



ADNOC
DISTRIBUTION

CORPORATE GOVERNANCE REPORT 2019

CUSTOMER EXCELLENCE CREATING VALUE



CONTENTS

- 1 Introduction
- 2 Our Corporate Governance Overview
- 4 Share Dealings
- 5 ADNOC Distribution's Board of Directors
- 11 Executive Management
- 15 Transactions with Related Parties
- 19 External Auditor
- 20 Audit Committee
- 21 Nomination and Remuneration Committee
- 22 Executive Committee
- 23 Insider Dealing Committee
- 24 Internal Control System
- 26 Corporate Social Responsibility
- 29 General Information

INTRODUCTION

At ADNOC Distribution (**the Company**), we believe that by having a high quality corporate governance framework and complete information transparency, we are better able to promote the long-term sustainable success of ADNOC Distribution, generate value for all stakeholders and contribute to the wider community. Accordingly, we have adopted and implemented a complete corporate governance framework that fulfils all applicable laws and regulations while also being in line with international best practice.

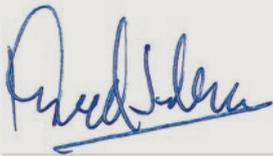
This corporate governance framework is designed to ensure that our Company has a culture of consistency, responsibility, accountability and transparency of the highest standards at all levels.

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 processes and report on how these processes have been implemented by us.



Dr. Sultan Ahmed Al Jaber

Chairman of the Board of Directors
25 March 2020



Mr. Khaled Salmeen

Chairman of the Executive
Committee



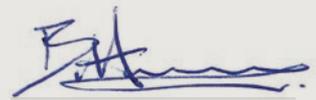
Mr. Jassim Alsiddiqi

Chairman of the
Nomination and
Remuneration Committee



**Mr. David-Emmanuel
Beau**

Chairman of the Audit
Committee



Mr. Ben Hennessy

General Counsel*

* The General Counsel is responsible for and oversees the Company's internal control function

OUR CORPORATE GOVERNANCE OVERVIEW

We are committed to having a corporate governance framework 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.



Corporate Governance Policy

Our Corporate Governance Policy provides clear guidance on: (a) the Company's corporate governance structure and the interface between the Company and its stakeholders; (b) the authorities and decision-making mechanisms within the Company and between its stakeholders; and (c) the role and responsibilities of the Company's corporate governance function.

Code of Conduct

Our Code of Conduct demonstrates ADNOC Distribution's commitment to compliance and ethical behavior in all that it does. Our Code of Conduct (a) sets out the minimum standard of conduct that we expect from anyone working for or on behalf of ADNOC Distribution; and (b) provides a set of basic rules and standards that are designed to ensure that our business is conducted in an ethical and compliant manner and in accordance with our core values.

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 payment of dividends is subject to consideration of: (a) the cash management requirements of the Company for operating expenses, interest expense, and anticipated capital expenditures; and (b) market conditions, the then current operating environment in our markets, and the outlook for the business of the Company. In addition, any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of the Board of Directors.

Under our Dividend Policy, the Company may distribute quarterly, semi-annual and/or annual dividends to shareholders from operating profits and/or accumulated profits of the Company. The Company currently intends to pay a dividend twice each fiscal year, with an initial interim payment in October of that year and a second payment in April of the following year.

Related Party Transactions Policy

Our Related Party Transaction Policy is designed to ensure that: (a) transactions with related parties are conducted on arm's length terms; (b) the Board of Directors and senior management are aware of the steps required to approve transactions with related parties; and (c) a legitimate business case is present and which supports the relevant related party transactions, including their arm's length nature. In accordance with this policy, we may not enter into a related party transaction unless it has been approved by: (i) our Board of Directors, where the transaction's value does not exceed 5% of the value of our share capital; or (ii) our shareholders at a General Assembly, where the transaction's value exceeds 5% of our share capital. The foregoing requirements do 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: (a) ethical business practices; (b) integrity in our interactions and arrangements with third parties; and (c) 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.

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 the details of all purchases and sales of our shares undertaken by our Directors, their spouses and their children in 2019:

Director	Position	Shares held as at 31 December 2019	Total Sale Transactions	Total Purchase Transactions
H.E. Dr. Sultan Ahmed Al Jaber	Non-executive Chairman	—	—	—
Mr. Khaled Salmeen ⁽¹⁾	Non-executive Director	—	—	—
Mr. Abdulaziz Abdulla Alhajri	Non-executive Director	—	—	—
Mr. Ahmed Jasim Al Zaabi ⁽²⁾	Non-executive Director	—	—	—
Mr. Jassim Alseddiqi	Independent Non-executive Director	—	—	—
Mr. Pedro Miró Roig	Independent Non-executive Director	—	—	—
Mr. David-Emmanuel Beau	Independent Non-executive Director	—	—	—
Mr. Matar Hamdan Al Ameri ⁽³⁾	Non-executive Director	—	—	—
Mr. Abdulla Salem Al Dhaheri ⁽⁴⁾	Non-executive Director	—	—	—

(1) Mr. Salmeen was appointed to our Board of Directors on 5 February 2019.

(2) Mr. Al Zaabi was appointed to our Board of Directors on 30 April 2019.

(3) Mr. Al Ameri resigned from our Board of Directors on 30 April 2019

(4) Mr. Al Dhaheri resigned from our Board of Directors on 5 February 2019.

(5) Excludes 16,000,000 shares owned at 31 December 2019 by Jenaan Investment LLC and 1,790,451 shares owned at 31 December 2019 by Fornax Services Private Limited, in each of which Mr. Al Ameri has a significant ownership interest.



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.

Composition of the Board of Directors

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

H.E. Dr. Sultan Ahmed Al Jaber

Non-executive Chairman
Since February 2016⁽¹⁾

Mr. David-Emmanuel Beau

Independent Non-executive Director
Since November 2017

Mr. Khaled Salmeen⁽²⁾

Non-executive Director
Since 5 February 2019

Mr. Pedro Miró Roig

Independent Non-executive Director
Since November 2017

Mr. Abdulaziz Abdulla Alhajri

Non-executive Director
Since November 2017

Mr. Abdulla Salem Al Dhaheri

Non-executive Director
March 2016 to 5 February 2019⁽⁴⁾

Mr. Ahmed Jasim Al Zaabi⁽³⁾

Non-executive Director
Since 30 April 2019

Mr. Matar Hamdan Al Ameri

Non-executive Director
Since November 2017 to 30 April 2019

Mr. Jassim Alseddiqi

Independent Non-executive Director
Since November 2017

- (1) 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 reappointed as the Chairman of the Board in November 2017.
- (2) 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 was ratified by shareholders at our annual General Assembly held on 4 April 2019.
- (3) Mr. Al Zaabi was appointed to our Board of Directors on 30 April 2019 following the resignation of Mr. Matar Al Ameri, who served on the Board from November 2017 to 30 April 2019. In accordance with our Articles of Association, Mr. Al Zaabi's appointment will be submitted for ratification by shareholders at our annual General Assembly to be held on 31 March 2020, subject to SCA approval.
- (4) Pre IPO, Mr. Al Dhaheri was appointed in March 2016 as a member of the Board of ADNOC Distribution. Post IPO, he was reappointed as a member of the Company's Board in November 2017 and he resigned on 5 February 2019.

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, the National Media Council, and several other ADNOC Group companies. He is also a member of the Board of Directors of Emirates Global Aluminum.

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.



Khaled Salmeen
Non-executive Director
(appointed on 5 February 2019)

Chairman of Executive Committee
Member of the Nomination and Remuneration Committee

Mr. Khaled Salmeen has served as Executive 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, Colorado, USA, and a Project Management Professional (PMP) from the Project Management Institute (PMI) and Harvard Business School.



Abdulaziz Abdulla Alhajri
Non-executive Director

Mr. Abdulaziz Abdulla Alhajri has served as Executive Director, Downstream Directorate 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.



Ahmed Jasim Al Zaabi

Non-executive Director

(appointed on 30 April 2019)

Member of the Audit Committee

Member of the Executive Committee

Mr. Ahmed Jasim Al Zaabi has served as Group Chief Financial Officer at the Finance and Investments Directorate of ADNOC since February 2019. He previously served as a Director of the Office of Government Investments at Abu Dhabi Department of Finance from 2018 until February 2019, and as a Director of Office of State Owned Enterprises, General secretariat of the Executive Council from 2011 until 2018. Prior to this, he held senior management positions in organisations such as the Abu Dhabi Municipality and Khalifa Fund for Enterprise Development. Mr. Al Zaabi serves as a board member of Khalifa Fund for Enterprise Development and several other ADNOC subsidiaries.

Mr. Al Zaabi holds a Master's degree in Economics Science with Honors from University of Aberdeen.



Jassim Alseddiqi

Independent Non-executive Director

Chairman of the Nomination and Remuneration Committee

Member of the Audit Committee

Mr. Jassim Alseddiqi has served as a Director and Chief Executive Officer of Abu Dhabi Financial Group since January 2011, and a Chief Executive Officer of Shuaa Capital PSC. He also serves as the Chairman of Eshraq Properties PJSC, Chairman of Islamic Arab Insurance Co. (Salama) PJSC, Chairman of GFH Financial Group BSC and Chairman of Khaleeji Commercial Bank BSC. He is also a member of the Board of Directors of First Abu Dhabi Bank, Dana Gas and the 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.



Pedro Miró Roig

Independent Non-executive Director

Member of the Nomination and Remuneration Committee

Mr. Pedro Miró Roig was Chief Executive Officer of Compañía Española de Petróleos (CEPSA) from September 2013, and Vice Chairman from June 2014, in each case until October 2019. He served as Chief Operating Officer of CEPSA from 2011 to 2013. Mr. Miró also serves as a member of the Board of Trustees of Linea Directa Foundation.

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



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

Member of the Executive 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.



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 from 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, California, USA.



Matar Hamdan Al Ameri
Non-executive Director (resigned on 30 April 2019)

Member of the Audit Committee (resigned on 30 April 2019)

Mr. Matar Hamdan Al Ameri has served as Director, Finance and Investments of ADNOC since 2012 until February 2019. He also serves as the Vice Chairman of Aafaq Islamic Finance Company.

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

Women's representation on the Board of Directors

In 2019, we did not have any female members on the Board of Directors. However, in keeping with our commitment to gender diversity, we are actively seeking out opportunities to include female representation on our board. To this end, we value diversity in our organization and are constantly working to recruit more women in all areas of our business and we are also working on a number of initiatives to advance women's career growth across the Company.

Additionally, the Company will continue to ensure that its female employees obtain access to all necessary training and development in order to achieve

their full potential in line with the standards of high performance we expect from all our employees - both men and women alike.

Directors' Remuneration

In 2019, our shareholders approved a total remuneration of AED 4.8 million which was paid to the members of our Board of Directors for 2018.

It is proposed that the remuneration for the Board of Directors for 2019, to be paid in 2020, is a total of AED 12 million plus any applicable VAT. This will be presented to our shareholders at our upcoming annual General Assembly for approval.

Statement of allowances paid to committee members for 2019

In 2019, no allowances, salaries or additional fees were paid to committee members.

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 2019:

Board Member	Position on the Board	13 February 2019	30 April 2019	1 August 2019	29 September 2019 ⁽²⁾	31 October 2019	17 December 2019	24 December 2019 ⁽³⁾
H.E. Dr. Sultan Ahmed Al Jaber	Chairman	P	P	P	P	P	P	P
Mr. Khaled Salmeen	Director	P	P	P	P	P	P	P
Mr. Ahmed Jasim Al Zaabi	Director	P ⁽¹⁾	P	P	P	P	A	P
Mr. Abdulaziz Abdulla Alhajri	Director	P	P	A	A	P	A	A
Mr. Jassim Alseddiqi	Independent Director	A	P	P	P	A	P	P
Mr. Pedro Miró Roig	Independent Director	P	P	P	P	P	P	P
Mr. David-Emmanuel Beau	Independent Director	P	P	A	P	A	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

(1) Mr. Al Ameri (Mr. Al Zaabi's predecessor) was still on the Board and attended this meeting

(2) Meeting held by circulation to approve payment of 2019 interim dividend

(3) Meeting held by circulation to approve the appointment of ADNOC Distribution new Acting Chief Executive Officer

Matters reserved to the Board of Directors and delegated to management

The Board of Directors has issued a Delegation of Authority to the Chief Executive Officer of the Company.

For the whole of 2019, this role was fulfilled by Mr. Saeed Al Rashdi, our then Acting Chief Executive Officer.

As from 5 January 2020, this role has been fulfilled by Mr. Ahmed Al Shamsi, our current Acting Chief Executive Officer. Under this Delegation of Authority, the Board of Directors has delegated to the Chief Executive Officer, 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, the Chief Executive Officer 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 the Company's Chief Executive Officer, the Board of Directors maintains oversight over these activities and our Acting Chief Executive Officer, Mr. Al Shamsi 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
Acting Chief Executive Officer*

Scope of authority
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

Duration of delegation
Until the authority is revoked by the Board of Directors

* For 2019, this delegation was provided to the Company's previous Acting Chief Executive Officer, Mr. Al Rashdi who stepped down from his role with the Company effective as of 5 January 2020. As from 5 January 2020, this delegation has been provided to Mr. Ahmed Al Shamsi, our current Acting Chief Executive Officer.

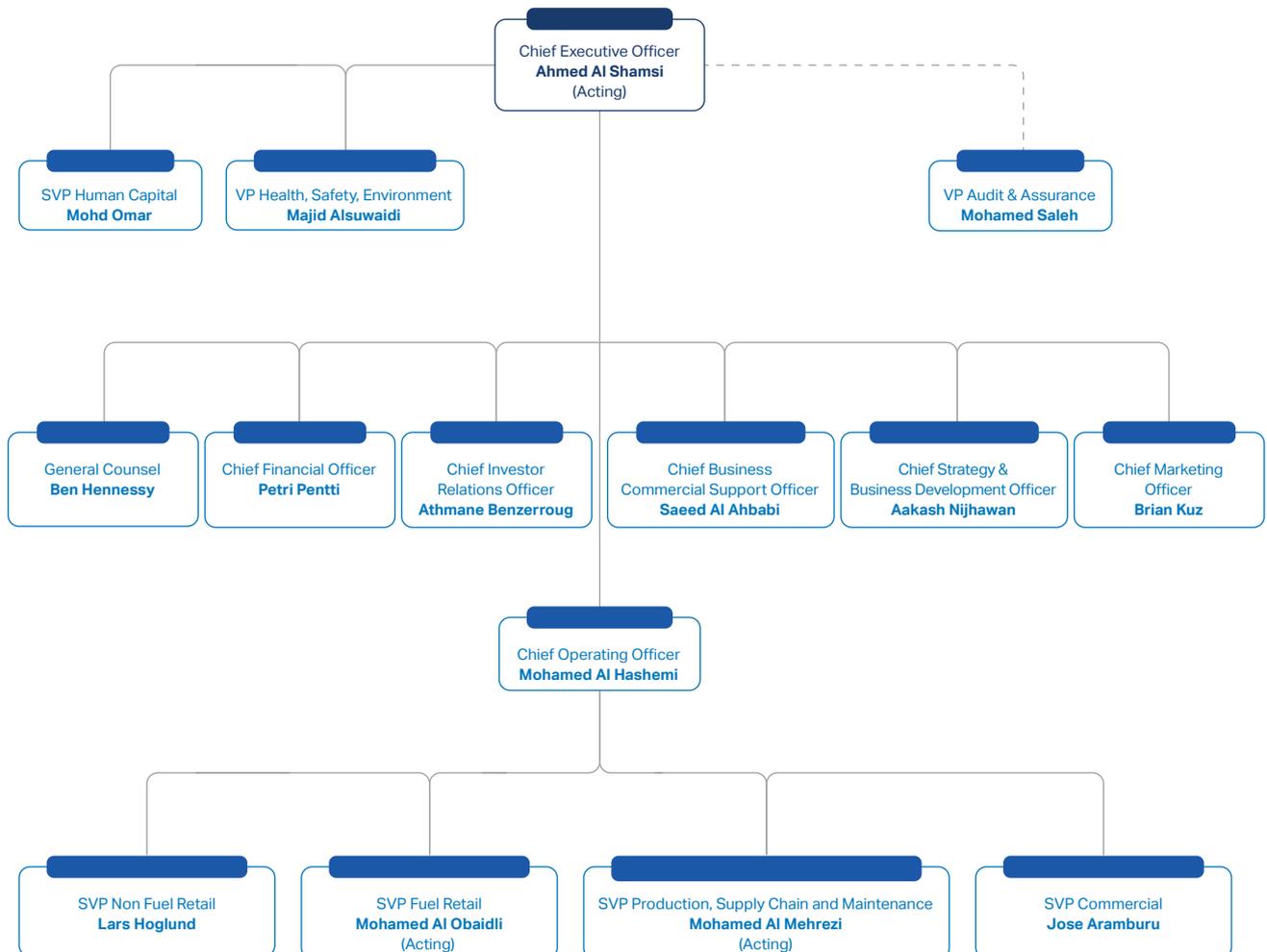


EXECUTIVE MANAGEMENT

Under the Delegation of Authority, and in consultation with the Board of Directors, our Acting Chief Executive Officer, 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.

ADNOC Distribution Organization Chart

Below is the organization chart of ADNOC Distribution



Key Executive Management - Governance



Ahmed Al Shamsi

Acting Chief Executive Officer

Mr. Ahmed Al Shamsi was appointed as Acting Chief Executive Officer with effect as from 5 January 2020. Before joining ADNOC Distribution, Mr. Al Shamsi served as Senior Vice President for Middle East, Africa and Export in Borouge, and was responsible for leading that company's Sales and Marketing initiatives, as well as developing and implementing the long-term strategies of that company within the region. Previously, Mr. Al Shamsi held senior leadership roles across diverse functions of Global Supply Chain and Project Management.

Mr. Al Shamsi holds a Bachelor's degree in Chemical Engineering from the University of Tulsa, USA. He also holds a Master's degree in Quality Management (MQM) from the University of Wollongong.



Mohamed Al Hashemi

Chief Operating Officer

Mr. Mohamed Al Hashemi was appointed as Chief Operating Officer in July 2019. Before joining ADNOC Distribution, Mr. Al Hashemi served as Senior Vice President, Asset Management & Business Development for ADNOC Group and was also advisor to ADNOC Distribution's Executive-Committee. Previously, Mr. Al Hashemi served as Senior Vice President, Group Strategic Investments for ADNOC Group delivering world-class projects.

Mr. Al Hashemi holds a Master's Degree in Business Administration and Management from Harvard University.



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 Chief Financial Officer 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, Finland.



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 the University of Paris X, France.



Ben Hennessy

General Counsel & Board Secretary

Mr. Ben Hennessy joined ADNOC Distribution as General Counsel and Company Secretary in October 2019. Previously, he served as an international lawyer for over 15 years, initially at global law firm DLA Piper and for the past eight years at BP PLC, leading legal teams and supporting BP's retail fuels and lubricants business. He has worked in the UAE for four years, two of which were in Musanada.

Mr. Hennessy is a qualified solicitor in England & Wales and holds an LPC from the University of Law, London and a BA from the University of Newcastle.



Executive Management Remuneration

Details of the total salaries and benefits paid to the relevant members of our executive management team in 2019 are provided in the table below:

Position	Appointment date	Total salaries & allowances paid in 2019	Total bonuses paid in 2019	Other benefits for 2019 ⁽⁴⁾
Acting Chief Executive Officer ⁽¹⁾	March 2016	2,209,118	800,000	18,600
Chief Operating Officer	July 2019	603,345	-	2,240
Chief Financial Officer	November 2017	2,340,000	780,000	20,160
Chief Investor Relations Officer	September 2018	1,680,000	448,000	49,280
Chief Strategy and Business Development Officer	January 2019	1,493,400	169,000	8,400
Chief Marketing Officer	August 2019	513,667	-	-
Chief Business and Commercial Support Officer	June 2019	760,623	-	-
Senior Vice President, Commercial	September 2017	2,043,000	666,000	18,000
Senior Vice President, Retail Fuel	September 2017 ⁽²⁾	1,865,069	438,096	30,300
Senior Vice President, Operations	February 2012 ⁽³⁾	1,896,236	438,096	26,600

(1) Remuneration details have been provided for the Company's previous Acting Chief Executive Officer, Mr. Al Rashdi who served the Company in that role for the whole of 2019 but stepped down from this role effective as of 5 January 2020.

(2) Remuneration details have been provided for the Company's previous Senior Vice President, Retail Fuel, who served the Company in that role for the whole of 2019 but stepped down from this role effective as of 6 January 2020.

(3) Remuneration details have been provided for the Company's previous Senior Vice President, Operations, who served the Company in that role for the whole of 2019 but stepped down from this role effective as of 6 January 2020.

(4) Bonuses for 2019 that are payable in 2020 are yet to be determined or awarded.

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. Details of these transactions are described below. In addition, the value of all related party transactions undertaken by ADNOC Distribution during 2019 (as disclosed in our 2019 financial statements) is as follows:

	2019 AED'000
Revenue - ADNOC group	1,055,564
Purchases – ADNOC	15,322,254
Vessel hire and port charges – ADNOC group	69,970
Dividend paid	(1,928,750)
Rendering of service	273,488
Recovery of expenses incurred related to City Gas	57,456
End of service benefits transferred	124

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: (a) not to take certain actions that might interfere with our status as an independent company, including: (i) 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 (ii) 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; (b) not to engage in a competing gasoline filling station

business or retail convenience store business in the UAE; and (c) 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 have also 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 at 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 endeavors 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 retail fuel quantities we have sold of the affected grade during the relevant period. 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 endeavors 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: (a) all customer receipts received by or on our behalf in relation to the natural gas business between signing and closing; and (b) 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 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, 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.

Real Estate 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.

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 ADNOC 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.

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 is the first Arab professional services firm established in the Middle East region with 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).

Details of the fees paid to Deloitte & Touche (M.E.) for the 2019 auditing services are provided in the below presentation:



Number of years served as an external auditor for ADNOC Distribution	Six years including three years serving as our external auditors as a Public Joint Stock Company.
Partner name	Rama Padmanabha Acharya
Total fees for auditing the financial statements of 2019 (in AED)	AED 770,956.00
Fees and costs of other private services other than auditing the financial statements for 2019 (AED)	AED 250,000 for services related to general accounting and tax advice (including excise tax related matters)
Details and nature of other services provided (if any)	Review the costs incurred on various consultancy, transformation and IT related projects and evaluate if these meet the criteria of capitalization as per the requirements of IAS 16 Property, plant and equipment.
Statement of the other services performed by an external auditor other than ADNOC Distribution's auditor in 2019 (if any)	Determine the excise goods on 30 November 2019 for FTA compliance
	None

For our annual financial statements for the year ended 31 December 2019, Deloitte & Touche (M.E.) issued an unqualified audit opinion.

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 Zaabi who replaced Mr. Al Ameri on the Committee on 30 April 2019.

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.

As part of his role as the Chairman of the Audit Committee, Mr. David-Emmanuel Beau is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

In 2019, the Audit Committee met nine times. Details of those meetings (including the attendance records for those meetings) are contained in the table below:

Committee member	Position in Committee	13 Feb 2019	14 Mar 2019	30 Apr 2019	22 May 2019	30 Jun 2019	1 Aug 2019	17 Sep 2019	30 Oct 2019	17 Dec 2019
Mr. David-Emmanuel Beau	Chairman	P	P	P	P	P	P ⁽²⁾	P	P	P
Mr. Ahmed Jasim Al Zaabi	Member	P ⁽¹⁾	P ⁽¹⁾	A	P	P	P	P	A	A
Mr. Jassim Alseddiqi	Member	A	P	P ⁽²⁾	P ⁽²⁾	P	P	P	P ⁽²⁾	P ⁽²⁾

P – Present, A – Absent

(1) Mr. Matar Al Ameri (Mr. Ahmed Jasim Al Zaabi's predecessor) was still on the Audit Committee and attended this meeting

(2) Attended the relevant meeting by proxy



In 2019, all recommendations of the Audit Committee were accepted by the Board of Directors.

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 Dhaheiri on the Committee on 5 February 2019.

As part of his role as the Chairman of the Nomination and Remuneration Committee, Mr. Jassim Alseddiqi is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

In 2019, the Nomination and Remuneration Committee met five times. Details of those meetings (including the attendance records for those meetings) are contained in the table below:

Committee member	Position in Committee	24 Mar 2019 ⁽¹⁾	28 Jul 2019 ⁽¹⁾	10 Oct 2019 ⁽¹⁾	25 Nov 2019	19 Dec 2019 ⁽¹⁾
Mr. Jassim Alseddiqi	Chairman	P	A	P	P	P
Mr. Pedro Miró	Member	P	P	P	P	P
Mr. Khaled Salmeen	Member	P	P	P	P	P

P – Present, A – Absent
(1) Meetings held by circulation



EXECUTIVE COMMITTEE

Our Executive Committee consists of three members, all being non-executive directors with one member also being an independent director. The Executive Committee was established by the Board in 2019 in order to assist the Board in the discharge of its duties.

The role of the Executive Committee is to act on behalf of the Board during the intervals between scheduled Board meetings so that matters that require Board approval during such intervals can be dealt with in a timely and efficient manner. Additionally, the Executive Committee provides recommendations to the Board on matters that require Board approval. The current members of the Executive Committee are Mr. Salmeen (Chairman), Mr. Beau and Mr. Al Zaabi. Mr. Al Zaabi replaced Mr. Al Ameri on the Committee on 30 April 2019.

As part of his role as the Chairman of the Executive Committee, Mr. Khaled Salmeen is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

In 2019, the Executive Committee met ten times. Details of those meetings (including the attendance records for those meetings) are contained in the table below:

Committee member	Position in Committee	24 Apr 2019	15 May 2019	19 May 2019	29 May 2019	13 Jun 2019	16 Jul 2019	29 Jul 2019	4 Sep 2019	30 Oct 2019	11 Dec 2019
Mr. Khaled Salmeen	Chairman	P	P	P	P	P	P	P	P	P	P
Mr. Ahmed Jasim Al Zaabi	Member	P ⁽¹⁾	P ⁽²⁾	A	A	P	P	P	A	A	A
Mr. David-Emmanuel Beau	Member	P	P	P	P ⁽²⁾	P	P	A	P	P	P

P – Present, A – Absent

(1) Mr. Al Ameri (Mr. Al Zaabi's predecessor) was still on the Committee and attended this meeting by proxy

(2) Attended the relevant meeting by proxy



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.

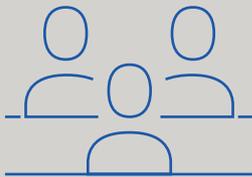
The Insider Dealing Committee is comprised of three members who are appointed by the Board of

Directors. Currently, the members of the committee are Mr. Ben Hennessy, our General Counsel & Board Secretary who chairs the committee, Mr. Petri Pentti, our Chief Financial Officer, and Mr. Athmane Benzerroug, our Chief Investor Relations Officer. Mr. Hennessy replaced Mr. Ian Blumenstein on the Committee on 31 October 2019.

The Insider Dealing Committee met two times in 2019 to, among other things: (a) review and discuss the Share Dealing Code and how it is to be applied; and (b) consider requests from members of ADNOC Distribution's staff to deal in our shares.



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.

Our Internal Control System

The key objectives of the internal control system are:

- (a) creating control mechanisms that ensure efficient business processes and the implementation of the Company's objectives;
- (b) ensuring the safety of the Company's assets and efficient use of its resources;
- (c) protecting the interests of the Company's shareholders and preventing and resolving conflicts of interest;
- (d) creating conditions for timely preparation and submission of reliable reports and other information that is legally required to be publicly disclosed; and
- (e) ensuring the Company's compliance with applicable laws and requirements of regulators.

In addition to the functions and remit of the Board of Directors, the Company's internal control system is imbedded in the Company at three levels:

- (i) **Level 1:** the heads of the various departments and divisions within the Company are responsible for assessing and managing risks and building an efficient control system for their functions;

- (ii) **Level 2:** appropriate internal departments and committees (including our enterprise risk management and compliance functions) are responsible for developing, communicating and monitoring the appropriate policies, processes and procedures; and

- (iii) **Level 3:** the Company's audit and assurance function conducts independent assessments of the efficiency of the internal control system.

Audit and Assurance Function

The Board of Directors has approved and implemented governance functions and structures, including an Audit and Assurance function that is independent of our management and reports directly to the Company's Audit Committee.

The key aim of the Audit and Assurance function is to provide assurance and advice on the adequacy of the Company's internal control environment, corporate governance framework and risk management processes.

Our Audit and Assurance function is headed by Mr. Mohamed Saleh, Vice President Audit and Assurance. Mr. Saleh is responsible for reporting the Audit and Assurance function's findings to our executive management

and to our Audit Committee on a regular basis. In order to enhance the independence of our Audit and Assurance function, this division reports functionally to our Audit Committee and administratively to the Company's Chief Executive Officer.

Audit and Assurance's charter, policies, procedures, methodologies and the risk based internal audit plans that it works to are presented to and approved by the Audit Committee.

The Abu Dhabi Accountability Authority performs regular reviews of our Audit and Assurance processes and methodology which ensures alignment with industry best practices and regulatory requirements.

Our Audit and Assurance activities are performed by teams of appropriate, qualified and experienced employees.

Additionally, a continuous improvement process is implemented through the use of a learning and development framework that is designed to ensure that the Audit and Assurance team members maintain their required competencies and capabilities.

Taking into account the independency factor, our Audit and Assurance function also serves as an in-house advisor on many areas of interest which allow that function to provide value-added services that are critical to an efficient and effective organizational management.

Risk Management

The Company has implemented an integrated enterprise risk management system, which showcases its commitment to protecting the business and the interest of all stakeholders. This Enterprise Risk Management system:

- (a) facilitates risk informed strategic planning to achieve business objectives and identify potential business opportunities;
- (b) supports the Company in identifying and managing key strategic, functional, investment and project risks (including, the use of an objective driven process);
- (c) assesses the identified risks and the potential impact of such risks on the Company and its key objectives;
- (d) enhances corporate performance as processes become more risk aware and control focused; and
- (e) strengthens the Company's resilience to market disruption and evolving business practices.

The Company's risks are monitored by a dedicated enterprise risk unit and this unit provides quarterly reports to the Audit Committee. An annual report of the identified risks is then provided to the Board of Directors.

Compliance and Control

The Company has established and maintains an internal control framework that provides our executive management and Board of Directors with reliable assurances on the health of our internal controls.

These controls are designed to ensure that we are able to (a) continually meet the operational and financial objectives of the Company; (b) properly manage risks; (c) ensure the validity and transparency of the information we provide to our stakeholders; and (d) comply with applicable laws and regulations.

Our compliance and control function is, among other things, responsible for ensuring that the Company conducts its business in full compliance with all relevant laws and regulations, as well as professional standards, accepted business practices and internal standards.

Our compliance and control function performs a number of tasks that are designed to ensure that our internal control system is effectively implemented and managed. These include:

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

Mr. Ben Hennessy, in his role as General Counsel of the Company, oversees the Company's Legal, Compliance, Governance and Enterprise Risk Management

functions and is responsible for ensuring that, through the input of these functions, we consistently operate in accordance with the highest international standards.

In his role as General Counsel, Mr. Hennessy is responsible for ensuring that the functions that report to him provide continued oversight of our control system.

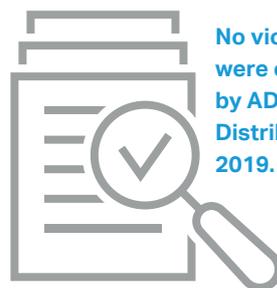
This helps to ensure that our control system is embedded in all of our key processes so that we are able to ensure that our strategic and business objectives are achieved within the required risk tolerance levels.

As part of the oversight process for our internal controls, a yearly report is prepared and presented to the Board of Directors regarding the effectiveness of our internal control system.

Identified issues and recent developments

For 2019, no significant issues were identified with respect to our compliance and control systems.

Violations committed during 2019



No violations were committed by ADNOC Distribution in 2019.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to leveraging our presence in the UAE and the communities in which we operate to benefit our people and society as a whole. We do this through our job creation and development initiatives, and through an extensive program of sponsorships, social initiatives and partnerships to advance community and environmental goals.

In 2019, our CSR outreach efforts reflected our desire to help a broad range of Emirati society, including its most vulnerable. For example, we once again conducted a successful campaign that distributed food during fasting breaks to thousands of people during the holy month of Ramadan.

We organized and administered free health checks to hundreds of people at selected ADNOC Oasis fuel stations, and when necessary, referred them for treatment. We sold thousands of reusable shopping bags through our sales outlets

to help cut down on the use of disposable plastic bags.

As we move into the new decade, ADNOC Distribution will continue to listen, respond and collaborate with our customers and the communities we serve. As we grow as a company, we will never lose sight of our obligation to serve the people whose lives we touch every day.

Our total expenditure on social development and related sponsorship projects for 2019 was approximately AED 800,000.



Supporting social development

As the UAE's largest fuel supplier, we are proud of our contributions to social investment and community development programs. We are continually looking for new ways to make a positive impact on the lives of the residents of the UAE and the wider community.

Our main social initiatives for 2019 are outlined below:



Bag 4 Life

We are committed to encouraging responsible use of the UAE's precious resources and protecting our pristine environment. In partnership with the Ministry of Climate Change and Environment, we sold thousands of reusable shopping bags at ADNOC stations in a new campaign to encourage people to cut down on disposable plastics. Customers responded to our 'Bag for Life' campaign and bought our reusable bags, which are made of 75% jute vegetable fiber and 25% cotton.



Have a Healthy Day

ADNOC Distribution provided free health screenings to more than 500 people at four ADNOC stations in Abu Dhabi and Al Dhafra. In coordination with VPS Healthcare, we conducted the public awareness campaign in Rabdan, Mahawi North, Madinat Zayed and Ghayathi. We placed a mobile health unit in each station for two days. We distributed 925 first-aid kits and supported with the provision of 515 health screenings.



Rahma Campaign

In this initiative, we assisted ADNOC LNG in distributing water bottles and juices in August to 12,000 people who work outdoors in Abu Dhabi and Al Dhafra. This project was coordinated with the summer midday break period and timings, during which laborers, construction workers and other outdoor workers are prohibited from working in the hot sun.



The holy month of Ramadan

The spirit of kindness of Ramadan informs everything we do. Partnering with the Khalifa bin Zayed Al Nahyan Foundation, we allocated and distributed 6,340 LPG cylinders to more than 300 families across the UAE during Ramadan in 2019. These cylinders were used to cook Iftar meals that were distributed by our employees and the general public to Ramadan tents in Abu Dhabi, Al Dhafra and Fujairah.

Preservation of Grace, a humanitarian initiative run by the Emirates Red Crescent to spread awareness about the virtues of grace and giving in society, allocated 116,000 Iftar boxes of water, dates, cookies and cleansing wipes from ADNOC Distribution service stations throughout the UAE.

Sponsorship

In 2019, we sponsored several initiatives in coordination with local entities such as the Pink Caravan campaign for early breast cancer detection, the Dubai Police White Points Program to encourage responsible driving behavior and the AD Desert Challenge Cross-Country Rally.



we are proud of our contributions to social investment and community development programs.

GENERAL INFORMATION



Our 2019 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 2019 was AED 2.96. ADNOC Distribution's market capitalization at 31 December 2019 was AED 37 billion.

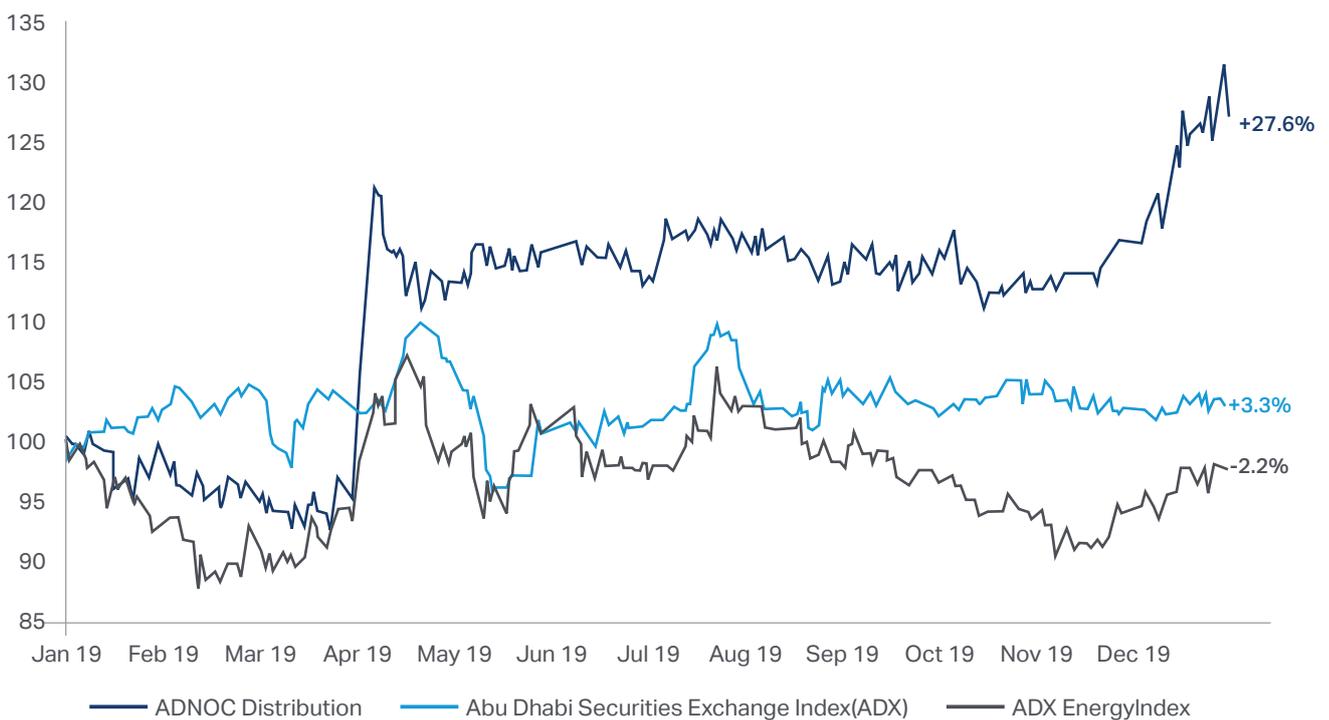
ADNOC Distribution's paid-up share capital is AED 1 billion, divided into 12.5 billion shares, each with a nominal value of AED 0.08.

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 2019.

2019	High (AED)	Low (AED)	Close (AED)
January	2.34	2.22	2.31
February	2.28	2.20	2.23
March	2.25	2.16	2.22
April	2.81	2.22	2.60
May	2.70	2.63	2.69
June	2.71	2.65	2.65
July	2.75	2.63	2.71
August	2.73	2.63	2.63
September	2.70	2.62	2.67
October	2.73	2.59	2.62
November	2.72	2.62	2.71
December	3.05	2.71	2.96

Our 2019 share performance compared with our sector index

The below graph shows the ADNOC Distribution's share performance comparative to our sector index during 2019.



Breakdown of shareholdings as at 31 December 2019

The table below shows the percentage of the shares owned by different categories of shareholders as at the end of 2019.

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total
Local	1.71%	93.88%	1.10%	96.69%
GCC	0.13%	0.25%	0.04%	0.42%
Arab	0.09%	0.00%	0.00%	0.09%
Foreign	0.05%	2.75%	0.00%	2.80%
Total	1.98%	96.88%	1.13%	100%

Statement of shareholders who held 5% or more of ADNOC Distribution's capital as at 31 December 2019

The table below shows the name of shareholders who held 5% or more of ADNOC Distribution's capital at the end of 2019 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%

Statement of shareholding distribution by the size of equity as at 31 December 2019

The below table shows the shareholding percentage to capital as at the end of 2019.

Share(s) Owned	Number of Shareholders	Number of Share Held	% of the Shares Held
Less than 50,000	9,953	26,368,056	0.2%
From 50,000 to less than 500,000	356	58,022,954	0.5%
From 500,000 to less than 5,000,000	112	186,068,003	1.5%
More than 5,000,000	47	12,229,540,987	97.8%

Procedures taken with respect to the controls of investor relations

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

Each quarter, we hold earnings conference calls and webcasts to communicate our quarterly and annual results to analysts, shareholders and investors to discuss our financials and outlook. Copies of all presentations, releases and

investor information are available on our investor relations website.

In May 2019, we hosted our first Capital Markets Days at which the Company's senior management discussed the Company's key achievements since our IPO and the Company's mid-term growth targets that support our new dividend policy.

Our Investor Relations Department is headed 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
Tel: +97126959770
Mobile: +971552180294

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

General Assembly and Special resolutions presented to the General Assembly in 2019

The Company held its annual General Assembly on 27 March 2019. However, since the quorum was not met in the first General Assembly, a second meeting was held on 4 April 2019.

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. In 2019, the following special resolutions were passed by the shareholders:

- (a) the amendment of Article 22.2 of the Company's Articles of Association (establishment of committees and membership of committees);
- (b) the amendment of Article 59 of the Company's Articles of Association (distribution of quarterly and/or semi-annual dividends to shareholders);
- (c) the amendment of Article 38 of the Company's Articles of Association (notice of General Assembly);
- (d) the approval of a revised dividend policy for the Company; and
- (e) the approval of a share buyback of up to 62.5 million of the Company's own shares.

The Secretary to the Board of Directors

Mr. Ben Hennessy, our General Counsel, is the Board Secretary. Mr. Hennessy was appointed to this role by the Board

of Directors in October 2019. The Board Secretary attends all Board meetings and is directly answerable to the Board. The Board Secretary provides advice and support to the Board on legal and regulatory matters and is responsible for ensuring that ADNOC Distribution's governing bodies operate effectively and in compliance with all relevant laws and regulations.

Details of Mr. Hennessy's background and qualifications are provided above in page no.13 of this report.

Statement of significant events

Changes to the Board of Directors

In 2019, there were two changes to the members of the Board of Directors. On 5 February 2019, Mr. Abdulla Salem Al Dhaheri resigned from our Board of Directors. The Board elected Mr. Khaled Salmeen to replace Mr. Al Dhaheri with Mr. Salmeen's appointment to the Board being ratified by our shareholders at our annual General Assembly in April 2019.

On 30 April 2019, Mr. Matar Al Ameri resigned from our Board of Directors. The Board elected Mr. Ahmed Jasim Al Zaabi to replace Mr. Al Ameri. Mr. Al Zaabi's appointment to the Board will be presented at our annual General Assembly for ratification by our shareholders.

Changes to Senior Executive Management

On 11 July 2019, Mr. John Carey stepped down from his role as Deputy Chief Executive Officer and was replaced by Mr. Mohamed Al Hashimi, in the new role of Chief Operating Officer.

On 24 December 2019, the Board of Directors appointed Mr. Ahmed Al Shamsi as Acting Chief Executive

Officer (effective as from 5 January 2020) in replacement of Mr. Saeed Al Rashdi who stepped down from his role in order to take up a new role with ADNOC Group.

New Dividend Policy

On 4 April 2019, the Company's shareholders approved a significant increase in the Company's dividend policy in recognition of the Company's strong financial performance and cash position in 2018, as well as its confidence in the Company's strong growth prospects and cash flow generation ability going forward. A summary of the Company's dividend policy is provided in section one of this report.

Emiratization percentage in ADNOC Distribution as at 31 December 2019

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 2019, our Emiratization rate was 73% of positions subject to Emiratization (Emiratizable positions), compared to a rate of 74% and 73% in 2018 and 2017, respectively.

Innovative projects and initiatives undertaken by ADNOC Distribution or under development in 2019

Building value through enhanced customer experience, digital solutions and a progressive dividend policy

In 2019, we were able to drive higher fuel volumes (both retail and commercial) through a series of targeted customer campaigns and successfully grew our convenience store business through a customer experience-led store revitalization campaign and improved category management. We launched a number of customer experience initiatives like offering free assisted fueling to all our customers, our innovative neighborhood fuel station concept 'ADNOC On the go', the new ADNOC Rewards program and multiple digital payment incentives. We also maintained a strong focus on higher operating and capital efficiencies. We demonstrated our continued

commitment to our shareholders by unveiling a progressive and an attractive dividend policy.

Customer Service

Our focus on customer experience contributed to our success in 2019. We spoke with 14,000 customers during the year through surveys and focus groups. The results: free, nationwide assisted-fuels service, launch of ADNOC Rewards loyalty program, with the return of the popular "Fuel Up and Fly Off" partnership with Etihad Airways. We also launched our first next-generation ADNOC Oasis convenience store offering baked goods, made-to-order sandwiches and baristas. The launch of the first of our new 'ADNOC On the go' neighborhood stations, provide

smaller more agile retail points, designed for locations where traditional stations are impractical and contribute to the rapid build out of our network as well as efficient capital allocation.

Smart Technology

We offered a more seamless digital experience at the first of our next-generation ADNOC Oasis convenience stores, with new multiple payment points at the redesigned coffee station and bakery counter, in addition to a self-checkout point on exit where customers have the quick and easy option to "tap and go." We also introduced new digital technologies at 'ADNOC On the go' to improve customer experience such as integrated smart system for payments and drive-through ordering.

