process and report to you about how this has been implemented by us.



Dr. Sultan Ahmed Al Jaber
Chairman of the Board of Directors
Date: 11 March 2019

1. Our Corporate Governance Overview

We are committed to having a corporate governance system that is compliant with all corporate governance requirements that are applicable to public joint stock companies in the UAE and that are consistent with international best practices.

Below is a brief summary of some of the key policies that we have implemented and under which we operate.

Dividend Policy

Our Dividend Policy sets out the clear and transparent criteria and method for the distribution of our profits such that the distribution of our profits serves the interests of both ADNOC Distribution and our shareholders.

The policy provides the necessary guidelines that are required in order to properly consider the cash management requirements of our business for operating expenses, interest expense, investment opportunities, and other anticipated capital expenditures, as well as market conditions, the operating environment in our markets, and the outlook for our business.

Related Party Transactions Policy

Our Related Party Transaction Policy is designed to ensure that: (i) transactions with related parties are conducted on arm's length terms; (ii) the Board of Directors and senior management are aware of the steps required to approve transactions with related parties; and (iii) a legitimate business case is present and which supports the relevant related party transactions, including their arm's length nature. In accordance with the policy, we may not enter into a related party transaction unless it has been approved by: (i) our Board of Directors, in the case that a transaction does not exceed 5% of the value of our share capital; or (ii) our shareholders at a General Assembly, in the case that a transaction's value exceeds 5% of our share capital. The foregoing requirement does not apply to transactions with ADNOC and with other ADNOC group companies; however, for so long as ADNOC owns more than 50% of our shares, we may not enter into transactions with ADNOC or other ADNOC group companies unless such transactions have been approved by our Board of Directors, including a majority of the independent members of the Board of Directors.

Insider Dealing Policy

The requirement to have fair and transparent dealings in our securities is of paramount importance to us and we take a zero tolerance approach to any activities which would prevent this requirement from being properly implemented.

Accordingly, we have implemented an Insider Dealing Policy to ensure that the obligations and responsibilities of our employees, officers and directors with respect to dealings in our securities are clearly defined. In accordance with the Insider Dealing Policy, we have established an Insider Dealing Committee to oversee the ongoing implementation of this policy.

Anti-Bribery and Corruption Policy

We are committed to doing business lawfully, ethically and with integrity, and we expect all of our employees and representatives to act accordingly. Consistent with this commitment, we take a zero tolerance approach to fraud, bribery and all other forms of corruption. Our Anti-Bribery and Corruption Policy sets forth our requirements to ensure that none of our employees or representatives engage in any of these activities.

Compliance Investigations Policy

Our commitment to operating with integrity includes investigating, where necessary, allegations of ethical misconduct. Our Compliance Investigations Policy and supporting procedures set forth our approach to investigations relating to alleged violations: (i) ethical business practices; (ii) integrity in our interactions and arrangements with third parties; and (iii) applicable laws, regulations, policies and procedures relating to ethical business practices and integrity. This policy requires all of our personnel to cooperate fully and truthfully with all investigations and to avoid engaging in certain activities that may hinder or interfere with an investigation.

Conflicts of Interest Policy

We understand that our employees, officers and directors will engage in legitimate social, financial and business activities outside the scope of their work for us. Our Conflicts of Interest Policy sets forth our requirements for the avoidance and management of conflicts of interest that may arise as a result of these other activities, including the avoidance of situations that merely have the appearance of a conflict of interest. Under this policy, conflicts of interest must be promptly disclosed so that the appropriate course of action can be taken in order to protect ADNOC Distribution's interests.

Whistleblowing Policy

Having an open, honest and transparent culture supports our commitment to integrity. Our Whistleblowing Policy encourages our employees to report concerns about unethical behavior in connection with our business by assuring confidentiality and by protecting good faith whistle-blowers from retaliation, even if they are mistaken.

2. Share Dealings

Purchases and sales of our shares and other transactions involving our securities by employees, officers and directors are governed by our Insider Dealing Policy.

It is the policy of ADNOC Distribution that inside information must not be used by any of our employees, officers or directors for personal gain. ADNOC Distribution expects that all of its people, as well as the other persons with whom ADNOC Distribution transacts, abide by this policy, and in doing so adhere to applicable laws that apply to inside information and dealings in ADNOC Distribution's securities.

The following table sets forth purchases and sales of our shares by our Directors, their spouses and their children in 2018:

Director	Position	Shares held as at 31 December 2018	Total Sale Transactions	Total Purchase Transactions
H.E. Dr. Sultan Ahmed Al Jaber	Non-executive Chairman	—	—	—
Mr. Abdulla Salem Al Dhaheri*	Non-executive Director	—	—	—
Mr. Matar Hamdan Al Ameri	Non-executive Director	** —	—	—
Mr. Abdulaziz Abdulla Alhajri	Non-executive Director	—	—	—
Mr. Khaled Salmeen***	Non-executive Director	—	—	—
Mr. Jassim Mohammed Alseddiqi	Independent Non-executive Director	—	—	—
Mr. Pedro Miró Roig	Independent Non-executive Director	—	—	—
Mr. David-Emmanuel Beau	Independent Non-executive Director	—	—	—

* Mr. Al Dhaheri resigned from our Board of Directors on 5 February 2019.

** Excludes 16,000,000 shares owned at 31 December 2018 by Jenaan Investment LLC and 1,790,451 shares owned at 31 December 2018 by Fornax Services Private Limited, in each of which Mr. Al Ameri has a significant ownership interest.

*** Mr. Salmeen was appointed to our Board of Directors on 5 February 2019.

3. ADNOC Distribution's Board of Directors

Our Board of Directors comprises seven Directors. All Directors are non-executive directors, with three of our Directors being independent within the meaning of Resolution No. (7/R.M) of 2016 of the Securities and Commodities Authority of the United Arab Emirates (the SCA and the Corporate Governance Rules). Pursuant to our Articles of Association, each Director serves a three-year term, after which a Director may be elected to a successive term or terms.

3.1. Composition of the Board of Directors

Set forth below is a table detailing the composition of our Board of Directors:

Name	Position	Period Served
H.E. Dr. Sultan Ahmed Al Jaber	Non-executive Chairman	*Since February 2016
Mr. Abdulla Salem Al Dhaheri	Non-executive Director	**March 2016 to 5 February 2019
Mr. Matar Hamdan Al Ameri	Non-executive Director	Since November 2017
Mr. Abdulaziz Abdulla Alhajri	Non-executive Director	Since November 2017
Mr. Khaled Salmeen***	Non-executive Director	Since 5 February 2019
Mr. Jassim Mohammed Alseddiqi	Independent Non-executive Director	Since November 2017
Mr. David-Emmanuel Beau	Independent Non-executive Director	Since November 2017
Mr. Pedro Miró Roig	Independent Non-executive Director	Since November 2017

* Pre IPO, H.E. Dr. Sultan was appointed in February 2016 as the Chairman of the Board of Directors of ADNOC Distribution: post IPO, he was appointed as the Chairman of the Board in November 2017.

** Pre IPO, Mr. Abdulla Al Dhaheri was appointed in March 2016 as a member of the Board of ADNOC Distribution: post IPO, he was appointed as a member of the Company's Board in November 2017.

*** Mr. Salmeen was appointed to our Board of Directors on 5 February 2019 following the resignation of Mr. Abdulla Salem Al Dhaheri, who served on the Board from March 2016 to 5 February 2019. In accordance with our Articles of Association, Mr. Salmeen's appointment will be submitted for ratification by shareholders at our annual General Assembly to be held on 27 March 2019, subject to SCA approval.

3. ADNOC Distribution's Board of Directors continued

3.2. Our Board of Directors



H.E. Dr. Sultan Ahmed Al Jaber
Non-executive Chairman

H.E. Dr. Sultan Ahmed Al Jaber has served as UAE Cabinet Member and Minister of State since March 2013, and as Chief Executive Officer of ADNOC since February 2016. From January 2014 to February 2016, he served as Chief Executive Officer, Energy, of Mubadala Development Company. H.E. Dr. Al Jaber is also Chairman of Masdar, Abu Dhabi Ports, the National Media Council, and several other ADNOC Group companies. He is also a member of the Board of Directors of Emirates Global Aluminium.

H.E. Dr. Al Jaber holds a BSc in Chemical Engineering from the University of Southern California, a PhD in Business and Economics from Coventry University, and an MBA from California State University.



Abdulla Salem Al Dhaheri
Non-executive Director (resigned on 5 February 2019)

Member of the Nomination and Remuneration Committee (resigned on 5 February 2019)

Mr. Abdulla Salem Al Dhaheri served as Director, Marketing, Sales and Trading, of ADNOC since 2016 until February 2019. From 2009 to 2016, Mr. Al Dhaheri served as our Chief Executive Officer.

Mr. Al Dhaheri holds a Bachelor's degree in Business Administration from California Baptist University, Riverside, California, USA.



Matar Hamdan Al Ameri
Non-executive Director
Member of the Audit Committee

Mr. Matar Hamdan Al Ameri has served as Director, Finance and Investments of ADNOC since 2012. He also serves as the Vice Chairman of Aafaq Islamic Finance Company and is a member of the board on several other ADNOC group companies.

Mr. Al Ameri holds a Bachelor's degree from the United Arab Emirates University.



Abdulaziz Abdulla Alhajri
Non-executive Director

Mr. Abdulaziz Abdulla Alhajri has served as Downstream Director of ADNOC since May 2016. From October 2007 to May 2016, he was Chief Executive Officer of Abu Dhabi Polymers Company (Borouge), a joint venture of ADNOC and Borealis. He also serves on several other ADNOC Group company boards of directors.

Mr. Alhajri holds a BSc in Chemical Engineering from the University of Texas.

Khaled Salmeen**Non-executive Director (appointed on 5 February 2019)***Member of the Nomination and Remuneration Committee (appointed on 5 February 2019)*

Mr. Khaled Salmeen has served as Director, Marketing, Sales & Trading, of ADNOC since 5 February 2019. He previously served as Chief Executive Officer of the Khalifa Industrial Zone (KIZAD), Chairman of Abu Dhabi Terminals, and Chief Operating Officer of National Central Cooling Company (Tabreed). He also served as Director of ADNOC's Transformation Project Management Office from 2016 to 2017.

Mr. Salmeen holds a BSc in Engineering from Colorado School of Mines, Golden, Colorado, USA, and a Project Management Professional (PMP) from the Project Management Institute (PMI) and Harvard Business School.

**Jassim Mohammed Alseddiqi****Independent Non-executive Director***Chairman of the Nomination and Remuneration Committee**Member of the Audit Committee*

Mr. Jassim Mohammed Alseddiqi has served as a Director and Chief Executive Officer of Abu Dhabi Financial Group since January 2011. He also serves as the Chairman of SHUAA Capital, Chairman of Eshraq Properties, Chairman of GFH Financial Group and Chairman of Khaleeji Commercial Bank. He is also a member of the Board of Directors of First Abu Dhabi Bank, Dana Gas and Tourism and Development Investment Company.

Mr. Alseddiqi holds a Bachelor's degree in Electrical Engineering from the University of Wisconsin-Madison and a Master's degree in Electrical Engineering from Cornell University. He has also served as a lecturer at the Abu Dhabi-based Petroleum Institute.

**David-Emmanuel Beau****Independent Non-executive Director***Chairman of the Audit Committee*

Mr. David-Emmanuel Beau is Chief Investment Officer of the Direct Investments Department at the Abu Dhabi Investment Council (ADIC), where he focuses on the MENA region. Previously, he was a fund manager at the Abu Dhabi Investment Authority (ADIA). He is also a Director of Invest AD.

Mr. Beau is a CFA Charter holder.

**Pedro Miró Roig****Independent Non-executive Director***Member of the Nomination and Remuneration Committee*

Mr. Pedro Miró Roig has been Chief Executive Officer of Compañía Española de Petróleos (CEPSA) since September 2013, and Vice Chairman since June 2014. He served as Chief Operating Officer of CEPSA from 2011 to 2013. Mr. Miró also serves as Chairman of the Board of Trustees of Fundación Cepsa, and as a member of the Boards of Trustees of the Princess of Asturias Foundation and Fundación para la Sostenibilidad Energética y Ambiental (FUNSEAM) and Linea Directa Foundation.

Mr. Miró holds a Bachelor's degree in Chemistry from the University of Barcelona.



3. ADNOC Distribution's Board of Directors continued

3.3. Women's representation on the Board of Directors

In 2018, we have not had any female members on the Board of Directors. However, we value diversity in our organization and are constantly working to recruit more women in all areas of our business. To this end, where vacancies arise we will actively seek out greater female representation while at the same time considering all qualified candidates, regardless of gender.

3.4. Directors' Remuneration

In 2018, no remuneration was paid to the members of our Board of Directors for 2017.

It is proposed that the remuneration for the Board of Directors for 2018, to be paid in 2019, is a total of AED 4.8 million. This will be presented to our shareholders at our upcoming Annual General Meeting for approval.

3.5. Statement of allowances paid to committee members for 2018

In 2018, no allowances were paid to committee members.

3.6. Board Meetings – attendance records

Our Articles of Association require that the Board of Directors meets a minimum of four times each year. The quorum for meetings is a majority of directors, and voting during meetings is a majority of attendees. The following table sets forth the meetings held by our Board of Directors in 2018:

Committee Member	Position in Committee	14 February 2018	25 February 2018	15 May 2018	12 August 2018	14 November 2018
H.E. Dr. Sultan Ahmed Al Jaber	Chairman	Present	Present	Present	Present	Present
Mr. Abdulla Salem Al Dhaheri	Director	Present	Present	Present	Present	Present
Mr. Matar Hamdan Al Ameri	Director	Present	Present	Present	Present	Present
Mr. Abdulaziz Abdulla Alhajri	Director	Present	Present	Absent	Present	Present
Mr. Jassim Mohammed Alseddiqi	Independent Director	Present	Present	Present	Absent	Present
Mr. Pedro Miró Roig	Independent Director	Present	Present	Present	Present	Present
Mr. David-Emmanuel Beau	Independent Director	Present	Present	Present	Absent	Present

3.7. Matters reserved to the Board of Directors and delegated to management

The Board of Directors has issued a Delegation of Authority to our Acting Chief Executive Officer, Mr. Saeed Mubarak Al Rashdi, under which the Board of Directors has delegated to him the authority to conduct the daily management activities of the Company, subject to appropriate limits (beyond which, the approval of the Board of Directors must be sought).

Under the Delegation of Authority, Mr. Al Rashdi has the ability to sub-delegate activities to other members of ADNOC Distribution's management.

Notwithstanding the Delegation of Authority that has been provided to Mr. Al Rashdi, the Board of Directors maintains oversight over these activities, and Mr. Al Rashdi is regularly required to report to the Board of Directors with respect to the activities undertaken by him pursuant to the terms of the Delegation of Authority.

Details of the Delegation of Authority are provided below:

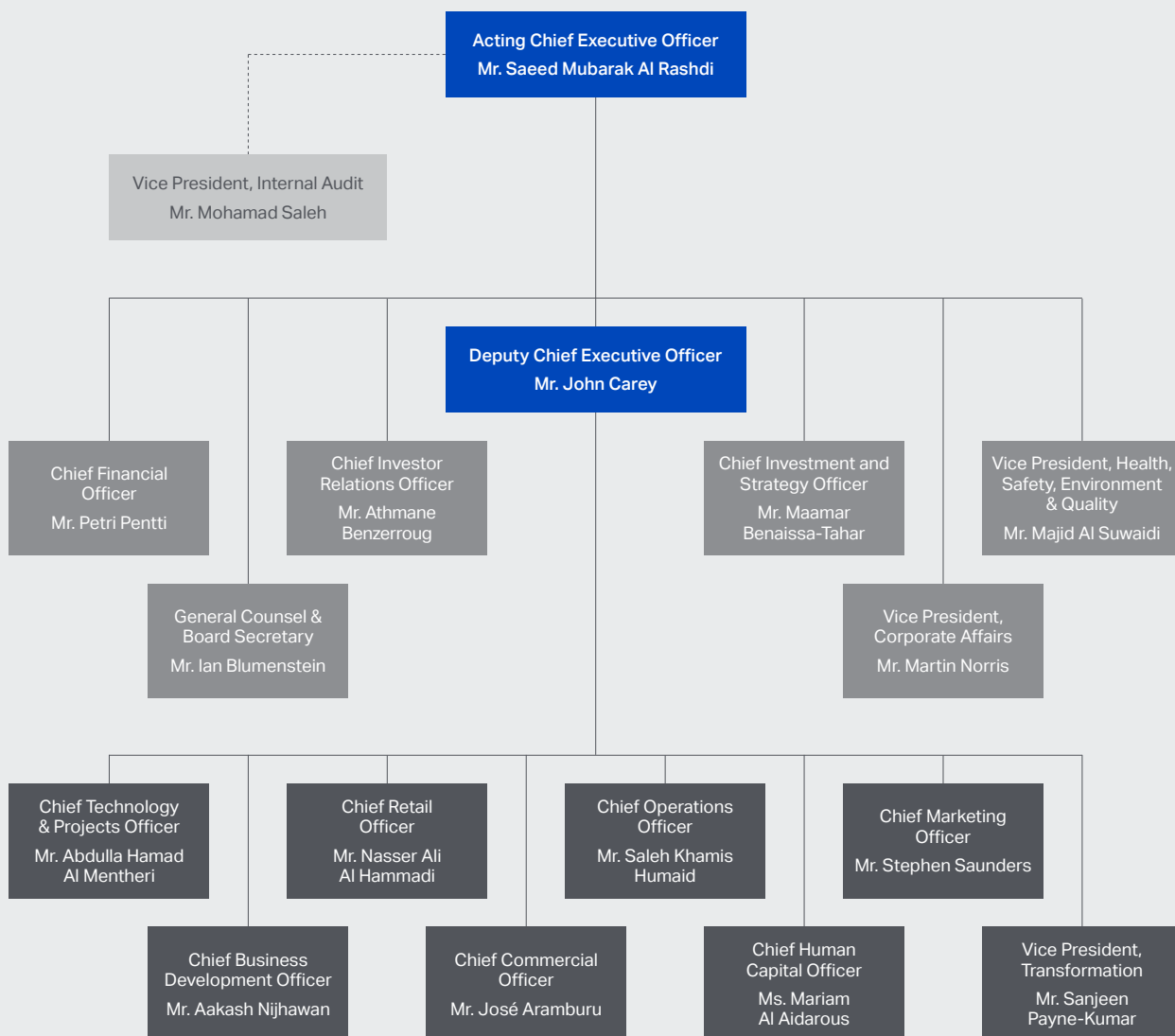
Name of the authorized person	Scope of authority	Duration of delegation
Mr. Saeed Mubarak Al Rashdi, Acting Chief Executive Officer	Authority to conduct the daily management activities of ADNOC Distribution, subject to appropriate limits as set down by the Board of Directors from time to time	Until the authority is revoked by the Board of Directors

4. Executive Management

Under the Delegation of Authority, and in consultation with the Board of Directors, our Acting Chief Executive Officer, Mr. Saeed Mubarak Al Rashdi, has sub-delegated some of the powers given to him to members of our executive management team. Our executive management team carries out the day-to-day activities of ADNOC Distribution pursuant to this authority and in line with international best practice and the relevant governance rules and regulations.

4.1. ADNOC Distribution organization chart

Below is the organisation chart of ADNOC Distribution:



4. Executive Management continued

4.2. Our Executive Management

The members of our executive management team are as follows:

Saeed Mubarak Al Rashdi Acting Chief Executive Officer

Mr. Saeed Mubarak Al Rashdi joined ADNOC Distribution in 1995 and has served as Acting Chief Executive Officer since March 2016. He also served as Senior Vice President, Technical from February 2012 to February 2018, and as Senior Vice President, Operations from 2008 to 2012. Mr. Al Rashdi also serves on the Board of ADNOC Logistics & Services and on the Board advisory committee of ADNOC Refining.

Mr. Al Rashdi holds a BSc in Electrical Engineering from the University of Evansville and an MBA from United Arab Emirates University.



John Carey Deputy Chief Executive Officer

Mr. John Carey joined ADNOC Distribution as Deputy Chief Executive Officer in September 2017. From 1994 he held numerous senior positions at BP, including most recently as Senior Vice President, Sales and Marketing, BP Fuels North America, from 2015 to 2017; President, BP West Coast Products LLC, from 2013 to 2015; and Chief Executive Officer of BP Lubricants, Aviation, Offshore, Marine, Industrial and Energy, from 2010 to 2013.

Mr. Carey holds a BE in Chemical Engineering from University College, Dublin.



Petri Pentti Chief Financial Officer

Mr. Petri Pentti joined ADNOC Distribution as Chief Financial Officer in November 2017. Before joining ADNOC Distribution, Mr. Pentti served as Chief Financial Officer of Emirates National Oil Company (ENOC) since 2008. Previously, Mr. Pentti served as Chief Financial Officer of Neste Corporation, an oil refining, renewable fuels and marketing company, from 2004 to 2008, and of Finnair from 1998 to 2004.

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



Ian Blumenstein General Counsel & Board Secretary

Mr. Ian Blumenstein joined ADNOC Distribution as General Counsel & Board Secretary in December 2017. Prior to joining ADNOC Distribution, Mr. Blumenstein had been an attorney and partner in several international law firms, including Latham & Watkins LLP and Shearman & Sterling LLP, for over 25 years. He also served as a Managing Director in the High Yield Capital Markets group at a major financial institution.

Mr. Blumenstein holds a BA from the University of Michigan, USA, and a JD from Harvard Law School.



Abdulla Hamad Al Menterhi
Chief Technology & Projects Officer

Mr. Abdulla Hamad Al Menterhi joined ADNOC Distribution as Chief Technology & Projects Officer in January 2018. He was previously Global Quality Manager at Borouge Petrochemicals and has more than 18 years' international experience in Europe, China, Singapore and the US.

Mr. Al Menterhi holds a BSc in Chemical Engineering from Colorado School of Mines, Golden, Colorado, USA, an MSc in Engineering Management from California State University, and an MBA from MIT Sloan School of Management.



Athmane Benzerroug
Chief Investor Relations Officer

Mr. Athmane Benzerroug joined ADNOC Distribution in September 2018 as Chief Investor Relations Officer. He has 20 years of experience in equity capital markets. Prior to joining ADNOC Distribution, Mr. Benzerroug managed industrial sectors for Emerging Markets Equities for Deutsche Bank in Dubai, since 2008. Previously, Mr. Benzerroug was responsible for European Infrastructure at Natixis Securities in Paris.

Mr. Benzerroug holds an MSc in Econometrics from University of Paris X, France.



Maamar Benaissa-Tahar
Chief Investment and Strategy Officer

Mr. Maamar Benaissa-Tahar joined ADNOC Distribution as Chief Investment and Strategy Officer in November 2018. Prior to ADNOC Distribution, Mr. Benaissa-Tahar served as head of acquisitions and corporate development at OILSERV and Director of Investments at Fajr Capital Private Equity, where he focused on principal investments in the MENA region. Prior to that, Mr. Benaissa-Tahar had 10 years of experience as an investment banker in New York with Merrill Lynch's Mergers & Acquisition group and BNP Paribas' Latin America unit.

Mr. Benaissa-Tahar holds an MSc in Engineering from ESIEA Engineering School in Paris, and an MBA from Harvard Business School.



Aakash Nijhawan
Chief Business Development Officer

Mr. Aakash Nijhawan joined ADNOC Distribution in January 2019 as Chief Business Development Officer. From 2014 to 2019, Mr. Nijhawan was the Group Head of Investments and Corporate Solutions at Emirates National Oil Company (ENOC). Previously, Mr. Nijhawan spent 15 years in investment banking covering the broader energy sector, including with HSBC, Citi and UBS in New York and Dubai.

Mr. Nijhawan holds a Bachelor's degree in Electrical Engineering from Stevens Institute of Technology in New Jersey, USA, and an MBA from Columbia Business School in New York.



4. Executive Management continued

4.2. Our Executive Management continued

Nasser Ali Al Hammadi Chief Retail Officer

Mr. Nasser Ali Al Hammadi joined ADNOC Distribution in 1988 and has served as Chief Retail Officer since October 2017. Mr. Al Hammadi served as Senior Vice President, Commercial from 2011 to 2017.

Mr. Al Hammadi holds a BA from United Arab Emirates University.



José Aramburu Chief Commercial Officer

Mr. José Aramburu joined ADNOC Distribution as Chief Commercial Officer in October 2017. From 2012 to 2017, Mr. Aramburu held numerous senior positions with Compañía Española de Petróleos (CEPSA), including Specialties Manager of CEPSA Commercial Petroleum from 2014 to 2017; Lubricants Manager of CEPSA Commercial Petroleum from 2012 to 2014; and Business Development Director of CEPSA Quimica from March 2012 to December 2012.

Mr. Aramburu holds a BSc from Universidad Autónoma de Madrid.



Saleh Khamis Humaid Chief Operations Officer

Mr. Saleh Khamis Humaid joined ADNOC Distribution in 1993 and has served as Chief Operations Officer since February 2012. Mr. Humaid previously served as Vice President, Health, Safety, Security & Environment; Team Manager – Natural Gas Project; Vice President, Maintenance & Technical Services; and Engineering & Projects Division Manager.

Mr. Humaid holds a BSc in Electronics from the University of Arkansas at Little Rock, a Master's Certificate in Project Management from George Washington University, and an Executive MBA from Zayed University.



Mariam Al Aidarous Chief Human Capital Officer

Ms. Mariam Al Aidarous was appointed Chief Human Capital Officer in February 2018. She joined ADNOC Distribution in 2002 as Corporate Planning Analyst and was appointed Planning and Performance Management Manager in 2008 and Vice President, Strategic and Risk Management Division in 2012. Ms. Al Aidarous also served as Corporate Secretary from 2015 to 2017.

Ms. Aidarous holds a Bachelor's degree in Management Information Systems from United Arab Emirates University.



Stephen Saunders
Chief Marketing Officer

Mr. Stephen Saunders joined ADNOC Distribution in January 2018 and was appointed Chief Marketing Officer in February 2018. Previously, Mr. Saunders held a number of senior positions across BP's downstream businesses, including most recently Head of Marketing for BP's new market entry. In 2015, he served as Head of Marketing for BP Fuels North America, and from 2009 to 2015 as Fuels Strategy Director.

Mr. Saunders holds a BSc in Food Marketing Economics from the University of Reading, UK, and an MSc in International Development from the University of London.



Sanjeen Payne-Kumar
Vice President, Transformation

Mr. Sanjeen Payne-Kumar joined ADNOC Distribution as Vice President, Transformation in April 2018. Mr. Payne-Kumar previously held senior roles in KPMG, Castrol and BP. These included Global Account Director for the oil & gas sector at KPMG from 2015 to 2018. From 2008 to 2015, he was the CEO for a start-up cloud-based digital consultancy.

Mr. Payne-Kumar is a qualified management accountant and holds a BSc in Business Economics from the University of Hull.



Martin Norris
Vice President, Corporate Affairs

Mr. Martin Norris joined ADNOC Distribution as Vice President, Corporate Affairs in September 2018. Previously, Mr. Norris held a number of senior communications positions, including most recently Director of the Ras Al Khaimah Media Office. He previously served as Orpic's Head of Communications, and during a 15-year career with The Coca-Cola Company led the company's communications functions in the Arabian Gulf, South East and West Asia and Great Britain and Ireland.

Mr. Norris holds a BA in Arabic and Islamic Studies from the University of Lancaster, UK.



Mr. Majid Saeed Al Suwaidi
Vice President, Health, Safety, Environment & Quality

Mr. Majid Al Suwaidi joined ADNOC Distribution as Vice President, Health, Safety, Environment & Quality in January 2019. Previously, Mr. Majid Al Suwaidi held senior positions in other ADNOC group companies for over 10 years.

Mr. Al Suwaidi holds an Advanced Diploma in Applied Science from the University of Tasmania, Australia.



4. Executive Management continued

4.3. Executive Management Remuneration

Details of the total salaries and benefits paid to the senior members of executive management in 2018 are provided in the table below:

Position	Appointment date	Total salaries and allowances paid in 2018	Total bonuses paid in 2018	Other benefits for 2018*
Acting Chief Executive Officer	March 2016	2,242,268	490,138	1,136,300
Deputy Chief Executive Officer	September 2017	2,987,400	-	1,165,064
Chief Financial Officer	November 2017	2,476,240	487,500	817,950
General Counsel & Corporate Secretary	December 2017	2,553,766	-	771,950
Chief Retail Officer	October 2017	1,918,171	-	699,325
Chief Commercial Officer	October 2017	2,157,105	-	639,950
Chief Operations Officer	February 2012	1,894,601	491,508	476,046

* Includes bonuses with respect to 2018 payable in 2019, the "Year of Zayed" bonus, long service awards, and leave encashment.

5. Transactions with Related Parties

We are and have been a party to various agreements and other arrangements with related parties, comprising ADNOC and certain of its other subsidiaries. These transactions are described below.

Relationship Agreement with ADNOC

In 2017 we entered into a Relationship Agreement with ADNOC by which ADNOC agreed, for so long as our shares are listed on the ADX and ADNOC owns or controls more than 50% of the shares, among other things: (i) not to take certain actions that might interfere with our status as an independent company, including: (a) ADNOC will not take any action that would interfere with our ability to comply with our obligations under certain ADX and SCA listing and governance rules, and (b) ADNOC will conduct all transactions with us on arm's length terms and on a commercial basis and will allow us to carry out our business independently; (ii) not to engage in a competing gasoline filling station business or retail convenience store business in the UAE; and (iii) not to terminate, and to renew at our request, certain supply and other agreements we have entered into with ADNOC, in each case so long as we are not in material default of our obligations under those agreements.

Pursuant to the Relationship Agreement, we also have agreed to enter into transactions with ADNOC and other members of the ADNOC group only with the approval of a majority of our directors, including a majority of our independent non-executive directors (other than transactions that, in accordance with our Delegation of Authority, do not require approval of the Board of Directors). Any enforcement of the provisions of the Relationship Agreement against ADNOC requires approval by our Board of Directors, which is effectively controlled by ADNOC. However, for so long as ADNOC holds the majority of our shares, ADNOC has agreed to procure that there shall be three independent non-executive directors appointed to the Board of Directors at all times and, if the overall size of the Board of Directors increases, that the number of independent non-executive directors appointed to the

Board of Directors shall, if necessary, also be increased so that they amount to least one-third of the total number of directors on the Board of Directors.

Refined Products Supply Agreement

We entered into a Refined Products Supply Agreement with ADNOC, effective 1 October 2017, pursuant to which we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, refined liquid hydrocarbons, comprising unleaded gasoline (91, 95 and 98 grades), gas oil (diesel), illuminating kerosene, and aviation fuels. The term of the Refined Products Supply Agreement is for an initial period expiring on 31 December 2022, and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date. Under the Refined Products Supply Agreement, ADNOC has committed to supply all quantities of refined products included in annual and quarterly plans and has agreed to use its best endeavours to source such products from third-party suppliers to the extent not otherwise available to it.

Pursuant to the Refined Products Supply Agreement, the prices we pay for gasoline and gas oil (diesel) will equal the Platt's benchmarks utilized by the Retail Price Committee chaired by the UAE Ministry of Energy to set retail pump prices plus a fixed margin per liter, provided that during the initial term of the agreement expiring on 31 December 2022, such prices will be reduced on a fils-for-fils basis if the regulated gross margins on retail sales of gasoline and diesel are reduced from their current levels.

In addition, ADNOC must make a payment to us to the extent that, for any contract quarter, the actual per-liter gross margin we earn on retail sales of gasoline and diesel (calculated by reference to actual retail fuel sales revenue less the price we pay for such fuel under the Refined Products Supply Agreement) is less than certain specified minimum levels. Any fils-per-liter shortfall against such minimum margin levels is payable to us by ADNOC in respect of all fuel quantities we have sold of the affected

grade during the relevant year. For other refined products, including illuminating kerosene and aviation fuels, prices will be ADNOC's official selling prices for such products.

Under the Refined Products Supply Agreement, we have agreed to purchase refined products exclusively from ADNOC, and ADNOC undertakes not to compete with us in selling to any customer in the UAE without our consent, except for sales to Emarat, ENOC, customers purchasing more than 10,000 metric tons of refined products, and customers to whom we have elected not to sell refined products. ADNOC has also undertaken not to sell on a spot basis to unaffiliated non-export customers in the UAE at prices lower than the prices it charges us.

LPG Supply Agreement

We entered into an LPG Supply Agreement with ADNOC, effective 1 October 2017, by which we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, butane, propane and LPG in quantities requested by us and confirmed by ADNOC. The term of the LPG Supply Agreement is for an initial period expiring on 31 December 2022, and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date. Under the LPG Supply Agreement, ADNOC has committed to supply the quantities of products confirmed by ADNOC each month and has agreed to use its best endeavours to source such products from third-party suppliers to the extent not otherwise available to it.

Pursuant to the LPG Supply Agreement, prices for butane, propane and LPG are ADNOC's official selling prices as in effect from time to time, provided that, for so long as the retail price of LPG cylinders is regulated, the price for LPG to be resold in subsidized cylinders will be equal to the regulated retail price less 108% of our operating costs for distributing subsidized cylinders.

Under the LPG Supply Agreement, we have agreed to purchase butane, propane and LPG exclusively from ADNOC, and ADNOC undertakes not to compete with us in selling to any customer in the UAE without our consent, except for sales to Emarat, ENOC, customers purchasing more than 80,000 metric tons per annum of products, and customers to whom we have elected not to sell products. ADNOC has also undertaken not to sell on a spot basis to unaffiliated non-export customers in the UAE at prices lower than the prices it charges us.

Base Oil Supply Agreement

We purchase base oil used to produce lubricants and for resale to our Corporate Division customers from ADNOC pursuant to an annual confirmation, the most recent of which is effective 1 October 2017 and incorporates ADNOC's general terms and conditions for sales of base oils. Under the terms of the Base Oil Supply Agreement, we have agreed to purchase from ADNOC, and ADNOC has agreed to sell to us, specified volumes of base oil at prices set forth in the Base Oil Supply Agreement, which are reviewed annually. The term of the Base Oil Supply Agreement is for an initial five-year period expiring on

31 December 2022 and will be extended automatically for subsequent five-year terms unless either party notifies the other of its intention not to renew at least 12 months prior to the then-effective expiration date.

Transfer of Natural Gas Business

In November 2017, we entered into a Business Transfer Agreement with ADNOC pursuant to which we agreed to transfer to ADNOC all of the assets and operations relating to our natural gas business. These did not include those assets and operations located at our retail fuel service stations for the compression and sale of compressed natural gas (CNG) to operators of natural gas-powered vehicles. The consideration equaled AED 64.1 million (representing the net book value of the transferred assets), plus all operating costs and capital expenditure incurred by us in relation to the natural gas business between signing and closing, less: (i) all customer receipts received by or on our behalf in relation to the natural gas business between signing and closing; and (ii) an amount equal to all duties and liabilities incurred by us in connection with the employment of the employees to transfer with the natural gas business prior to closing.

In connection with the Business Transfer Agreement, we have agreed to purchase natural gas from ADNOC for sale as CNG at our retail fuel service stations. Under the terms of the agreement, we will purchase from ADNOC, and ADNOC sells to us, specified volumes of natural gas, which we may only resell at our retail fuel service stations, as part of our business selling CNG to natural-gas powered vehicles, or back to ADNOC.

We also continue to provide certain support services to assist ADNOC in operating the natural gas distribution business, for which we are compensated by ADNOC.

Real Property Transfer Liability and Leaseback Agreements

In order to continue to comply with property ownership laws in the UAE following our IPO, our real property portfolio was transferred to ADNOC pursuant to decisions of the Crown Prince of Abu Dhabi and the Rulers of the Northern Emirates. To allocate liabilities associated with the property transfers, and to ensure we have continued access to our properties, we entered into Transfer Liability and Leaseback agreements with ADNOC. Under the terms of the Real Estate Transfer Liability and Leaseback agreements, ADNOC agreed to lease all real estate transferred to it back to us on a cost-pass-through basis. Each lease has a term of four years and will renew automatically unless notice of termination is given by us at least one year prior to the then-effective expiration date. Under the terms of the agreements, we will indemnify ADNOC for any environmental liabilities relating to our operations on the properties.

5. Transactions with Related Parties continued

Brand Usage Agreement

We entered into a Brand Usage Agreement with ADNOC pursuant to which ADNOC has granted to us a non-exclusive license to use certain of ADNOC's trademarks and logos in Africa, Europe, the GCC, and any other countries or territories as may be agreed by us and ADNOC in writing from time to time in connection with: (a) the operation of fuel service stations; (b) the manufacture, sale, storage, marketing, and distribution of petroleum products, including engine oils, bitumen, and other petroleum by-products; (c) other goods and services related to the foregoing, including lubricants, car washing services, merchandise, and sponsorships; and (d) any other activities that we currently are engaged in or that may be otherwise required for our operations from time to time. The license granted under the Brand Usage Agreement is royalty-free for the first four years. Thereafter, we will pay ADNOC a license fee in an amount to be agreed between us and ADNOC. Subject to the restrictions set forth in the Relationship Agreement, the Parent may terminate the Brand Usage Agreement upon 12 months' notice, including if the parties are unable to agree on the license fee payable after the first four years.

Civil Aviation Supply Carve-out

We entered into an Aviation Sales Transfer Agreement with ADNOC in September 2017 pursuant to which we transferred all contracts for the sale and supply of jet fuel to the civil aviation sector, and related receivables and jet fuel inventories (other than any Jet A-1 held at our Al Dhafra Terminal), to ADNOC effective 30 September 2017.

In connection with the Aviation Sales Transfer Agreement, we entered into an Aviation Services Agreement with ADNOC to provide ADNOC with services to operate its civil aviation supply business and to provide operations and maintenance services in respect of certain assets related to the civil aviation supply business. Pursuant to the Aviation Services Agreement, ADNOC may request us to perform certain services relating to the transportation and delivery of fuel to its civil aviation customers, which we may perform ourselves or procure third-party service providers to perform. For providing services under the Aviation Services Agreement, ADNOC has agreed to compensate us in an amount equal to our incurred operating expenses incurred in connection therewith (including any related taxes or other charges) plus 8% of such amount, and to reimburse us for the costs of any third-party service providers. During the term of the Aviation Services Agreement, we have agreed that we will not own or engage in a civil aviation supply business that competes with ADNOC's civil aviation supply business. The Aviation Services Agreement has an initial term expiring on 31 December 2022, with successive five-year renewal periods unless any party provides at least 12-months' notice of its intent not to renew.

ADNOC Refining Perimeter Reorganization

On 30 September 2017, we entered into an ADNOC Refining Asset Purchase Agreement with ADNOC Refining and AssetCo, both of which are subsidiaries of ADNOC,

pursuant to which ADNOC Refining transferred certain assets to us or, to the extent such assets have been built at specifications and capacities that exceed our needs, to AssetCo. These assets comprised certain storage, pipeline and other fuel terminal and distribution assets that ADNOC Refining had constructed primarily for our benefit.

The assets that were transferred to us had historically been operated and maintained by us. In consideration of the transfer of these assets, we paid ADNOC Refining approximately AED 696.2 million, representing the net book value of such assets. On the fifth anniversary of the transfer, we will discuss with the AssetCo the potential acquisition of its assets, subject to agreement on pricing and other terms.

In connection with the ADNOC Refining Asset Purchase Agreement, we entered into an AssetCo O&M Agreement with AssetCo on 30 September 2017 pursuant to which we provide operations and maintenance services in respect of those assets that were transferred to AssetCo under the ADNOC Refining Asset Sale Agreement and that historically had been operated and maintained by us. Certain other assets that were transferred to AssetCo under the ADNOC Refining Asset Sale Agreement historically had been and will continue to be operated and maintained by ADNOC Refining, for which ADNOC Refining will be compensated by AssetCo. In addition, the AssetCo O&M Agreement grants us the right to use these assets in connection with our fuel distribution operations. For providing services under the AssetCo O&M Agreement, AssetCo has agreed to compensate us in an amount equal to our incurred operating expenses incurred in connection therewith (including any related taxes or other charges) plus 8% of such amount, and to reimburse us for the amount of any required capital expenditures. Amounts due to us by AssetCo are offset by amounts we owe AssetCo for utilization of the assets transferred to AssetCo. The AssetCo O&M Agreement has an initial term expiring on 31 December 2022, with successive five-year renewal periods unless we provide at least 12-months' notice of our intent not to renew.

Shareholder Services Agreement

On 30 September 2017, we entered into a Shareholder Services Agreement with ADNOC pursuant to which ADNOC provides us with certain administrative and other support in the areas of treasury, accounting, finance, tax, legal and compliance support, corporate governance, HR, logistics, information technology, procurement, insurance, risk management, record keeping, reporting and general and administrative services to the extent we determine based on our business requirements. Pursuant to the terms of the Shareholder Services Agreement, we and ADNOC will negotiate the cost, including the cost of third-party service providers, for the provision of such services, provided that ADNOC will not charge us for the provision of such services, other than the actual cost of third-party service providers and allocated costs of group insurance, for the initial four-year term of the agreement. After the initial four-year term, the agreement may be extended by mutual agreement.

6. External Auditor

We have entrusted the external audit function for ADNOC Distribution's yearly accounts to Deloitte & Touche (M.E.) which has been ADNOC Distribution's external auditor since 2014.

Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and was the first Arab professional services firm established in the Middle East region with an uninterrupted presence since 1926.

Deloitte is among the region's leading professional services firms, providing audit, tax, consulting, and

financial advisory services through 26 offices in 15 countries with more than 3,000 partners, directors and staff. It has been a Tier 1 Tax advisor in the GCC region since 2010 (according to the International Tax Review World Tax Rankings). It has received numerous awards in the past few years, including Best Employer in the Middle East, Best Consulting Firm and the Middle East Training & Development Excellence Award by the Institute of Chartered Accountants in England and Wales (ICAEW).

Details of the fees paid to Deloitte & Touche (M.E.) for the 2018 auditing services are provided in the table below:

Required information	Response	Notes
Number of years served as an external auditor for ADNOC Distribution	5 years	Of which 2 years serving as our external auditors as a Public Joint Stock Company.
Total fees for auditing the financial statements of 2018 (in AED)	AED 771,330.00	
Total fees and costs incurred for any special services other than the auditing of the financial statements in 2018 (if any)	AED 250,0000	Services related to preparation and provision of a reasonable assurance report on the effectiveness of our internal financial controls over our financial reporting as at 31 December 2018
Details and nature of other services provided (if any)	None	
Statement of the other services performed by an external auditor other than ADNOC Distribution's auditor in 2018 (if any)	None	

For our annual financial statements for the year ended 31 December 2018, Deloitte & Touche (M.E.) issued an unqualified audit opinion.

7. Audit Committee

Our Audit Committee assists the Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including: reviewing and monitoring the integrity of our annual and interim financial statements; reviewing and monitoring the extent of the non-audit work undertaken by external auditors; advising on the appointment of external auditors; overseeing the relationship with our external auditors; reviewing the effectiveness of the external audit process; and reviewing the effectiveness of our internal control review function. The Audit Committee makes recommendations to the Board of Directors, which retains ultimate responsibility for reviewing and approving our annual report and financial accounts.

The Audit Committee gives due consideration to the applicable laws and regulations of the UAE, SCA and the ADX, including the provisions of the Corporate Governance Rules.

The Corporate Governance Rules, reflected in the Audit Committee Charter require that the Audit Committee comprises at least three members who are non-executive directors, and that at least two of the members must be independent. One of the independent members must be appointed as chairman of the committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The current members of the Audit Committee are Mr. Beau (Chairman), Mr. Alseddiqi, and Mr. Al Ameri.

The Audit Committee has taken appropriate steps to ensure that ADNOC Distribution's external auditors are independent of ADNOC Distribution as required by the Corporate Governance Rules. The Audit Committee has also obtained written confirmation from our auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

In 2018, the Audit Committee met eight times. Details of those meetings (including the attendance records for those meetings) are contained in the table below:

Committee member	Position in Committee	14 Feb 2018	25 Feb 2018	15 May 2018	12 Aug 2018	3 Oct 2018	14 Nov 2018	28 Nov 2018	11 Dec 2018
Mr. David-Emmanuel Beau	Chairman	P	P	P	P	P	P	P	P
Mr. Matar Hamdan Al Ameri	Member	P	P	P	P	P	P	A	P
Mr. Jassim Mohammed Alseddiqi	Member	P	P	P	A	A	A	P	P

P – Present, A – Absent

In 2018, all recommendations of the Audit Committee were accepted by the Board of Directors.

8. Nomination and Remuneration Committee

Our Nomination and Remuneration Committee assists the Board of Directors in discharging its responsibilities relating to the composition and make-up of the Board of Directors and any committees of the Board of Directors. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board of Directors and committees of the Board of Directors and, in particular, for monitoring the independent status of the independent non-executive directors. It is also responsible for periodically reviewing the Board of Directors' structure and identifying potential candidates to be appointed as directors or committee members as the need may arise. In addition, the Nomination and Remuneration Committee assists the Board of Directors in determining its responsibilities in relation to remuneration, including making recommendations to the Board of

Directors on ADNOC Distribution's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of our remuneration policy and determining the individual remuneration and benefits package of our senior management.

The Corporate Governance Rules, reflected in the Nomination and Remuneration Committee Charter, require the Nomination and Remuneration Committee to be comprised of at least three non-executive directors, at least two of whom must be independent. The chairman of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The current members of the Nomination and Remuneration Committee are Mr. Alseddiqi (Chairman), Mr. Miró and Mr. Salmeen. Mr. Salmeen replaced Mr. Al Dhaheeri on the Committee on 5 February 2019.

In 2018, the Nomination and Remuneration Committee met four times. Details of those meetings (including the attendance records for those meetings) are contained in the table below:

Committee member	Position in Committee	9 Jan 2018	15 Jan 2018	8 Apr 2018	7 Sep 2018
Mr. Jassim Mohammed Alseddiqi	Chairman	P	A	P	P
Mr. Pedro Miró	Member	P	P	P	P
Mr. Abdulla Salem Al Dhaheeri	Member	P	P	P	P

P – Present, A – Absent

9. Insider Dealing Committee

Our Insider Dealing Committee oversees compliance with the Insider Dealing Policy and our Share Dealing Code (which has been established by our Insider Dealing Policy).

Pursuant to our Share Dealing Code, all directors, officers and other employees who are in possession of inside information are prohibited from dealing in ADNOC Distribution's shares during certain periods, and must seek approval from the Insider Dealing Committee to purchase, sell or otherwise deal in our shares during other periods.

In order to grant approval, the Insider Dealing Committee must be satisfied that the individual seeking to deal in ADNOC Distribution's shares is not, at that time, in possession of inside information.

The Insider Dealing Committee is comprised of three members who are appointed by the Board of Directors. Currently, the members of the committee are Mr. Ian Blumenstein, our General Counsel & Board Secretary who chairs the committee, Mr. Petri Pentti, our Chief Financial Officer, and Mr. Ahmed Al Shamisi, our Vice President, Management Reporting & Financial Planning.

The Insider Dealing Committee met three times in 2018 to, among other things: (i) review and discuss the Share Dealing Code and how it is to be applied; and (ii) consider requests from members of ADNOC Distribution's staff to deal in our shares.

10. Internal Control System

Responsibility of the Board of Directors

The Board of Directors is responsible for the internal control system within ADNOC Distribution and has established a number of processes and procedures which are designed to ensure the effectiveness of our internal control system.

Processes and Procedures

The Board of Directors has approved and implemented governance functions and structures, including an internal audit function that is independent of our management and reports directly to the Audit Committee of the Board to attain the goal of effectively undertaking the internal control functions and to assure the efficiency and effectiveness of internal control aspects within ADNOC Distribution.

The Audit Committee, as part of its mandate, performs a number of tasks designed to ensure that the internal control system is effectively implemented and managed. These include:

- discussing the internal control system with the Board of Directors;
- considering the results of primary investigations in internal control issues;
- studying internal control reports and following up the implementation of corrective measures arising from the comments from such reports; and
- setting rules that enable ADNOC Distribution's staff to confidentially report any potential violations in financial reports, internal control etc.

To assist the Audit Committee in performing its tasks with respect to the internal control system, our Internal Audit Division, which is headed up by Mr. Mohamed Saleh, our Vice President Internal Audit Division, has established and maintains an internal control framework that provides management, the Audit Committee, and the Board of Directors with reliable assurances on the health of controls to meet the operational and financial objectives of ADNOC Distribution, manage risks and ensure the validity of financial reports, and comply with applicable laws and regulations.

The objective of the Internal Audit Division is to maintain a central repository of risk information, assist us in implementing and monitoring risk mitigation strategies, and perform the compliance function. The Internal Audit Division also provides independent and objective assurance and services that are designed to add value and improve the operations of our Company. The Internal Audit Division addresses key issues of risk identified in our annual report and financial accounts by overseeing the establishment and implementation of remediation and action plans for all key risk and compliance breaches and performs follow-up reviews and assessments to assure that appropriate remediation actions have been taken.

In addition to the role and function of the Internal Audit Division, ADNOC Distribution has established a compliance and control function which, among other things, is responsible for ensuring that ADNOC Distribution conducts its business in full compliance with all relevant laws and regulations, as well as professional standards, accepted business practices, and internal standards as contained in our policies, procedures and controls.

Compliance and Control Officer

ADNOC Distribution has appointed Mr. Yandri Hendarta, one of our senior legal officers, as its compliance officer and head of internal control. Mr. Hendarta was appointed to these positions in December 2017.

Mr. Hendarta has been a member of ADNOC Distribution's legal team since 2015 and prior to that, he held senior legal positions in Total Indonesia and Chevron Indonesia. Mr. Hendarta is responsible for monitoring the compliance and control functions in ADNOC Distribution.

Mr. Hendarta is responsible for ensuring that the internal control system is properly embedded in all of our key processes so that we are able to ensure that our strategic and business objectives are achieved within the required risk tolerance levels.

In January 2019, we retained Mr. Paul Myers as Deputy General Counsel who will, among other things, oversee our compliance and internal control functions to assure that we consistently operate in accordance with the highest international standards. Prior to joining ADNOC Distribution, Mr. Myers held senior legal positions in regulated and public-listed companies in Europe, Russia and the United Kingdom. Prior to that, he was a senior associate at Allen & Overy, an international law firm.

Identified issues and recent developments

For 2018, no significant issues were identified with respect to our control and compliance systems. However, as part of ADNOC's review of the internal controls framework of all ADNOC group companies, it undertook a review of ADNOC Distribution's internal controls framework in 2018. This process was overseen and implemented by KPMG. No violations were identified as a result of this review but a number of recommendations have been made which outline ways in which we can continue to further strengthen and enhance our internal control framework. As part of our commitment to ensuring that we have a robust internal control system, we will implement these recommendations in 2019.

Violations committed during 2018

No violations were committed by ADNOC Distribution in 2018.

11. Corporate Social Responsibility

11.1. Overview

We want our presence in the UAE and in the communities in which we operate to benefit our people and wider society. We are meeting this goal through job creation, support for development initiatives, and providing opportunities for local suppliers.

We listen, respond and collaborate with our customers and the communities we serve. We have set up formal grievance channels and use a variety of techniques to engage with these key target audiences, ranging from site visits, workshops and meetings, to distributing literature.

Customers can register a complaint at any time with our Customer Interaction Center, which we can then verify and investigate. Corrective action is taken to ensure that complaints are quickly addressed and any adverse effects are mitigated.

We conduct regular surveys and utilize mystery shoppers and customer interaction calls to capture customers' expectations and priorities.

Our total expenditure on social development and related sponsorship projects for 2018 was approximately AED 710,000.

11.2. Supporting social development

Our position as the UAE's largest fuel supplier commits us to periodic assessments of our community's needs and expectations. We aim to provide our communities with an ever-greater range and higher quality of services. We also contribute to social investment and community development programs. Our 2018 social development initiatives (which have covered various facets of sustainable social development) included the following:

The Holy Month of Ramadan

ADNOC Distribution was committed to the spirit of kindness last Ramadan. Partnering with the Khalifa bin Zayed Al Nahyan Foundation, ADNOC Distribution allocated 6,500 LPG cylinders that were distributed to over 300 families across the UAE. These cylinders were utilized by the families to cook Iftar meals that were distributed by volunteers from among employees and the general public to Ramadan tents in Abu Dhabi, Al Dhafra and Fujairah. The spirit of giving continued by distributing 70,000 breakfast boxes consisting of dates and water to ADNOC Distribution service stations in the UAE. The aim of this initiative was to encourage individuals on the road during Iftar, to drive safely and reduce speed-related road accidents. Furthermore, Preservation of Grace, a humanitarian initiative run by the Emirates Red Crescent to spread awareness about the virtues of grace and giving in the society, provided 125,000 Iftar boxes containing water, dates, cookies, and cleansing wipes that were distributed at ADNOC Distribution service stations throughout the UAE.

Happy Winter

We distributed over 5,000 winter kits to labor workers. The initiative, named "Happy Winter", aimed to ease the effects of the cooler weather during the winter months for labor workers, many of whom work outdoors. The "Happy Winter" kits provided by ADNOC Distribution contained an ice-cap and a warm scarf to help protect workers from winter conditions. Many of ADNOC Distribution's employees also participated in the initiative by volunteering their time and efforts to distribute the kits at worker accommodation facilities as part of our commitment to community service.

24-hour challenge with Emirates Foundation:

We partnered with Emirates Foundation to host youths at our Mahawi North training facility for the 24-hour challenge, a two-day brainstorming event where participants worked in teams to brainstorm innovative solutions that can be adapted by the partnering company.

Smart Tags giveaway

As part of our commitment to the community, and to support the UAE's leadership in achieving smart government and cities, we distributed more than 300,000 Smart Tags to customers across the UAE to promote cashless transactions.

HSSE assistance – Zayed Higher Organization

Our HSSE Division took part in a program with Zayed Higher Organization for Humanitarian Care (ZHO) to help identify and implement processes and procedures for improving the health, safety and environment management system of ZHO centers. ZHO provides a range of integrated services that aim at rehabilitating people of determination (people with special needs) for inclusion into the community. These services include training and education, vocational and therapeutic rehabilitation (assessment, early intervention, physiotherapy, functional therapy, speech therapy, and vocational training workshops), psychological care, and family counseling, as well as supporting educational and sport activities.

11.3. Sponsorship

In 2018, ADNOC Distribution sponsored several initiatives in coordination with many local entities such as:

- Giving is Happiness initiative: Financial support for family children at Dar Zayed for Family Care.
- Year of Zayed initiative, Al Ain Municipality.

Additionally, ADNOC Distribution filmed an awareness advertisement at its service stations in coordination with the Supreme Council for Family Affairs promoting child safety while fueling at service stations.

12. General Information

12.1. Our 2018 share performance

Trading of ADNOC Distribution shares on the ADX started on 13 December 2017 under the symbol ADNOCDIST. The share price at 31 December 2018 was AED 2.32. ADNOC Distribution's market capitalization at 31 December 2018 was AED 29 billion.

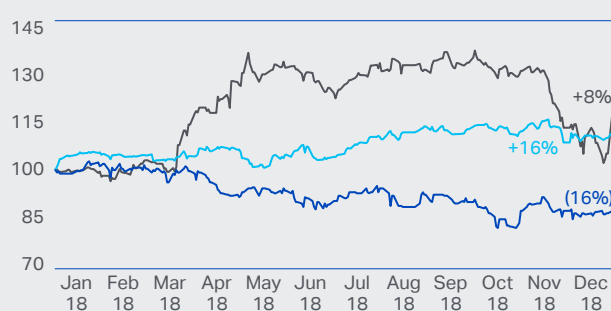
ADNOC Distribution's paid-up share capital is AED 1 billion, divided into 12.5 billion shares, each with a nominal value of AED 0.08.

The following table sets forth the closing price and the high and low share prices of our shares at the end of each month during 2018.

Month	High (AED)	Low (AED)	Close (AED)
January 2018	2.75	2.6	2.69
February 2018	2.75	2.54	2.69
March 2018	2.7	2.55	2.64
April 2018	2.7	2.42	2.45
May 2018	2.54	2.43	2.48
June 2018	2.5	2.25	2.37
July 2018	2.54	2.36	2.47
August 2018	2.5	2.35	2.45
September 2018	2.48	2.36	2.41
October 2018	2.41	2.13	2.22
November 2018	2.43	2.23	2.32
December 2018	2.34	2.25	2.32

12.2. Our 2018 share performance compared with our sector index

The below graph shows the ADNOC Distribution's share performance comparative to our sector index during 2018.



— ADNOCDIST — ADX — ADX Energy

12.3. Breakdown of shareholdings as at 31 December 2018

The table below shows the percentage of the shares owned by different categories of shareholders as at the end of 2018.

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total
Local	1.2%	93.6%	1.1%	95.9%
GCC	0.1%	0.3%	0.0%	0.5%
Arab	0.1%	0.0%	0.0%	0.1%
Foreign	0.1%	3.5%	0.0%	3.6%
Total	1.5%	97.4%	1.1%	100%

12.4. Statement of shareholders who held 5% or more of ADNOC Distribution's capital as at 31 December 2018

The table below shows the name of shareholders who held 5% or more of ADNOC Distribution's capital at the end of 2018 and the percentage of such shareholdings.

Name	Number of Shares Held	% of the Shares Held of ADNOC Distribution's capital
Abu Dhabi National Oil Company	11,250,000,000	90%

12.5. Statement of shareholding distribution by the size of equity as at 31 December 2018

The below table shows the shareholding percentage to capital as at the end of 2018.

Share(s) Owned	Number of Shareholders	Number of Share Held	% of the Shares Held
Less than 50,000	10,370	28,696,282	0.2%
From 50,000 to less than 500,000	356	55,193,468	0.4%
From 500,000 to less than 5,000,000	113	185,042,605	1.5%
More than 5,000,000	50	12,231,067,645	97.8%

12. General Information continued

12.6. Procedures taken with respect to the controls of investor relations

Throughout the year, ADNOC Distribution's Investor Relations Department arranges press releases and briefings, conference calls and webcasts to ensure that regular updates are provided on ADNOC Distribution's developments.

Each quarter, we hold conference calls and webcasts to properly communicate our quarterly and annual results. We also hold analyst calls and meetings to discuss our financial and strategic position. Copies of all presentations, releases and investor information are uploaded to our website.

Our Investor Relations Department is headed up by Mr. Athmane Benzerroug, Chief Investor Relations Officer, who brings 20 years of experience in equity capital markets, including 10 years in emerging markets at Deutsche Bank in Dubai.

Investor Relations can be contacted at IR@adnocdistribution.ae.

Additional investor relations information can be found on our website in Arabic at www.adnocdistribution.ae/ar/investor-relations/ and in English at www.adnocdistribution.ae/en/investor-relations/.

12.7. General Assembly and Special resolutions presented to the General Assembly in 2018

The Company held its annual General Assembly on 8 April 2018. We also held a second General Assembly on 14 October 2018 to approve the payment of an interim dividend.

A Special Resolution is defined in our Articles of Association as a resolution requiring the approval of the Company's General Assembly by shareholders owning not less than three-quarters of the shares represented in that General Assembly. No Special Resolutions were presented at either General Assembly.

12.8. The Secretary to the Board of Directors

Mr. Ian Blumenstein, our General Counsel, is the Board Secretary. Mr. Blumenstein was appointed to this role by the Board of Directors in December 2017.

12.9. Statement of significant events

There were no changes to the members of the Board of Directors in 2018. However, on 5 February 2019, Mr. Abdulla Salem Al Dhaheeri resigned from our Board of Directors. The Board has elected Mr. Khaled Salmeen to replace Mr. Al Dhaheeri; Mr. Salmeen's appointment to the Board will be presented at our annual General Assembly for ratification by our shareholders.

12.10. Emiratization percentage in ADNOC Distribution as at 31 December 2018

Developing our human capital is a strategic priority, and part of our commitment to achieving the Emiratization objectives outlined in the UAE Vision 2021.

Our national employees are a great asset to ADNOC Distribution. We offer them targeted development opportunities to help them reach their full potential as competent and well-informed industry professionals. UAE nationals are appointed as trainees within various departments of ADNOC Distribution so they can successfully complete their career development programs.

As at 31 December 2018, our Emiratization rate was 74% of positions subject to Emiratization (Emiratizable positions).

12.11. Innovative projects and initiatives undertaken by ADNOC Distribution or under development in 2018

ADNOC Distribution is proud of the innovations and initiatives it has undertaken during 2018. For a full discussion of these undertakings, please see our 2018 Annual Report.



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