

Chairman's Introduction



Dear Shareholder,

On behalf of the Board of DCC, I am pleased to present the Governance Report for the year ended 31 March 2013, which reports against the UK Corporate Governance Code ("the 2010 Code") and the Irish Corporate Governance Annex.

The Board believes that the principles of good corporate governance are well applied in this Group and that we meet all of those corporate governance standards. We have already adopted a number of the new provisions in the revised UK Corporate Governance Code, issued by the Financial Reporting Council in September 2012 ("the 2012 Code"), earlier than formally required. I expect to be able to report full compliance with the 2012 Code in my report on the year ended 31 March 2014.

I comment below on some of the aspects of governance for which I have specific responsibility as Chairman.

The Board and Board Effectiveness

Board composition and renewal remain a main focus and I have sought to refresh and strengthen the Board by bringing in high calibre individuals for non-executive appointments. In accordance with the Board Diversity Policy, we plan to increase the number of female directors on the Board. Other key attributes for new non-executive Directors include substantial direct senior experience in UK and/or Continental European businesses, relevant to the diverse business sectors and geographies in which DCC operates. Jane Lodge's appointment to the Board on 4 October 2012 met both of the above criteria.

The effectiveness of the DCC Board was validated by the positive results last year from the first external evaluation of Board performance, which was undertaken by Towers Watson. This year, David Byrne, the Deputy Chairman and Senior Independent Director, and I facilitated an internal evaluation, which showed further progress. The results of recent evaluations are showing that the significantly greater diversity of experience and expertise brought to the table as a result of new Board appointments over the past four years is paying dividends, in terms of the quality of Board discussion and its contribution to decision-making.

As outlined in my Chairman's statement on page 6, the Board has a range of skill-sets, domain knowledge and deep commercial experience with the average service of a non-executive Director being 4.3 years. I continue to spend a significant amount of time on ensuring that we will continue to have top class candidates available for future appointments.

Induction and Development

We have a detailed induction process for new non-executive Directors, involving visits to a wide range of DCC subsidiaries, as well as briefings by senior management and the external auditor, which takes place over several months. New Directors are provided with a calendar of meetings and are asked to confirm that they can devote sufficient time to discharge the role of non-executive director effectively. My role during the induction period is to

stay in close touch with new Directors, to receive and give feedback on progress and to identify new ways of improving the effectiveness of the induction process.

We continue to focus our Board development programme around the specific needs and interests of Directors. Each year, I discuss with each Director their continuing professional development requirements and the Company Secretary facilitates their attendance at a range of seminars in that regard.

The Board's learning is continued through Board and Committee meetings, in conjunction with external seminars and speakers. In addition, all non-executive Directors have access to a library which is regularly updated with relevant publications on areas such as governance, remuneration, the role of the board and committees and legislative changes.

Independence

We recently conducted our annual review of the independence of non-executive Directors. I am pleased to report that each fulfilled the independence requirements of the 2010 Code. As noted in the Code, the test is not appropriate to myself, but I did fulfil the independence requirements up to the date of my appointment as Chairman. Each of the Directors will be presenting themselves for re-election at the forthcoming Annual General Meeting.



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THE BOARD IS RESPONSIBLE FOR SETTING "THE TONE AT THE TOP" OF THE ORGANISATION. IN THAT REGARD, IT SEEKS TO INSTIL A CULTURE OF STRONG BUSINESS ETHICS AND COMPLIANCE IN THE GROUP.



Meetings, Commitment and Culture

The intention at Board meetings is to achieve an appropriate balance between strategic, operational, regulatory and other matters. Of the eight scheduled Board meetings convened during the year, the Board held two meetings in the UK.

I continue to receive strong commitment from all Directors, both inside and outside of Board meetings. Directors put significant time individually into visiting DCC subsidiaries to ensure that they have met a wide range of management and discussed strategy and operational issues with them.

Above all else, I take it as a core objective to foster a Board culture where challenge and open debate is the order of the day, but where the concept of the unitary Board is continually fostered.

Risk, Compliance and Ethics

The Board is responsible for setting "the tone at the top" of the organisation. In that regard, it seeks to instil a culture of strong business ethics and compliance in the Group. In the year ended 31 March 2013, risk management, compliance and diversity were key issues for the Board.

Following a detailed review and external assessment by Ernst & Young of the Group's risk management structures, processes and resources in 2012, the agreed changes to the risk management framework have been fully implemented. Further detail on the Group's systems of risk management and internal control is set out in the Audit Committee Report on pages 74 to 77.

In 2012, the Board also completed a review of the structures in place to ensure compliance by the Group's subsidiaries with the applicable laws and regulations in the countries in which they operate. Following this review, additional resources were put in place at Group and divisional level, including the appointment of a Head of Group Compliance, who reports to the Company Secretary and the Audit Committee. During the current year, the Head of Group Compliance has been engaged in a number of initiatives, including the appointment of compliance coordinators and the conducting of compliance workshops in Group subsidiaries and a roll-out of an online training course to refresh awareness of the Group's Business Conduct Guidelines.

A Board Diversity Policy has been approved by the Board and is available on the Company's website, www.dcc.ie. In addition, the Board has approved a Group Diversity and Equal Opportunities Policy Statement, developed by Group Human Resources, which will be implemented in all Group subsidiaries, in conjunction with local legislative requirements.

Conclusion

The following Governance Report will provide a good understanding of the systems of governance and control which operate within the Group. I believe the Board has robust governance structures and operates effectively within this framework.

Michael Buckley
Chairman