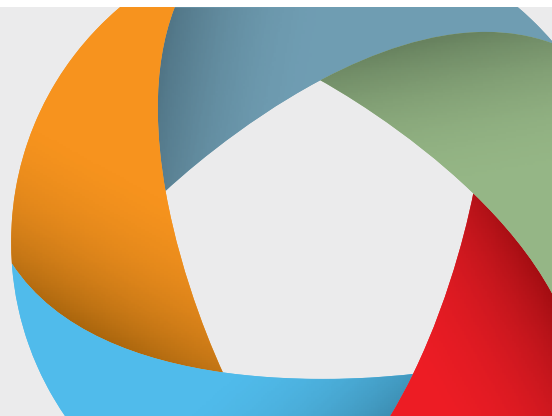


Audit Committee Report



The Audit Committee comprises Jane Lodge (Chairman), Kevin Melia, John Moloney and Leslie Van de Walle. Leslie Van de Walle was appointed to the Audit Committee on 1 July 2012. Jane Lodge was appointed as a Director and member of the Audit Committee on 4 October 2012 and was appointed Chairman of the Committee on 5 November 2012, following the retirement of Bernard Somers from the Board and the Audit Committee.



Dear Shareholder,

As Chairman of DCC's Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31 March 2013 which has been prepared by the Committee and approved by the Board. While a comprehensive description of the Audit Committee's activities during the year is set out on pages 75 to 76, I would like to highlight a number of aspects of our work.

DCC operates in diverse market sectors and has a broad geographic spread of operations and consequently there is a focus on achieving best practice in financial reporting, risk management and internal control, while taking account of the nature of the Group.

One of the Audit Committee's key responsibilities is to review the Company's internal control and risk management systems. Following a detailed review of our risk management structures and resources in 2012, which included an external assessment against best practice, with a particular focus on FTSE 250 companies, a number of changes to the Group's risk management framework were agreed with the Board, as detailed in the Corporate Governance Report in the 2012 Annual Report. All of these changes have been fully implemented.

Also in 2012, the Board 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.

In addition to financial risks and controls, the Audit Committee is also responsible for the oversight of risks and controls in relation to Environment, Health and Safety, Compliance and IT. Executives with responsibility for these risk areas attend meetings of the Audit Committee, as detailed under Meetings on page 75. The Committee discussed reports from Group Internal Audit, the Risk Committee, Enterprise Risk Management, Group Environment, Health and Safety and Group Compliance with the Chief Executive, the Chief Financial Officer and the relevant risk executives and approved changes to the control framework and appropriate action plans.

The revised UK Corporate Governance Code issued in September 2012 ('the 2012 Code'), which will apply to DCC's financial year commencing on 1 April 2013, will affect the Audit Committee's review of financial statements and its relationship with the external auditor.

Firstly, where requested by the Board, the Audit Committee will provide advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Secondly, the Audit Committee Report in the Annual Report will be required to disclose significant issues which the Audit Committee considered in relation to financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor.

The Audit Committee has commenced an assessment of these new requirements and is engaged with Group management and with the external auditor, with a view to implementation in respect of the year to 31 March 2014 as required by the 2012 Code.

A further change in the 2012 Code will require all FTSE 350 companies to put the external audit out to tender at least every ten years. DCC concluded a formal audit tender process in the year to 31 March 2012.

The Board, the Audit Committee and Group management are fully committed to continuous improvement of financial and risk management within the Group.



Composition

The Audit Committee comprises four independent non-executive Directors, as shown above. Each member's length of service at 31 March 2013 is set out in the table on page 77. Biographical details for these Directors are set out on pages 62 to 63. The Board considers that Jane Lodge has recent and relevant financial experience, as required by the 2010 Code, and that the members of the Audit Committee have an excellent mix of skills and expertise in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations.

Role and Responsibilities

The role and responsibilities of the Audit Committee are set out in full in its

written terms of reference, which are reviewed annually and are available on the Company's website www.dcc.ie. The terms of reference will be updated to reflect the changes in the 2012 Code, as noted above.

The activities undertaken by the Audit Committee in respect of its principal responsibilities during the year ended 31 March 2013 are summarised in the table below.

Meetings

The Committee met four times during the year ended 31 March 2013. Individual attendance at these meetings is set out in the table on page 77.

David Byrne, the Deputy Chairman and Senior Independent Director, attends

meetings of the Audit Committee when risk management matters are being considered.

The Chief Executive, Chief Financial Officer, Head of Enterprise Risk Management, Head of Internal Audit, Head of Group Sustainability, Head of Group Compliance, Head of Group IT, other Directors and executives and representatives of the external auditor are invited to attend all or part of any meeting. The Company Secretary is the secretary to the Audit Committee.

The Committee also meets separately a number of times each year with the external auditor and with the Head of Internal Audit, without other executive management being present.

Responsibility	Activity
Financial Statements:	
Monitor the integrity of the Group's financial statements and review significant financial reporting judgments contained in them.	<p>The Audit Committee reviewed the financial disclosures in the Group's Interim and Annual Reports prior to their publication. This included a review of the accounting policies and practices, major judgmental areas and compliance with stock exchange, legal and regulatory requirements.</p> <p>The Audit Committee discussed these matters with the external auditor as part of the review of the findings from the audit of the Group financial statements, as set out in their post audit reports. The Committee also discussed with the external auditors their review of the interim financial statements.</p>
External Auditor:	
Make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.	The Audit Committee makes a recommendation to the Board on the reappointment of the external auditor. A full audit tender process was concluded in 2012.
Oversee the relationship with the external auditor including:	
• Approval of remuneration	The external auditor's fee proposals were approved by the Audit Committee. Details of the amounts paid to the external auditor during the year for audit and other services are set out in note 6 on page 125.
• Approval of terms of engagement	The terms of engagement are reviewed annually by the Audit Committee and were approved at the meeting held in April 2013, prior to the commencement of the audit.
• Assess the independence and objectivity of the auditors	<p>The Audit Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditor through its annual review of fees paid to the external auditor for audit and non-audit work, seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgment, they are independent from the Group.</p> <p>The Audit Committee meets with the external auditors on a regular basis without the presence of management.</p>
• Assess the effectiveness of the audit process	The Audit Committee reviewed the external audit plan at the meeting held in April 2013, prior to the commencement of the audit. Following the audit, it met with the external auditor to review the findings from the audit of the Group financial statements.

Audit Committee Report (continued)

<ul style="list-style-type: none"> • Develop a policy on non-audit services 	<p>The Audit Committee has approved a policy on the engagement of the external auditor to provide non-audit services, which provides that the external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered to be the most appropriate to undertake such work in the best interests of the DCC Group. The policy also provides that the aggregate of non-audit fees paid to the external auditor must not exceed 50% of annual audit fees (Details of the amounts paid to the external auditor during the year for non-audit services are set out in note 6 on page 125).</p>
<ul style="list-style-type: none"> • Agree with the Board a policy on the employment of former employees of the Company's auditors. 	<p>The policy provides that the Chief Executive will consult with the Chairman of the Audit Committee prior to the appointment to a senior financial reporting position, to a senior management role or to a Company officer role of any employee or former employee of the external auditor, where such a person was a member of the external audit team in the previous two years.</p>
Internal Audit:	
Review the operation and effectiveness of the Group Internal Audit function.	<p>The Audit Committee approves the annual work programme for the Group Internal Audit function, ensures that it is adequately resourced and has appropriate standing within the Group. The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Audit Committee meets with the Head of Internal Audit on a regular basis without the presence of management.</p> <p>The Audit Committee receives regular reports from Group Internal Audit, which include summaries of the key findings of each audit in the period.</p> <p>The Audit Committee ensures co-ordination between Group Internal Audit and the external auditor.</p>
Risk Management and Internal Control:	
Review the Company's internal control and risk management systems and to review the Company's statements on internal control and risk management.	<p>In addition to reports from Group Internal Audit, the Audit Committee also receives regular reports from the Risk Committee and the Enterprise Risk Management, Group Environmental, Health and Safety and Group Compliance functions.</p> <p>The Audit Committee conducts, on behalf of the Board, an annual assessment of the operation of the Group's system of risk management and internal control. Further details of this review are set out at page 71 under Risk Management and Internal Control.</p>
Other Responsibilities:	
Review the Company's whistleblowing arrangements.	<p>The Audit Committee received reports from the Compliance Officer at the meetings held in November 2012 and April 2013 on the operation of the Group's whistleblowing arrangements, including the confidential telephone line.</p>
Conduct an annual evaluation of performance of the Audit Committee.	<p>As detailed on page 71, the Board conducts an annual evaluation of its own performance and that of its Committees and individual Directors. This process concluded that the performance of the Audit Committee was satisfactory.</p>
Reporting:	<p>The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.</p> <p>The Annual Report incorporates the Audit Committee Report.</p> <p>The Chairman of the Audit Committee attends the Annual General Meeting.</p>



Risk Management and Internal Control

The Audit Committee has been delegated responsibility by the Board for the ongoing monitoring of the effectiveness of the Group's system of risk management and internal control.

The following table sets out the key risk management and internal control procedures, which are supported by detailed controls and processes:

Key risk management and internal control procedures

- a Risk Management Policy and Risk Appetite Statement, both approved by the Board;
- skilled and experienced Group and divisional management;
- an organisation structure with clearly defined lines of authority and accountability;
- a comprehensive system of financial reporting involving budgeting, monthly reporting and variance analysis;
- Risk registers at subsidiary, division and Group levels;
- the operation of approved risk management policies (including treasury and IT);
- a Risk Committee, comprising senior Group management, whose main role is to keep under review and report to the Audit Committee on the principal risks facing the Group, the controls in place to manage those risks and the monitoring procedures;
- independent Group Internal Audit, Group Environmental, Health and Safety and Group Compliance functions; and
- a formally constituted Audit Committee.

Audit Committee: Attendance at meetings during the year ended 31 March 2013 and length of service at 31 March 2013:

Member	Number of Committee Meetings ¹	Meeting Attendance	Length of Service on Committee
Jane Lodge (Chairman) ²	1	1	0.5 years
Kevin Melia	4	4	4 years
John Moloney	4	4	4 years
Leslie Van De Walle ³	2	2	0.75 years
Bernard Somers ⁴	4	4	7 years

Note 1 Number of Meetings held during the period the Director was a member of the Committee

Note 2 Jane Lodge was appointed to the Audit Committee on 4 October 2012 and as Chairman of the Audit Committee on 5 November 2012

Note 3 Leslie Van de Walle was appointed to the Audit Committee on 1 July 2012

Note 4 Bernard Somers retired from the Board and as Chairman of the Audit Committee on 5 November 2012

As set out in the Chairman's overview and summary of activities, during the year the Audit Committee received and reviewed reports on internal control and risk management from Group Internal Audit, the Risk Committee, Enterprise Risk Management, Group Environment, Health and Safety and Group Compliance. The Chairman of the Audit Committee regularly reports to the Board on these responsibilities.

The Audit Committee, on behalf of the Board, has conducted an annual assessment of the operation of the Group's system of risk management and internal control up to and including the date of approval of the financial statements. This assessment was based on a detailed review carried out by Enterprise Risk Management and Group Internal Audit. Where areas for improvement have been identified the necessary actions in respect of the relevant control procedures have been or are being taken. This review took account of the principal business risks facing the Group, the controls in place to manage those risks (including financial, operational and compliance controls) and the procedures in place to monitor them.

The Chairman of the Audit Committee has reported to the Board on the conduct of and the findings and agreed actions from this annual assessment of risk management and internal control.

On behalf of the Audit Committee

Jane Lodge

Chairman, Audit Committee
13 May 2013