

Corporate Governance Annual Report 2010

1. Dana Gas: Early Corporate Governance Vision

Dana Gas has set out the realisation of best corporate governance practices as an essential factor in building a strong commercial name in the oil and gas sector.

The first step in this regard was taken in April 2006 a few months after the incorporation of the company. Dana Gas commissioned the International Finance Corporation to assess a corporate governance practice within the company with the view to improve the efficiency and effectiveness of the Board of Directors, to strengthen the elements of the controlling environment and to ensure that the disclosure and transparency practices of the company are consistent with the international standards.

The Board of Directors of Dana Gas is committed to ensuring long term value growth for its shareholders and strongly believes in the role of proper corporate governance in the realisation of continued growth and in defining appropriate strategic objectives and the business plans serving such growth.

Dana Gas fully implements the Ministerial Resolution No. 518-2009 relating to Corporate Governance Regulations and Institutional Control Standards. The Board of Directors and Executive Management implement and follow-up corporate governance practices as a means to develop and improve the standards of transparency, honesty, internal control, and professional conduct and to enhance the confidence of shareholders and investors and to serve the interest of the society, employees, partners and customers locally, regionally and internationally.

Dana Gas has amended its Articles of Association in 2010 to be in line with the requirements of the Ministerial Resolution 518-2009 relating to Corporate Governance Standards.

2. Shareholders

The Shareholders of the company represent the peak of the corporate governance pyramid. The General Assembly is the source of all powers exercised by the other governing bodies of the company as provided by the Articles of Association of the Company/Commercial Companies Law and the rules and regulations issued by Securities and Commodities Authority and Abu Dhabi Stock Market.

Below is the list of the major shareholders as of 31 December 2010:

Shareholders	Percentage
1. Crescent Petroleum	20.12
2. Bank of Sharjah	3.06
3. Khalid Abdul Rahman Saleh Al-Rajhi	2.26
4. Government of Sharjah	2.17
5. National Industrial Group	2.16

3. Board of Directors

The Board of Directors is vested with all the powers for the management of the affairs of the company and is responsible for approving the company's strategy and business plans and to supervise and control the Executive Management.

3.1 Functions of the Board of Directors

The main responsibilities of the Board of Directors are as follows:

1. To realise long term value for the shareholders;
2. Establishment of the strategy and business plan;
3. Approval of the annual budget and the allocation of resources;
4. Defining investment priorities and approving business opportunities;
5. Supervising accuracy of financial results and reports and effectiveness of internal controls;
6. Establishing accountability procedures with appropriate powers;
7. Assessment of the executive management performance; and
8. To decide on the appointment and succession of senior executives

The Chairman leads the Board in ensuring its effectiveness and availability of the necessary information for discharging its functions.

3.2 Constitution of the Board of Directors

The Board of Directors consists of 17 members. The majority of them are leading businessmen from the GCC countries, in addition to other members with outstanding experience in the oil and gas sector.

	Board of Directors	Category	Joining Date	Experience & Qualifications
1	Mr. Hamid Jafar	Non-Executive Non-Independent	Nov. 2005	<p>Mr. Hamid Jafar holds a Bachelors Engineering Degree from Cambridge University (UK) as well as post-graduate studies in Thermodynamics & Fluid Flow in 1967, followed by a Masters Degree.</p> <p>He is the Chairman of the Board of Dana Gas. He is also Chairman of the Board of the Crescent Petroleum Group of Companies, headquartered in Sharjah, U.A.E. Aside from his core business in oil and gas, he has a variety of regional and international commercial interests including container shipping terminal operations, trucking, logistics, private equity, and real estate.</p> <p>He is also a member of the Board of Trustees and Chairman of the Finance</p>

				Committee of the American University of Sharjah (AUS) and has promoted important projects in higher education at Cambridge University.
2	Dr. Adel Al-Sabeeh	Non-Executive Independent	Nov. 2005	<p>Dr. Al-Sabeeh holds a PhD in Mechanical Engineering from North Carolina State University, Raleigh, North Carolina, U.S.A.</p> <p>He held many ministerial posts earlier in Kuwait as Ministry of Oil, Electricity and Water, Housing Affairs and Health. He also held high esteemed positions at Kuwait Petroleum Company and National Industries Company.</p>
3	Sheikh Sultan Al Qasimi	Non-Executive Non-Independent	Nov. 2005	<p>Sheikh Sultan holds Bachelor of Science Degree in Business Administration from Arkansas State University in Jonesboro, Arkansas, U.S.A., and a Masters Degree in Computer Information Systems from University of Detroit Mercy, Michigan, U.S.A.</p> <p>He has extensive experience in business development, tourism, media and oil fields as well as in contracting, trading and real estate.</p>
4	Mr. Abdulaziz Aljomaih	Non-Executive Independent	Nov. 2005	<p>Mr. Aljomaih holds a Masters Degree in Public Administration from the University of Southern California, USA, and holds a Bachelor of Engineering Degree with Major in Architectural Engineering from the King Saud University, Riyadh, Saudi Arabia.</p> <p>He is the Managing Director-Investments of Aljomaih Group of Companies and the Chairman of British Islamic Insurance Holdings in the United Kingdom, and Vice Chairman of Arcapita Bank in Bahrain. He is also a board member of Ettihad Etisalat Company in the KSA.</p>
5	Mr. Abdulla Al Majdouie	Non-Executive Independent	April 2009	Mr. Almajdouie holds Bachelor of Science Degree from the College of Industrial Management, King Fahad University for Petroleum & Minerals (KFUPM), Dhahran in 1986, and

				<p>Master of Business Administration (MBA) from the College of Industrial Management, KFUPM.</p> <p>He is the President of the Almajdouie Group since 1986. He chairs the Board of many corporations besides being a Consulting Member of Tharawat Foundation in Dubai.</p>
6	Mr. Adib Al Zamil	Non-Executive Independent	Nov. 2005	<p>Mr. Al Zamil holds a Bachelors Degree in Business Administration from Portland State University, Oregon, USA.</p> <p>He is the Managing Director of Finance and Investments of Zamil Group Holding Company in Saudi Arabia and has extensive experience in the Industry and Investment areas.</p>
7	Mr. Ahmed Al Arbeed	Executive	Nov. 2005	<p>Mr. Al Arbeed holds a Bachelor Degree in Petroleum and Natural Gas Engineering from Pennsylvania State University in USA.</p> <p>He was the Chairman and Managing Director of Kuwait Oil Company (KOC) and Kuwait foreign Petroleum Exploration Company (KUFPEC). Also he was the Chairman and Managing Director of Oil Development Company, a subsidiary to Kuwait Petroleum Corporation.</p>
8	Mr. Khaled Al Rajhi	Non-Executive Independent	Nov. 2005	<p>Mr. Khalid Al-Rajhi holds a Bachelor's Degree in Finance from the King Fahd University for Petroleum & Minerals, Saudi Arabia.</p> <p>He is the General Manager of Al-Rajhi Partners, Dammam and Al-Rajhi Holdings in Bahrain. He is the Chairman of ProCare Hospital, Fakhri and Rajhi Hospital and Al Salam Private Schools in Saudi Arabia.</p>
9	Shaikha Hanadi Al Thani	Non-Executive Independent	April 2009	<p>Shaikha Hanadi holds an Executive MBA from London Business School, a Bachelors Degree in Economics from Qatar University, and a Masters Degree in Economics from the University of London.</p>

				<p>Shaikha Hanadi is the Founder & Chairperson of Amwal, CEO of Al-Waab City Real Estate development project, and Deputy CEO of Nasser Bin Khaled Al Thani & Sons Group.</p> <p>She contributes to the Global Women's Forum, Women Business and Economics Faculty at the University of Qatar, Arab Business Ambassadors network, National Competition Council and the World Youth Foundation of achievement in Qatar.</p>
10	Mr. Majid Jafar	<p>Non-Executive</p> <p>Non-Independent</p>	Nov. 2005	<p>Mr. Majid Jafar holds Bachelor and Masters Degrees in Engineering (Fluid Mechanics and Thermodynamics) from Cambridge University (Churchill College), an MA (with Distinction) in International Studies and Diplomacy from the University of London's School of Oriental & African Studies (SOAS), and an MBA (with Distinction) from Harvard Business School.</p> <p>He is the Executive Director of Crescent Petroleum Group in Sharjah and is the Director of GulfTainer Limited for ports and container berths. Previously he worked at Shell International Exploration and production sectors and gas and power in London within the international group of LNG. In addition to his contribution at the Royal Institute of international affairs in London.</p>
11	Mr. Nasser Al Nowais	<p>Non-Executive</p> <p>Independent</p>	April 2009	<p>Mr. Al-Nowais holds Bachelor Degree in Business & Public Administration from New York University, USA.</p> <p>He served as Managing Director of Abu Dhabi Trade Centre and Chairman of Rotana Hotels, former Under-Secretary of Finance and Director of the Abu Dhabi Development Fund.</p>
12	Mr. Rashad Al Zubair	<p>Non-Executive</p> <p>Independent</p>	Nov. 2005	<p>Mr. Rashad Al-Zubair holds a Bachelors Degree in Business Administration from the University of Colorado in the U.S.A.</p> <p>He is Vice Chairman and Managing Director of the leading institutions of Zubair construction, tourism, automotive, banking and finance,</p>

				telecommunications, oil and gas in the Sultanate of Oman. He is also the Chairman of the Omani Arab Bank, Vice-President CMA, Vice President investment Oman and Omani Business Council Vice-President.
13	Mr. Said Arrata	Non-Executive Independent	Feb. 2007	<p>Mr. Said Arrata holds a B.Sc. Degree in Petroleum Engineering, along with several post-graduate accreditations at various universities in North America, as well as numerous oil and gas industry technical and management course diplomas.</p> <p>He is the President of Sea Dragon Energy Company in Canada. Formerly he was the CEO of Centurion Energy International and served in senior management positions in major global oil companies in Canada and around the world. He was the Executive Manager for two major engineering companies as well as oil and gas companies in Canada.</p>
14	Dr. Tawfeeq Al Moayed	Non-Executive Independent	Nov. 2005	<p>Dr. Tawfeeq Al Almoayed holds a Bachelors Degree in Electrical Engineering with 1st Class Honors, and a PhD in Telecommunications from London University.</p> <p>He is the Chairman of Gulf Petrochemical Industries, Vice President for Moayed Commercial Group, Chairman of Dar El Methaq Publishing and Vice President of the Bahrain Export and Import Company as well as Chairman of the Subcommittee of Information Technology and Electronic Commerce. He also obtained Electronic Engineering Fellowship from Britain.</p>
15	Mr. Varoujan Nerguizian	Non-Executive Independent	Nov. 2005	<p>Mr. Varoujan Nerguizian holds a Bachelor Degree in Economics from Saint Joseph University in Lebanon and from Université Lyon Lumière, France.</p> <p>He is the Executive Member and Director of the Bank of Sharjah, General Manager of Emirates and Lebanon Bank in Lebanon. In addition to membership in the boards of other companies, he is</p>

				the Founder and President of the Lebanese Fund for education and the Francophone school in Dubai.
16	Mr. Ziad Galadari	Non-Executive Independent	Nov. 2005	Mr. Ziad Galadari holds a Bachelor Degree in Law from the UAE University. He is the Founder and Chairman of Galadari and Associates Law Firm and legal consulting services and for Group Galadari Investment. Also he is the Chairman of the Supreme Committee for Dubai International Arabian Horse and Equestrian and Jebel Ali Equestrian and Race Federation.
17	Mr. Rashid Al Jarwan	Executive	Jan. 2008	Mr. Rashid Al-Jarwan holds a Bachelor Degree in Petroleum & Natural Gas Engineering from Pennsylvania State University, USA. He is the Executive Director at Dana Gas in Sharjah. He was formerly General Manager of Dana gas and Adgas Company in Abu Dhabi and Deputy General Manager of Adco and Assistant General Manager of Zadco in Abu Dhabi.

The Board includes 10 independent members: 5 non-executive members and 2 executive members. Most of the directors have occupied their seats in the Board since the incorporation of the company in November 2005 except for 3 members who were elected in April 2009.

The Directors are elected by the General Assembly every 3 years. The current Board of Directors was elected on 22 April 2009.

The current members of the Board are:

Directors	Date of Election
1. Mr. Hamid Dhiya Jafar (Chairman)	November 2005
2. Dr. Adel Khalid Al-Sabeeh (Deputy Chairman)	November 2005
3. Sheikh Sultan Bin Ahmed Sultan Al-Qasimi	November 2005
4. Mr. Abdulaziz Hamad Aljomaih	November 2005
5. Mr. Abdullah Ali Almajdouie	April 2009
6. Mr. Adib Abdulla Al-Zamil	November 2005
7. Mr. Ahmad Rashid Al-Arbeed	November 2005
8. Mr. Khalid Abdul Rahman Saleh Al-Rajhi	November 2005
9. Shaikha Hanadi Nasser Bint Khaled Al Thani	April 2009
10. Mr. Majid Hamid Jafar	November 2005
11. Mr. Nasser Al-Nowais	April 2009
12. Mr. Rashad Mohammed Al-Zubair	November 2005

13. Mr. Said Arrata	February 2007
14. Dr. Tawfeeq Abdulrahman Almoayed	November 2005
15. Mr. Varoujan Nerguizian	November 2005
16. Mr. Ziad Abdullah Ibrahim Galadari	November 2005
17. Mr. Rashid Saif Al-Jarwan	January 2008

3.3 Board of Directors' Meetings

According to the company's Articles of Association, the Board of Directors meets every 3 months in compliance with the Corporate Governance Regulations. The Board of Directors met six (6) times during the year 2010 in the following dates: 13 January, 17 March, 21 April, 22 June, 22 September and 24 November.

3.4 Membership of Boards of Directors of other companies

Dana Gas Board of Directors consists of leading businessmen who are members of leading companies, banks and business institutions.

Sn	Directors	Directorship in other companies
1	Mr. Hamid Dhiya Jafar	<ul style="list-style-type: none"> -Chairman, Crescent Petroleum Group of Companies -Chairman, Gulfainer Ltd. -Chairman, The Pearl Initiative -Director, URUK Group -Founder, UAE Chapters of the Young Presidents Organisation and the World Presidents Organisation -Member, International Chief Executives Organisation -Member of the Board of Trustees and Chairman of the Finance Committee of American University of Sharjah
2	Dr. Adel Khalid Al-Sabeeh	<ul style="list-style-type: none"> -Chairman and Managing Director, National Industries Company (NIC) Kuwait -Chairman, Proclad Group International Ltd. (subsidiary of National Industry Group) -Chairman, NIC UK -Chairman, Kuwait Oil Company -Chairman, Kuwait Petroleum Corporation -Deputy Chairman, Ikarus Petroleum Industries Company, Kuwait -Board Member, Higher Planning Board of Kuwait -Member, Kuwait Foundations for Advancement Science Kuwait
3	Sheikh Sultan Bin Ahmed Sultan Al-Qasimi	<ul style="list-style-type: none"> -Chairman, Sharjah Commerce and Tourism Development Authority -Deputy Chairman, Sharjah Petroleum Council -Chairman, Sharjah Pipeline Company

		(Anabeeb) -Chairman, Basma Group -Deputy Chairman, Sharjah LPG Co. -Deputy Chairman, Sharjah Equestrian & Racing Club -Chairman, Sharjah Media Corporation
4	Mr. Abdulaziz Hamad Aljomaih	-Chairman, British Islamic Insurance Holdings, UK -Vice-Chairman, Arcapita Bank, Bahrain -Board of Director, Ettihad Etisalat Company, KSA -Managing Director, Investments of Aljomaih Group of Companies -Managing Director, Pergola Holding & its subsidiaries
5	Mr. Abdullah Ali Almajdouie	-Chairman, Almajdouie Group -Chairman, Heavy Lift Co.-Bahrain -Chairman, Almajdouie De Rijke Logistic Co. -Chairman, Rabigh Petrochemical Logistic LLC -Chairman, Maxx Logistics, Dubai -Chairman, Star Marines Services, Dubai -Board Member, Arbah Capital Investment Company -Board Member, Prince Mohammed Bin Fahad University -Board Member, Makhazen Co. Abu Dhabi -Consulting Member, Tharawat, Dubai
6	Mr. Adib Abdulla Al-Zamil	-Managing Director, Finance and Investments of Zamil Group Holding Company - Director, Zamil Industrial and Investment Company (ZIIC) - Director, Bank Al-Bilad (Saudi Joint Stock Company) -Director, Gulf Guard -Director, Methanol Chemical Co. Ltd (CHEMANOL) - Board Member, Jadwa Investments
7	Mr. Ahmad Rashid Al-Arbeed	-Ex-Chairman and Managing Director, Kuwait Oil Company (KOC) and Kuwait Foreign Petroleum Exploration Company (KUFPEC) -Ex-Chairman and Management Director, Oil Development Company (ODC) -Ex-Board Member, Kuwait Petroleum Corporation
8	Mr. Khalid Abdul Rahman Saleh Al-Rajhi	-Chairman, Fakri & Rajhi Hospital, Saudi

		<p>Arabia</p> <ul style="list-style-type: none"> -Board Member, Etisalat Telecommunications, Saudi Arabia -Board Member of Saudi Telecom Company -Board Member of Bank Al Bilad -Board Member of Walaa Insurance Company -Member of the Higher Consul, Easter Province (Governmental Sector) -Chairman, Procure Hospitals, Saudi Arabia -Chairman, Al-Salam Schools, Saudi Arabia -Former Board Member of Saudi Cement Company
9	Shaikha Hanadi Nasser Bint Khaled Al Thani	<ul style="list-style-type: none"> -Founder and Chairperson, AMWAL, Qatar -CEO, Al-Waab City Real Estate Development Project, Qatar -Deputy CEO, Nasser Bin Khaled Al Thani & Sons Group, Qatar -Board of Trustee, Arab Women's International Forum - Board of Trustee, College of Business and Economics, Qatar University -Member, Advisory Board of The Arab Business Angels Network (ABAN) -Founding member, Qatar National Competitiveness Council -Chairperson, INJAZ Qatar - Board Member, INJAZ AL-ARAB
10	Mr. Majid Hamid Jafar	<ul style="list-style-type: none"> -Executive Director, Crescent Petroleum Group, Sharjah, UAE -Director, GulfTainer Ltd. -Board Member, Arab Forum for Environment and Development (AFED) -Board Member, Sharjah Chamber of Commerce -Board Member, Sharjah Expo -Board Member, Iraqi-British Friendship Society
11	Mr. Nasser Al-Nowais	<ul style="list-style-type: none"> -Managing Director, Abu Dhabi Trade Center -Chairman, Aswaq Management & Services -Chairman, Rotana Hotel Management Corp Ltd. -Former Chairman, Abu Dhabi National Hotels Company -Former Under-Secretary, UAE Ministry of Finance -Former Chairman, Arab Insurance Group
12	Mr. Rashad Mohammed Al-Zubair	<ul style="list-style-type: none"> -Chairman, Zubair Corporation, Sultanate of

		<p>Oman</p> <ul style="list-style-type: none"> -Chairman, Oman Arab Bank -Chairman, Lebanon-Oman Business Council -Deputy Chairman, Oman International Development and Investment Company SAOG (OMINVEST), Oman -Vice Chairman, Oman Business Council -Former Director, Capital Market Authority
13	Mr. Said Arrata	<ul style="list-style-type: none"> -Chairman, Sea Dragon -Board Member, Fuel X Energy -Board Member, Deep Well Oil and Gas -Former Chairman, Centurion Energy International
14	Dr. Tawfeeq Abdulrahman Almoayed	<ul style="list-style-type: none"> -Founding Chairman & Managing Director, Gulf Petro-Chemical Industries Co. -Chairman, A.K. Almoayed Group WLL -Chairman, Almoayed Wilhelmsen Ltd. -Member, British Institution of Engineering and Technology -Former First Deputy Chairman, Bahrain Telecommunications Co. (BATELCO) and Executive Committee Member
15	Mr. Varoujan Nerguizian	<ul style="list-style-type: none"> -Executive Director and General Manager, Bank of Sharjah, UAE -Chairman and General Manager, Emirates Lebanon Bank SAL, Lebanon -Director, Growthgate -Founding Member and Chairman, Lebanese Educational Fund SA and Lycee Libanais Francophone Prive, Dubai
16	Mr. Ziad Abdullah Ibrahim Galadari	<ul style="list-style-type: none"> -Founder & Chairman, Galadari & Associates -Chairman, Galadari Investments Group -Director, Dubai World Trade Centre -Director, DU Telecommunications Services -Chairman, Dubai International Arabian Horse Championship and Jebel Ali Race Course Council -Vice-Chairman, UAE Equestrian and Racing Federation
17	Mr. Rashid Saif Al-Jarwan	<ul style="list-style-type: none"> -Board Member, Emirates General Petroleum Corporation (EMARAT) -Board Member, Oman Insurance Company -Ex-Board Member, National Petroleum Construction Co. -Ex-Board Member, National Drilling Co. -Ex-Board Member, FERTIL, Abu Dhabi -Ex-Board Member, Sharjah Industrial Development

4. Board of Directors Committees

There are three (3) board committees: Board Steering Committee, Audit Committee and Nominations and Remuneration Committee. The committees have been vested with the necessary powers to discharge their functions in accordance with Ministerial Resolution No. 518-2009.

4.1 The Board Steering Committee

The members of the Board Steering Committee are:

Members of the Committee	Title
1. Mr. Hamid Dhiya Jafar	Chair
2. Dr. Adel Khalid Al-Sabeeh	Deputy Chair
3. Dr. Tawfeeq Abdulrahman Almoayed	Member
4. Mr. Varoujan Nerguizian	Member
5. Mr. Said Arrata	Member
6. Mr. Ziad Abdullah Ibrahim Galadari	Member
7. Mr. Ahmed Rashid Al Arbeed	Member
8. Mr. Rashid Saif Al-Jarwan	Member

The role of the Board Steering Committee is to assist the Board in supervision and control of the activities of the Executive Management of the company. And to take decisions between the meetings of the Board in relation to certain matters including urgent matters relating to capital and operating expenditures, and new business opportunities and to make recommendations to the Board as appropriate.

4.2 The Audit Committee

The Audit Committee consists of the following members:

Members of the Committee	Title
1.Mr. Varoujan Nerguizian	Chair-Independent Director
2. Sheikh Sultan Bin Ahmed Sultan Al-Qasimi	Non-Executive Member
3. Mr. Abdulaziz Hamad Aljomaih	Independent Director
4. Mr. Abdullah Ali Almajdouie	Independent Director
5. Mr. Khalid Abdul Rahman Saleh Al-Rajhi	Independent Director
5. Mr. Nasser Al-Nowais	Independent Director

Most of the members of the Audit Committee come from a financial business or banking background and are very familiar with financial and audit operations.

The role of the Audit Committee is to assist the Board of Directors in performing its function of supervision over the finances of the company and ensuring compliance with applicable regulations. The committee exercises the functions prescribed by the Ministerial Resolution No. 518-2009 including:

1. Reviewing the quarterly financial statements;
2. Supervising the preparation and compiling of the company's financial statements, and the procedure for preparation of financial reports;
3. Ensuring the soundness and correctness of the company's financial statements;

4. Review of risk management and internal control procedures;
5. Recommendation of the fees of the company's external auditors; and
6. Recommendation relating to the Internal Audit Department's organisation plus activities.

The company is examining the relationship and transactions between Dana Gas and the bank presided by the Chair of the Audit Committee to ascertain whether these transactions fall within the definition of Independent Director as defined in the Ministerial Resolution No. 518-2009. The company's Legal Advisor will submit a legal opinion on the matter to the Audit Committee to enable it to make appropriate recommendations to the Board of Directors in accordance with the requirements of the Ministerial Resolution No. 518-2009.

4.3 Nominations and Remuneration Committee

The Nominations and Remuneration Committee is composed of the following:

Members of the Committee	Title
1. Dr. Tawfeeq Abdulrahman Almoayed	Chair-Independent Director
2. Mr. Majid Hamid Jafar	Non-Executive Member
3. Shaikha Hanadi Nasser Bint Khaled Al Thani	Independent Director
4. Mr. Said Arrata	Non-Executive Member
5. Mr. Ziad Abdullah Ibrahim Galadari	Independent Director
6. Mr. Adib Abdullah Al-Zamil	Independent Director
7. Mr. Rashad Mohammed Al-Zubair	Independent Director

The majority of the members of the Committee including its Chair are independent and possessed of considerable knowledge and expertise in Corporate Governance, Remuneration and Salaries and Benefits policies.

The Committee ensures the effectiveness of the procedures and processes of the General Assembly and the Board of Directors and assists the Board in relation to the appointment and succession of senior executives, appraisal of executive performance, succession plans, remuneration policies and nominations to the Board of Directors membership as provided by the Ministerial Resolution No. 518-2009.

The Committee exercises the following functions:

1. Establishing remuneration, salary, benefits and incentives policies;
2. Preparation of human resources policies;
3. Recommending corporate governance standards and guidelines and supervising the Board of Directors' procedures and performance;
4. Supervising and reviewing financial disclosure standards;
5. Reviewing directors' remuneration and making appropriate recommendations to the Board;
6. Review and approval of senior employees' succession plans;
7. Ensuring and maintaining good relationships with shareholders, investors and regulators; and
8. Conducting and supervising nominations to the Board of Directors.

5. Directors' Remunerations

The directors receive an annual payment in addition to an attendance fee. The Nominations and Remuneration Committee propose the annual directors' remuneration and if it is endorsed by the Board, it will be submitted to the General Assembly for approval. Director's remuneration is disclosed in the annual financial statements of the company. The Executive Directors are not entitled to any directors' remuneration.

6. Functions delegated by the Board of Directors to the Executive Management

1. Management of the business of the company and its day to day administration to achieve company's strategies and to execute the policies and plans laid down by the Board of Directors;
2. To provide the Board of Directors through accurate periodical reports about the financial position of the company, its business, actions taken to manage risks and internal control operations;
3. To provide the Board of Directors with all information and documents required for the meetings of the Board of Directors on a timely basis;
4. Submit studies and recommendations relating to business development and investment opportunities;
5. To provide regulatory bodies (Ministry of Economy, Securities and Commodities Authority, Abu Dhabi Stock Market) with information, statements and documents as required in accordance with applicable laws, rules and regulations.

7. Code of Conduct

Dana Gas' Code of Conduct requires strict compliance with laws, regulations and humanitarian and ethical values by directors, employees and related parties.

The Code of Conduct ensures due respect to all employees and stakeholders without discrimination. It provides for the disclosure of conflict of interests situations, protection of the assets and information of the company, the health, safety and security of employees, the public and the environment and bans offering any donations in cash or in kind to political groups or parties in the name of the company.

8. Dealings in the Securities of the Company

The company has issued the guidelines in governing dealings by directors and employees in the securities of the company or subsidiaries and sister companies.

Guidelines include all the relevant provisions in the regulations and rules issued by the Securities and Commodities Authority and Abu Dhabi Stock Exchange. It also defines the periods during which directors and employees are not allowed or permitted to deal in the company's securities. None of the directors or employees has dealt with the company's securities during the bans periods defined in the Securities and Commodities Authority Resolution No. 2-2001.

9. Disclosure and conflict of interest

To ensure compliance with the legal and disclosure requirements, the directors are required:

1. to disclose directorships in other companies and to obtain consent of the Board of Directors to such directorships;
2. to disclose business and commercial activities connected directly or indirectly with the business of Dana Gas;
3. to disclose any material interests to which Dana Gas is a party;
4. not to participate in or try to influence any decision which may give rise to conflict of interest;
5. not to offer or accept any gifts, bribes which may influence decisions; and
6. to notify the Board of Directors of any activities with competitors or suppliers or other bodies in partnership with Dana Gas which may give rise to conflict of interest.

The Directors submit to the company a disclosure document covering the above subjects which is updated annually. The company also discloses to the shareholders all material transactions with companies owned or related to the shareholders or the Board of Directors or the Executive Management and any dealings in the Company Securities by the Directors and senior executives.

10. Internal Control System

The Board of Directors established an Internal Control Department defined with its functions and powers and appointed a manager for the department who reports directly to the Board of Directors in accordance with the following:

1. to assess and scrutinise the various risks facing the company;
2. to prepare a risks' register to be updated quarterly and annually;
3. to prepare an audit plan for the risks and the register in accordance with the directions of the Board of Directors and the Audit Committee;
4. to ensure availability of resources to carry out audit work and internal audit plan; and
5. to implement the plan and submit a periodical report to the Board of Directors and to the Audit Committee with its observations and the actions taken by the Executive Management with respect to them.

The Internal Control Department enjoys independence in performing its functions. It reports to the Board of Directors which acknowledges its responsibility for the internal control system and its effectiveness.

11. Corporate Social Responsibility

Dana Gas business activities span a number of countries including United Arab Emirates, Iraq, GCC and other Arab countries. From the outset, the company's objective has been to lay an active role and development and support of local communities. Dana Gas has currently implemented a number of projects and programs in education, health and social activities in accordance with an annual corporate social responsibility plan approved by the Board of Directors.

12. External Auditors Fees

The Annual General Assembly appoints the external auditors on an annual basis. The Annual General Meeting held in April 2010 pointed Ernst & Young as external auditors for the company's financial accounts for the year 2011. The external auditors' fees are disclosed in the annual financial statements. The fees for 2010 amounted to AED 350,000. The external auditors do not provide any other services other than the audit of the accounts.

13. General Information

13.1. Communication with Shareholders

Dana Gas is keen to maintain regular contacts with its shareholders through periodical press releases and meetings with groups of shareholders. Information about the company's activities and its financial affairs are available at the company's website www.danagas.ae.

The Executive Management holds regular meetings with investors, shareholders, and financial analysts to review and discuss the company's business activities and financial position.

Shareholders are given ample opportunity to ask questions to the Board and to the Executive Management during the meetings of the General Assembly.

13.2 Compliance during 2010

The company has been fully compliant during 2010.

Mr. Hamid Jafar

Chairman

01 April 2011