

POLARCUS LIMITED  
("Polarcus" or the "Company")

## Corporate Governance

(Adopted by the Board of Directors on 4 February 2009,

Chapter 5, "Compliance with the Code" to be updated in advance of each AGM, currently updated as per 5 April 2009)

### 1 Introduction

The Company believes that focus on corporate governance is critical to its success and long-term growth. Polarcus is committed to maintaining high standards of corporate governance. The governance structure of Polarcus is designed to be appropriate to shareholders' expectations, the size, business and the recent history of the Polarcus Group and adheres to the Norwegian Code of Practice for Corporate Governance (the "Code"), Cayman Islands law and practice and the Memorandum and Articles of Association of Polarcus.

The Company will comply with sound corporate governance through the establishment of a comprehensive and efficient framework of commitments, procedures, checklists and audits thereof and the promotion of a responsible corporate culture throughout the Polarcus Group.

This document contains the corporate governance commitments of Polarcus, describes what affects these commitments and how Polarcus complies or does not comply with the individual recommendations of the Code.

The document has been divided into the following sections:

- Section 1: Introduction;
- Section 2: Summary of the Polarcus Group, legal structure and ownership structure;
- Section 3: Applicable laws, regulations, guidelines and policies;
- Section 4: The governing bodies of Polarcus;
- Section 5: Description of the Polarcus governance commitments and compliance with the Code.

The Company's corporate governance commitments have been developed by the board of directors of Polarcus (the "BoD") and any amendments, additions and deletions can only be decided by the BoD.

A report on the Company's compliance with its commitments and the Code recommendations will also be included in each annual report of the Company.

### 2 The Polarcus Group, legal structure and ownership structure

#### 2.1 Polarcus Group and legal structure

Polarcus Limited ("Polarcus" or the "Company") is a company with limited liability registered with the Cayman Islands Registrar of Companies with registration number 201867. The Company was incorporated on 17 December 2007. Polarcus is exempted from tax in the Cayman Islands.

Polarcus' registered office is:

Walker House  
87 Mary Street  
George Town  
Cayman Islands

The Company's website is [www.polarcus.com](http://www.polarcus.com)

Polarcus is a pure play marine geophysical company with a pioneering environmental agenda, specializing in high-end towed streamer data acquisition from Pole to Pole. The Company is building six ultra-modern

3D seismic research vessels comprising four advanced 12 streamer 3D vessels and two multipurpose wide-tow 6 streamer 3D vessels that are additionally capable of operating as dedicated source vessels for the expanding multi-vessel wide azimuth 3D market.

Polarcus has currently eight subsidiaries (together the “Polarcus Group”) of which six subsidiaries are designated as owners of one each of the Group’s six vessels and one subsidiary as the main sales company of the Group. These seven subsidiaries are all incorporated in the Cayman Islands.

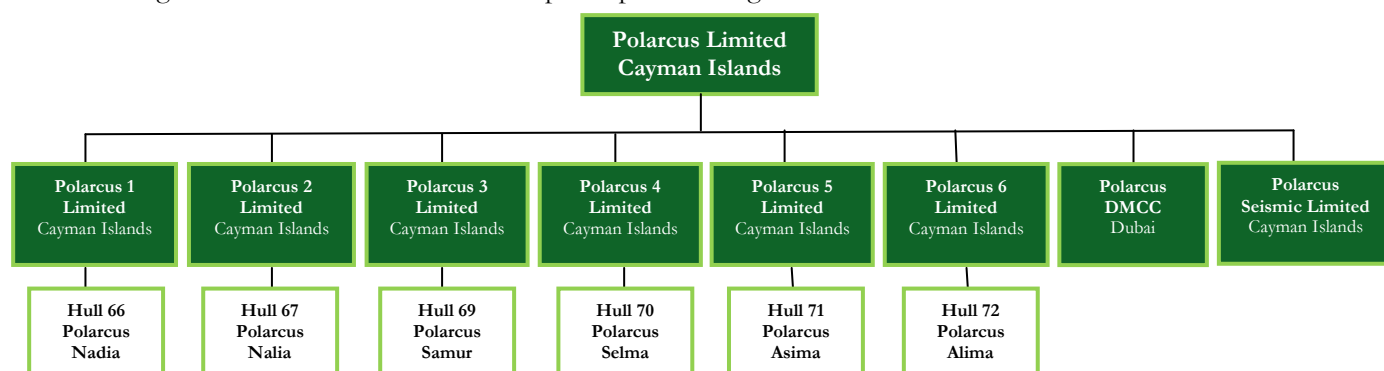
The eighth subsidiary is Polarcus DMCC, a limited liability company incorporated in the free zone of Dubai Multi Commodity Centre under the laws of the United Arab Emirates with registration number 30852 in the Dubai Multi Commodities Centre.

Polarcus DMCC’s current address is:

Saba 1, Level 34  
 Jumeirah Lakes Towers  
 PO Box 283373  
 Dubai  
 United Arab Emirates  
 Tel: +971 4 43 60 800  
 Fax: +971 4 43 60 808

Polarcus DMCC serves as the main administration company of the Group. At the end of 2008, Polarcus DMCC had 62 employees.

The legal structure of the Polarcus Group is depicted in Figure 1 below.



The Company’s shares are traded over the counter and registered on the Norwegian OTC-list with ticker PLCS. Polarcus intends to list its shares at the Oslo Axess in the future.

## 2.2 The Company’s vision and core values

The Company’s vision is “to be a pioneer in an industry where the frontiers of seismic exploration are responsibly expanded without harm to our world”.

In support of its vision, the Company has identified a set of ‘core values’ which define the Company’s ethos and the way Polarcus’ management, employees and contractors are expected to perform within the business:

- Responsibility – for their actions, for each other, and for the environment and the world around.
- Innovation – in business and in operations.
- Excellence – in delivery for shareholders and clients alike.

## 2.3 Ownership structure

### 2.3.1 Shareholder structure

The current shareholders of Polarcus can be divided into the following categories; the initial founders and employees, the yard owner where the ships are built, critical partners and financial investors. Polarcus benefits from the alignment between the Company and critical partners and employees as owners in these early stages of the Company's life.

Current shareholders of Polarcus:

Shareholders	Number of shares	Relative shareholding
Initial founders and employees of Polarcus *	98,560,555	47%
Drydocks World LLC	75,000,000	37%
Ulstein Shipping AS	5,000,000	2%
Other shareholders	25,011,300	14%
Total	203,571,855	100%

\* "Initial founders and employees of Polarcus" consist of Zickerman Holding Ltd. holding 52,961,232 shares (26%) and Zickerman Group Ltd. holding 32,086,117 shares (15%) as well as the employees of Polarcus together holding 13,513,206 shares (6.6 %).

Drydocks World LLC is the parent company of Drydocks World Dubai LLC, the yard building the Group's vessels, while Ulstein Shipping AS is an affiliate of Ulstein Design AS, the designer of the vessels. Furthermore, a major shareholder group consists of the employees of the Group, including the total executive management of the Group. Employees of Drydocks World LLC and Drydocks World Dubai LLC have also acquired shares in the Company.

All shares of the Company are of the same class and equal in all respects. Each share carries the right to one vote in general meetings.

### 2.3.2 Shareholder Agreement

Certain shareholders, hereunder the initial founders, Drydocks World LLC, Ulstein Design AS, the employees of Polarcus, the employees of Drydocks World LLC and Drydocks World Dubai LLC as well as the members of the BoD, have entered into a shareholder agreement dated 19 May 2008. The majority of the provisions in the agreement will expire upon a listing of the Company's shares on a regulated investment market and the shareholder agreement will in its totality cease on delivery of the first six vessels. The agreement is governed by the laws of England and Wales and the seat of arbitration is Dubai.

The shareholder agreement includes inter alia the following provisions:

(i) Composition of the board:

- Drydocks World shall be entitled to appoint 2 directors and Zickerman Group Ltd. and Zickerman Holding Ltd. one each, the latter two representing the founding shareholders. In addition the BoD shall have 4 independent directors.
- The independent directors shall together have qualities, experience and expertise required by the Company in order for it to develop into to a stock-listed company and a recognized provider of geophysical seismic services world-wide.
- The chairman shall be elected from the independent directors and shall in case of equality of votes, have a casting vote.
- The BoD shall only have quorum if at least five directors are present in a meeting, of which at least one shall be a director representing Drydocks World LLC and one representing the founding shareholders.

- The parties to the agreement have undertaken to make any changes necessary in the composition of the BoD immediately prior to a stock-listing of the Company's shares in order to comply with any stock exchange regulations.
- (ii) In the period prior to a stock listing, certain matters require consent from Drydocks World LLC, including, but not limited to:
- variations in authorized or issued share capital;
  - amendments of the Memorandum of Association or Articles of Association;
  - declaration of any dividend;
  - transfer of shares other than as permitted in the agreement;
  - the company incurring any borrowing in excess of USD 5 million;
  - acquisition of assets over and above USD 1,000,000 and sale of assets above USD 500,000;
  - adoption of budgets;
  - capital expenditure of USD 1,000,000 or more above the relevant budget item;
  - employment or termination of senior employees.
- (iii) In the period prior to a stock listing, any resolution of a general meeting concerning liquidation, merger, demerger, amalgamation or similar transaction involving the Group requires the affirmative vote of a majority in value of the shares held by the founding shareholders as well as Drydocks World LLC.
- (iv) Prior to a stock listing, unless at least one director representing Drydocks World LLC and one director representing the founding shareholders agree otherwise, no issue and allotment of new shares shall take place unless such new shares are first offered to existing shareholders in accordance with normal pre-emption rights.
- (v) Up to the delivery of the first six vessels, the parties to the agreement shall not transfer any shares or make an offer for a substantial part of the shares, without consent from the BoD of Polarcus. If a shareholder receives an offer to sell his shares, subject to board consent, each other shareholder has the right on a pro-rata basis to sell their shares on the same terms and conditions.
- (vi) Prior to a stock listing, the Company shall provide Drydocks World LLC with certain financial information as well as certain other type of information.

### **2.3.3 Warrants and employee options schemes**

#### **Warrants**

The initial founding shareholders of the Company have together with their initial subscription of shares been granted warrants to subscribe for up to 42,500,000 shares. The exercise of the warrants is conditional on; a) successful delivery of vessels 1-6 before 1 April 2011, b) effective employment for all six vessels and c) that a and b are fulfilled and the share price of the Company has traded at the equivalent of NOK 11 or more for more than 30 days on average. If any of the vessels are delayed due to force majeure events, the conditional date is extended to 1 October 2011. The warrants must be exercised before 31 December 2012. Thereafter the warrants will lapse. The exercise price is set at USD 0.01. A change of control (above 50%) will make the warrants exercisable, however the exercise price will be NOK 5.50 if the shares have been traded at less than NOK 11 following the change of control event and USD 0.01 if the shares have been traded above NOK 11.

#### **Employee options scheme**

The Company has implemented an employee share option scheme under which 12,500,000 shares may be issued to employees of companies within the Polarcus Group. The share options under the scheme are issued to employees in accordance with a defined recruitment plan. The options may be exercised at the end of the third year after the relevant employee has accepted an offer for employment involving an offer for options and must be exercised within the fifth year. The exercise price per share is the 30 days

historical volume weighted average share price at the date the options were/are granted to the relevant employee. The options are exercisable upon a change of control event (above 50%).

As per 31 December 2008, 7,710,000 share options had been issued.

The above schemes are intended to align the interest of the initial founders and the employees with those of the other shareholders and to contribute to a low turnover in the workforce, a highly motivated management team and employees that are driven to develop the Group in the next few years that are so critical to the success of the Company.

### 3 Applicable laws, regulations, guidelines and policies

#### 3.1 Corporate laws and regulations

As a Cayman Islands company, Polarcus is subject to the Cayman Islands Companies Law (the “CI Law”). The CI law includes certain minimum or maximum requirements but is quite flexible as to how companies select to structure its governing bodies and the relationship between them.

Polarcus’ Memorandum and Articles of Association (last amended on 20 June 2008) (the “Articles”) complies with the CI Law and incorporates many principles of the Norwegian Act governing Norwegian public companies and therefore entitles the shareholders of Polarcus to greater rights and power than they would be entitled to under the minimum requirements of the CI Law. The Articles include a substantial number of provisions that in relation to a Norwegian company normally would be regulated by law. CI Law will supplement the Articles and apply to corporate matters not regulated in the Articles. The Articles are posted on the Company’s website [www.polarcus.com](http://www.polarcus.com).

Polarcus intends to list its shares at the Oslo Axess in the future. Polarcus will from the date of listing comply with laws and regulations at any time applicable to companies listed at the Oslo Axess.

Following the stock listing, Polarcus will adhere to the Norwegian Code of Practice for Corporate Governance (the “Code”). The Norwegian Code of Practice includes the principle of ‘comply or explain’ which means that the background for the practices implemented by the Company that do not comply with the Code must be explained. It is also expected that the Company elaborates and explains how it complies with the various recommendations in the Code.

It is the Company’s opinion that the Company’s Articles and the CI Law do not include any provisions that conflict with the laws and regulations that the Company will be subject to upon the listing of its shares at the Oslo Axess nor the Code. Where the CI Law or the Articles provide for alternative arrangements, the Company has carefully considered the alternative arrangements and has striven to implement arrangements that comply with the Code.

Polarcus DMCC is subject to UAE employment and corporate laws and regulations. It is the Company’s view that these laws and regulations do not impose particular restrictions or costs on the Group that would not in some form have existed in other jurisdictions.

Neither Cayman Islands laws nor UAE laws impose tax obligations on the Group.

#### 3.2 International laws, regulations and requirements

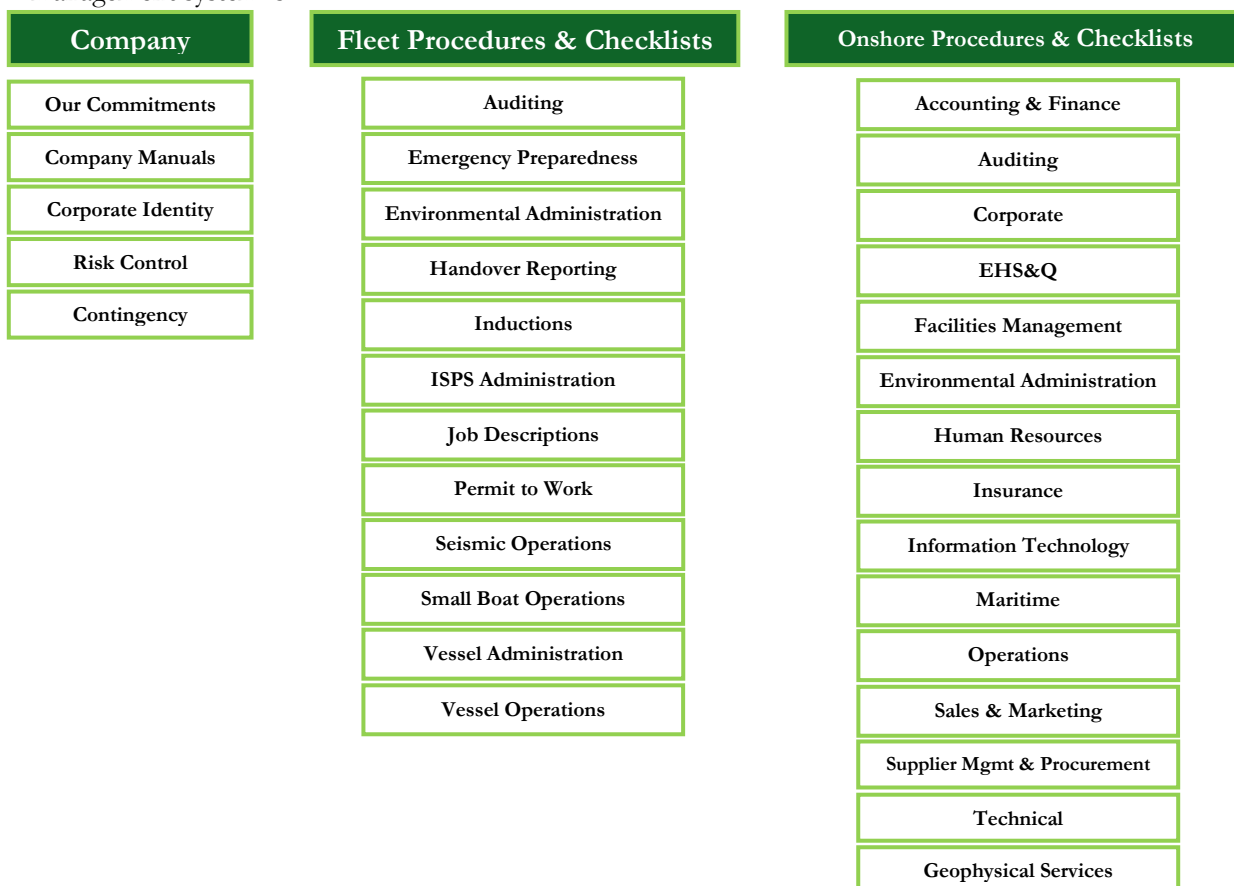
As the Group’s primary business is within the marine oil & gas sector, the Group must comply with a variety of international regulations, including regulations covering its vessels (the ISM and the ISPS Codes, the IMO, SOLAS, Marpol and STCW conventions, regulations from the flag states of the vessels and the vessels’ classification society as well as requirements developed by organizations within the sector, including International Association of Oil & Gas Producers (OGP), the International Association of Geophysical Contractors (IAGC) and the United Kingdom Offshore Operators Associations (UKOOA), such regulations stipulating requirement for a well developed company management system incorporating all aspects of a company, including environmental, health, safety and quality aspects (“EHS&Q”).

Compliance with ethical guidelines and regulations are also critical for the success of the Company.

### 3.3 The status of the development of the procedures and principles

As a recently established and fast growing Group, procedures and principles to ensure compliance with all relevant laws, regulations, market requirements, are still under construction. The vast experience within the Company’s management team does however enable the Company to quickly adhere to the regulators’ and the capital markets’ requirements.

The Company is currently developing an electronic management system. The structure of the Polarcus management system is:



The top level documentation resides in the Company folder which consists of sub-folders containing Polarcus commitments (policy statements), Company manuals, corporate identity, risk control, 3<sup>rd</sup> party management and contingency planning, hereunder Polarcus’ commitment to the environment, ethical commitments, EHS&Q commitments etc..

The next level documentation resides in the Offshore and Onshore folders. These folders contain the process controls known as procedures. Procedures will provide the necessary reference, standards and instruction for carrying out the daily tasks of the Group. The offshore folders include procedures particularly related to the vessels and how to carry out certain operations on the vessels, while the onshore folders include procedures applicable to all employees, such as procedures related to negotiation of contracts, procurement, gifts, bribery, corruption, human rights etc.

Additionally many procedures are directly linked to a checklist which will help ensure the task is carried out as prescribed in the procedure. The checklist is a step by step breakdown of the task and will also assist in stimulating the thought process of how the task is carried out, focusing on a continual improvement process.

The electronic management system will allow easy access to all documents from all locations and provide not only document storage and document control but a platform for EHS&Q reporting, performance monitoring and review, vessel planned maintenance, inventory and procurement.

The Company estimates that 440 of the total documents needed (estimated to be in the region of 480) in order to ensure a well-functioning operation and compliance with prospective clients' requirements have been completed. Polarcus is confident that all required management system documentation will be completed in time for the Group to carry out the required pre-qualification processes towards the various prospective clients and to secure attractive jobs for the vessels immediately upon their delivery.

The Company has developed a detailed internal audit procedure and an annual audit plan ensuring sufficient regular monitoring and review of the Group's management system. As part of the company management system and culture, the employees are required to report near-misses, incidents and non-conformances. Compliance with all aspects of the Polarcus management system shall be one element measured for each employee under the performance based bonus scheme implemented by the Group.

Polarcus is in a capital intensive stage and cost effective financing is a prerequisite for succeeding. The investment strategy and the need to raise capital create genuine incentives to comply with the market's requirements to governance and transparency.

The Company has posted high-level commitments on its website [www.polarcus.com](http://www.polarcus.com).

## 4 Governing Bodies of Polarcus

### 4.1 General Meeting

Through the general meeting ("GM") the shareholders of Polarcus exercise ultimate authority in the Company.

The annual general meeting (the "AGM") will be held before the end of June each year. The AGM shall normally be held in Dubai. The BoD may in addition call extraordinary general meetings ("EGM") and shall do so on a request from the auditor or shareholders holding not less than 20% of the voting rights of the Company.

The Company will ensure that as many shareholders as possible may exercise their rights as shareholders through the GMs and that the GMs work as an effective forum for the views of the shareholders.

The following business shall be transacted at the AGM of the Company:

- the declaration and sanctioning of dividends;
- the consideration and adoption of the accounts and balance sheets and the reports of the BoD and auditors and other documents required to be annexed to the balance sheet;
- the election of directors in place of those retiring or the appointment of additional directors;
- the fixing of, or the determining of the method of fixing of, the remuneration of the directors and of the auditors; and
- any other business as may be set out in the notice for the meeting.

Furthermore, the following business requires the approval of the GM, either in an AGM or an EGM:

- Alteration of the share capital;
- Change of name of the Company;
- Amendment of the Articles;
- Amendment of the Memorandum of the Company;
- Consolidation or splitting of the share capital;
- Cancellation of shares.

Most resolutions of a GM shall be made by "Ordinary Resolution", i.e. a resolution passed by a simple majority of the shares entitled to vote at the GM. Certain resolutions of the GM require a "Special Resolution", i.e. a resolution passed by a three-quarter majority of the shares entitled to vote at the GM. Reduction of the share capital and amendments of the Articles are examples of resolutions that require Special Resolutions.

## 4.2 Board of Directors

### 4.2.1

The following persons have been elected as directors in Polarcus and will act as such until the AGM 2010:

#### **Peter M. Rigg, Chairman (born 1948)**

Peter has an extensive background in investment banking with 21 years experience working in Asia and Europe, principally for Credit Suisse First Boston as Worldwide Managing Director responsible for Asian Equity Capital Markets. Peter is a qualified Solicitor. He is also an independent non-executive Director of Shroder's Oriental Income Fund and of two Asian private equity funds specializing in Asia. Peter was appointed director and Chairman of the BoD on 20 June 2008. He holds 250,000 shares in Polarcus.

#### **Tore Karlsson, Deputy Chairman (born 1953)**

Tore is an independent consultant and partner/founder in Memetree Ltd, UK ; MoVa AS, Norway and GeoPublishing Ltd. He has an MSc. in Geophysics and is an Associate Professor at the Centre for Entrepreneurship at the University of Oslo. He was Chairman of the board of Eastern Echo Ltd. prior to its acquisition by Schlumberger Ltd in 2007. Tore was appointed member and Deputy Chairman of the BoD on 20 June 2008. He holds 550,000 shares in Polarcus.

#### **Carl-Gustav Zickerman (born 1948)**

Carl-Gustav has substantial experience in the seismic industry gained from his involvement in the start-up of Eastern Echo Ltd. and prior to that, as Director and Partner, with SeaBird Exploration Ltd. Other relevant experience includes many years working in senior technical roles within the shipping industry and energy sector. Carl-Gustav was appointed member of the BoD on 17 December 2007. He holds 54,132,295 shares in Polarcus.

#### **Carl-Peter Zickerman (born 1972)**

Carl-Peter holds valuable experience in the seismic industry, gained from his prior start-up ventures, Eastern Echo Ltd. and GeoBird Ltd., a marine seismic service provider. At present he is working in the capacity of Executive Vice President & Head of Strategic Investments at Polarcus. Carl-Peter was appointed member of the BoD on 4 February 2008. He holds 32,086,117 shares in Polarcus.

#### **Geoffrey Taylor (born 1953)**

Geoffrey has held the position of Chief Executive Officer of Drydocks World LLC since 2004.. He is also a member of the Board of Drydocks World LLC, Dubai World LLC and EZ World LLC. Geoffrey was appointed member of the BoD on 19 May 2008. He holds 600,000 shares in Polarcus.

#### **Dr. Rosli Khan (born 1958)**

Dr. Rosli Khan joined Drydocks World LLC in 2007 as Business Development Director, based in Dubai. Prior to this he has been working as a high-level maritime and infrastructure consultant for over 16 years. He holds an MSc. in Transport Planning and a PhD in Transport Economics from Cranfield University, UK. Rosli is also a Member of the Chartered Institute of Logistics and Transportation, UK. Rosli was appointed member of the BoD on 19 May 2008. He holds 200,000 shares in Polarcus.

#### **Alan Locker (born 1952)**

Alan has extensive technical experience, with his most recent position being Chief Technical Officer at Drydocks World LLC, and prior senior positions at Dubai Ports Authority and Eurotunnel Services Ltd. He holds an engineering degree from the UK. Alan was appointed member of the BoD on 20 June 2008. He holds 250,000 shares in Polarcus.

#### **Hege Sjo (born 1968)**

Hege Sjo is currently consulting for Hermes Investment Management Ltd., London; prior to which she was employed there in the capacity of Manager for European Governance and Engagement. Hege is the author of "Investor Relations in Practice" and holds a business degree from Stirling University, Scotland and a post-graduate degree in Corporate Finance from the Norwegian School of Economics. Hege serves as an alternate member of StatoilHydro's corporate assembly. Hege was appointed member of the BoD on 20 June 2008. She holds 200,000 shares in Polarcus.

#### **Katherine ("Kitty") Hall (born 1956)**

Kitty has over 30 years experience within the geophysics industry and is currently the Chief Executive at ARKEX Ltd, UK, where she is also a founding shareholder. Prior to this she was Managing Director of

ARK Geophysics Ltd. She was previously a board member of Eastern Echo. Kitty has a Geology degree from University of Leeds and a Masters Degree in Stratigraphy from the University of London. She was appointed member of the BoD on 20 June 2008. She holds 500,000 shares in Polarcus.

#### **4.2.2 The work of the BoD**

The BoD has the overall responsibility for the management of Polarcus and for supervising and reviewing the Company's day-to-day management and activities, hereunder regularly reviewing the performance of the CEO. The BoD shall ensure an appropriate organisation of the Company and approve plans and budgets. The BoD shall keep itself informed about the Company's financial situation and ensure that its operations, accounts and asset management are duly controlled. The BoD shall be involved with and approve the Company's strategic planning.

The BoD has developed written instructions, so-called "terms of reference" for the BoD that includes a description of the duties and the responsibilities of the BoD as well as terms of reference particular to the position of chairman, deputy chairman and director. The various terms of reference are included in Attachments 1.1-1.4 hereto.

The BoD has appointed the Company's general counsel as company secretary. The duties and responsibilities of the company secretary are set out in the terms of reference for the company secretary attached as Attachment 1.5 hereto.

### **4.3 Board Committees**

Due to the size of the Company as well as the development phase the Company currently is in, the BoD will for the time being try to limit the number of board committees.

Currently the BoD has established two board committees, a corporate governance committee and a remuneration committee. Directors are not paid any extra remuneration for committee work.

Furthermore, the BoD will appoint a nomination committee prior to the AGM in 2010.

#### **4.3.1 Corporate Governance Committee**

The corporate governance committee consists of Mr. Alan Locker, Mrs. Hege Sjo and Mrs. Katherine Hall and was appointed on 30 July 2008 with a mandate of developing a framework for the Company's corporate governance commitments and to regularly review and update the Company's governance commitments and structure.

The responsibilities and authorities of the corporate governance committee are set out in the terms of reference for the committee attached as Attachment 1.6 hereto

#### **4.3.2 Remuneration Committee**

The remuneration committee consists of Mr. Alan Locker, Mrs. Hege Sjo, Mrs. Katherine Hall and Mr. Tore Karlsson and was appointed on 30 July 2008 with a mandate to review proposals from the executive management on bonus schemes and other benefits as well as general principles for salary and allowance increases.

The responsibilities and authorities of the remuneration committee are set out in the terms of reference for the committee attached as Attachment 1.7 hereto

### **4.4 Executive Management**

#### **4.4.1 The composition of the Executive Management**

The Company has employed a well respected and experienced executive management team. A profile of each member in the executive management team is set out below.

##### **Rolf Ronningen, Chief Executive Officer (born 1957)**

Rolf has over 28 years of seismic industry experience and has held senior positions at GECO, PGS and most recently was CEO of Eastern Echo Ltd. His experience covers both technical and operational management of towed streamer seismic vessels and seabed operations. Rolf holds a B.Sc. in Computer Sciences from the Kongsberg Ingeniørhøgskole in Norway. He holds 1,000,000 Shares, 750,000 Warrants and 580,000 Options in Polarcus.

**Tom Henrik Sundby, Chief Financial Officer (born 1967)**

Tom Henrik has over 15 years financial management and business development experience, with management positions in KPMG before joining TINE Norway as Head of Controlling department and Head of M&A. Most recently he was Managing Director of TINE UK Limited. Tom Henrik holds a Bachelor of Management and Economics from the Norwegian School of Management. He holds 350,000 Shares, 350,000 Warrants and 380,000 Options in Polarcus.

**Carl Peter Zickerman, Executive Vice President & Head of Strategic Investments (born 1972)**

Carl-Peter holds valuable experience in the seismic industry, gained from his prior start-up venture, Eastern Echo Ltd. Prior to this he founded GeoBird Ltd., a marine seismic service provider. His experience covers both maritime and seismic operations, including vessel conversions and new builds. Carl-Peter holds a B.Sc. in Marine Engineering from Kalmar Maritime College, Sweden. Carl-Peter is a Member of the Board of Polarcus Ltd. He holds 32,086,117 Shares, 15,000,000 Warrants and 380,000 Options in Polarcus.

**Eirin M. Inderberg, General Counsel (born 1968)**

Eirin has over 13 years experience as a lawyer; initially for the law firm Wikborg Rein & Co. in Oslo and London; as a lawyer at the Oslo Stock Exchange and most recently as General Counsel of Eastern Echo Ltd. Her expertise includes Norwegian securities law, company law and ship financing. Eirin holds a law degree from the University of Oslo, Norway and a BA in Business Administration and Economics from the California Lutheran University, USA. She holds 1,000,000 Shares, 1,000,000 Warrants and 380,000 Options in Polarcus.

**Paul Lionel Hanna, Senior Vice President Human Resources (born 1964)**

Paul has over 22 years of industry experience and has held senior positions in various divisions of the Schlumberger group. His experience includes the technical, personnel and operational management of marine seismic vessels. Paul holds a MA in Engineering from the University of Cambridge, UK and a Ph.D. in Geodesy from the University of Nottingham, UK. He holds 1,000,000 Shares, 750,000 Warrants and 380,000 Options in Polarcus.

**Svein Johnny Naley, Senior Vice President Technology (born 1965)**

Svein Johnny has over 15 years of industry experience and has held senior positions at PGS, Reservoir Exploration Technology (RXT), and most recently at Eastern Echo Ltd. where he was responsible for the company's fleet new build project. Svein Johnny is a Maritime Engineer, specializing in mechanical /electro-automation. His expertise includes project management of vessel new builds and conversions, seismic and maritime support and operations management. He holds 550,000 Shares, 450,000 Warrants and 380,000 Options in Polarcus.

**Christian Fenwick, Senior Vice President Business Development & Multi Client (born 1960)**

Christian has over 26 years of industry experience and has held senior positions at Merlin Geophysical, Schlumberger Geco-Prakla, Schlumberger Information Solutions, and Eastern Echo Ltd. His experience covers business development, marketing, sales, operations and project management. Christian holds a B.Sc. in Geology from the University of Durham and a professional certification in project management. He holds 600,000 Shares, 450,000 Warrants and 380,000 Options in Polarcus.

**Trygve Reksten, Senior Vice President Contract Sales (born 1963)**

Trygve has over 17 years of industry experience and has held several management positions at PGS and Eastern Echo Ltd. His experience covers onboard technical roles, operations, sales, business development, procurement and market analysis. He holds a B.Sc. in Electrical Engineering and Electronics from the University of Manchester and further degrees in Political Science (University of Oslo) and a Masters of Management (BI Norwegian School of Management). He holds 400,000 Shares, 400,000 Warrants and 380,000 Options in Polarcus.

**Jeff Corkhill, Senior Vice President Operations (born 1960)**

Jeff has over 26 years of industry experience, and has held several senior positions at Schlumberger WesternGeco, Caspian Geophysical and AGO. Jeff was also VP Operations for WesternGeco Marine Electromagnetic Services. His experience covers operations management, marine sales, marketing and region management, including eight years in the field. Jeff holds a HNC Electronics degree from C.C.A.T in the UK. He holds 250,000 Shares, 250,000 Warrants and 380,000 Options in Polarcus.

#### **Christopher Griffin, Vice President Environment, Health, Safety & Quality (born 1961)**

Christopher has over 23 years of industry experience both onshore and offshore with Western Geophysical, Horizon Exploration, PGS and Eastern Echo Ltd. His experience covers both onshore operations and project management, including 12 years in the field and 6 years in EHS&Q management. Christopher holds a B.Sc. in Business Management from Louisiana, USA along with professional certification in Health and Safety, Lead Auditing and Accident Investigation. He holds 880,000 Shares, 750,000 Warrants and 330,000 Options in Polarcus.

#### **Magnus Oberg, Vice President IT (born 1970)**

Magnus has over 20 years of experience managing IT systems in large and medium size maritime companies. He joined Polarcus from Eastern Echo where he was VP Information Technology, and prior to that he held several senior management positions within Gulf Agency Company before becoming the Group IT Research & Development Manager based in Dubai. His expertise includes networking, security, and high-availability infrastructure solutions utilizing the latest in virtualization and storage technologies. He holds 500,000 Shares, 500,000 Warrants and 330,000 Options in Polarcus.

#### **4.4.2 The responsibilities of the Executive Management**

The BoD appoints the Chief Executive Officer (CEO). The CEO is responsible for the day-to-day management of the Company's activities, the preparation and implementation of issues to be resolved by the BoD and to keep the BoD informed about the Company's operations, financial position and results. The CEO organizes an executive management team to assist in discharging the CEO's responsibilities. The duties, responsibilities and authorities of the CEO are set out in the CEO's job description and comply with the "Management Responsibilities" stipulated in the terms of reference for the BoD.

The duties, responsibilities and authorities of the other members of the executive management are set out in their employment contracts and for each position a job description has been prepared.

## **5 Corporate Governance Commitments and compliance with the Code**

This chapter describes the recommendations of the Norwegian Corporate Governance Code, the commitments of Polarcus relevant to the individual section of the Code and a description of how Polarcus in practice complies with the relevant recommendation in the Code. The compliance part of this chapter of the document is consequentially updated each year, the first time on 5 April 2009 in connection with the annual report for 2008.

### **5.1 Recommendation 1: Implementation and reporting on Corporate Governance**

#### **5.1.1 The provision of the Code**

*"The board of directors must ensure that the company implements sound corporate governance.*

*The board of directors must provide a report on the company's corporate governance in the annual report. The report must cover every section of the Code of Practice. If the company does not fully comply with this Code of Practice, this must be explained in the report.*

*The board of directors should define the company's basic corporate values and formulate ethical guidelines in accordance with these values."*

#### **5.1.2 Polarcus' commitment**

The Company believes that focus on corporate governance is critical to its success and long-term growth. Polarcus is committed to maintaining high standards of corporate governance. The governance structure of Polarcus is designed to be appropriate to shareholders' expectations, the size, business and the recent history of the Polarcus Group and adheres to the Norwegian Code of Practice for Corporate Governance (the "Code"), Cayman Islands law and practice and the Memorandum and Articles of Association of Polarcus.

The Company will comply with good corporate governance through the establishment of a comprehensive and efficient framework of commitments, procedures, checklists and audits thereof and the promotion of a responsible corporate culture throughout the Polarcus Group.

The BoD will annually review, evaluate, explain and report on the Company's compliance or non-compliance of the individual corporate governance commitments and the applicable corporate

governance recommendations of the Code, such report to be included in each annual report of the Company.

The Company's vision is "to be a pioneer in an industry where the frontiers of seismic exploration are responsibly expanded without harm to our world".

In support of this vision, a set of 'core values' defines the Company's ethos and the way Polarcus' management, employees and contractors are expected to perform within the business:

- Responsibility – for their actions, for each other, and for the environment and the world around.
- Innovation – in business and in operations.
- Excellence – in delivery for shareholders and clients alike.

The "core values" of the Company are implemented through its commitments and procedures.

### **5.1.3 Compliance with the Code**

Polarcus has developed a set of corporate governance commitments which are set out in this chapter and which meets most of the recommendations set out in the Code.

As the Company was only incorporated at the end of 2007 and the Company's corporate governance principles established in February 2009, the BoD has for the first time reviewed the Company's compliance with the Code in connection with the annual report for 2008. A summary of the BoD's review has been included on page 24-28 of the annual report for 2008.

The Company has defined its basic corporate values and developed commitments and procedures, including ethical commitments and procedures. The most important commitments are posted on the Company's website [www.polarcus.com](http://www.polarcus.com).

## **5.2 Recommendation 2: Business**

### **5.2.1 The provision of the Code**

*"The company's business should be clearly defined in its articles of association.*

*The company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association.*

*The annual report should include the business activities clause from the articles of association and describe the company's objectives and principal strategies."*

### **5.2.2 Polarcus' commitment**

Polarcus is a pure play marine geophysical company with a pioneering environmental agenda. The business strategies are clearly defined based on the Company's 2012 corporate goal to become the most environmentally responsible towed marine seismic supplier, with a strong focus on risk management, specializing in the high end 3D market and the Polar regions whilst achieving 40% EBITDA margin, 10% market share and long term shareholder value.

The strategies of Polarcus are broken down into detailed sub-strategies and tactics with assigned responsibilities, performance targets and completion dates.

### **5.2.3 Compliance with the Code**

The Company's business is clearly defined in the Articles (last amended 19 May 2008) clause 3:

*"The objects for which the Company is established are to carry on, undertake, engage or invest, directly or indirectly, by itself or through subsidiaries or part-owned companies, partnerships or other forms of entities, on a worldwide basis, in any commercial activity within the international oil and oil services business, including oil and gas exploration, production and participation, seismic data services and general offshore energy related business, and whatever else may be considered incidental or conducive thereto, including without limitation the acquisition, construction, equipment, leasing, chartering, operation, agency and manning of any kind of vessels and everything incidental thereto, and the Company shall have full power and authority to carry out any other object not prohibited by the Companies Law of the Cayman Islands (as amended) (the "Law")."*

The Company has defined a 4-year corporate goal and developed strategies to reach the corporate goal which are within the scope of the definition of its business. When developing the corporate goal and strategy, the Company adopted a Goals-Strategy-Tactics-Implementation-Controls (GSTIC) framework

whereby workgroups were established for each of the above elements in order to develop and continuously monitor the progress of the Company towards the overall corporate goal. Periodic workshops shall be held to align the overall strategic plan and to review and implement required updates contingent upon external events as may be required from time to time. The Company believes that this approach will enable the management to remain focused during its initial period on the essential activities necessary to achieve the stated corporate goal whilst effectively managing external risks such as changes in the business or economic environment.

The Company has on page 24 of its annual report for 2008 included a copy of clause 3 of its Articles and its objectives and principal strategies are presented on page 4 of the annual report for 2008.

### 5.3 Recommendation 3: Equity and Dividends

#### 5.3.1 **The provision of the Code**

*“The company should have an equity capital at a level appropriate to its objectives, strategy and risk profile. The board of directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed. Mandates granted to the board of directors to increase the company’s share capital should be restricted to defined purposes and should be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the board for the company to purchase its own shares.”*

#### 5.3.2 **Polarcus’ commitment**

Polarcus is committed to having an equity capital at a level appropriate to its objectives, strategy and risk profile.

Polarcus is committed to maximizing the shareholder value, hereunder declaring dividend to the shareholders from its profit.

Polarcus will when asking the GM for an increase of its authorised share capital ensure that the purposes for which the share capital may be increased is clearly defined.

In accordance with its Articles, Polarcus may only acquire its own shares if and in so far as approved by the GM through an ordinary resolution, such mandate to be for a specific number of shares and for a specific period of time. The BoD will ensure that any request to the GM for a mandate to acquire any of the Company’s own shares shall be limited in time to the following AGM.

#### 5.3.3 **Compliance with the Code**

The Company is in a capital intensive phase and will during 2009 need to secure funding to ensure the completion of the construction of its vessels. The Company’s aim is to have a 60/40 debt to equity ratio. The current market conditions may require the Company to increase the equity part of this ratio.

Polarcus is under certain of its financing arrangements restricted from declaring dividend to its shareholders until July 2011 and in the period thereafter up to July 2013, dividend shall be limited to 35% of the Group’s net profit after taxes for the previous year. Due to these dividend restrictions, Polarcus does not envisage any declaration of dividend to the shareholders for the fiscal year 2008.

The BoD has the authority to distribute any authorized but not yet issued or reserved shares, currently amounting to 283,610,062 shares of USD 0.01 par value.

The purposes for which the issued share capital may be increased is left for the BoD to decide. The BoD’s intention for the available authorised share capital is to provide for any share issues needed to fully finance the Company through a balance of debt and equity, including an IPO. Due to the system under CI law, it will not be possible to limit the actual authorisation in time.

The Company does not currently hold any mandate from the GM to acquire own shares.

### 5.4 Recommendation 4: Equal treatment of shareholders and transactions with close associates

#### 5.4.1 **The provision of the Code**

*“The company should only have one class of shares.*

*Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital must be justified.*

*Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.*

*In the event of any not immaterial transactions between the company and shareholders, members of the board of directors, members of the executive management or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.*

*The company should operate guidelines to ensure that members of the board of directors and the executive management notify the board if they have any material direct or indirect interest in any transaction entered into by the company.”*

#### **5.4.2 Polarcus' commitment**

Polarcus is committed to equal treatment of all shareholders. The Articles of Polarcus do not prescribe any pre-emption rights for shareholders of the Company. In the event that the Company consider it to be in the best interest of shareholders or necessary to perform a share offering, the Company is committed to limiting the level of dilution. The Company will in connection with a share issue carefully consider the purpose and need for new equity, the urgency of such equity, the strategic positioning between the Company and the new shareholders the offering is directed towards, the offer price, the financial market conditions and the need for compensating existing shareholders.

Should the Company find it beneficial to shareholders that Polarcus performs a stock repurchase, the Company will adapt and follow best practice procedures.

Polarcus has developed procedures to handle potential conflicts of interest. The executive management of the Company and each director has a duty to notify the CEO and the BoD respectively if it becomes known to any of them that he or she or a related party has any direct or indirect interest in a not immaterial transaction to be entered into by the Company. Any director with such interest shall refrain from voting in respect of such transaction. The executive management shall also inform the Company of any financial interest each of them might have in any other company.

In the event of a non-material transaction between the Company and a shareholder or shareholders, directors, members of executive management or close associates of any such parties, the BoD shall arrange for a valuation from an independent third party unless the BoD decides to ask the GM to resolve on the matter.

#### **5.4.3 Compliance with the Code**

The Company has only one class of shares.

The BoD intends to ensure a thorough consideration of any new share issue and warrant the protection of current shareholders. The Company is in a capital intensive phase combined with expected extraordinary financial market conditions in 2009, hence the BoD expects that there will be share issues where the current shareholders will be diluted. The BoD intends to discuss details of such issues with shareholders prior to carrying them out.

The Company has not experienced any material transactions between the Company and a shareholder, a director or member of the executive management or their close associates after such person's relationship with the Company was established, other than a deferred payment arrangement established with Drydocks World Dubai LLC with obvious advantages to Polarcus' shareholders.

### **5.5 Recommendation 5: Freely negotiable shares**

#### **5.5.1 The provision of the Code**

*“Shares in listed companies must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a company's articles of association.”*

#### **5.5.2 Polarcus' commitment**

The Company's Articles provide that upon listing of the shares at a regulated investment market, the shares shall be freely transferable. Prior to such listing, a transfer of shares are subject to a consent form the BoD.

### 5.5.3 Compliance with the Code

The BoD has not since the shares were listed on the Norwegian OTC, enforced the Articles' consent provision and does not intend to do so in the future.

The majority of the Company's shares are subject to a shareholder agreement. For details of such agreement, reference is made to Section 2.3.2. The agreement restricts the transfer of shares covered by the agreement until six vessels have been completed at Drydocks World Dubai LLC, expected to be Q2 2010. After this time the shares will be freely transferable. The Company believes it is important to maintain this agreement until all vessels have been delivered in order for the Company to reach a phase in its development where the real values are more correctly reflected in the share price. The shares not subject to the shareholder agreement do not carry any transfer restrictions.

In order to fully fund the Group, the Company intends to carry out one or several share issues through 2009, possibly including an IPO. These share issues will ensure liquidity in the shares sufficient for a listing of the shares at Oslo Axess. These new shares will not be subject to any transfer restrictions.

After the completion of the vessels, the shareholder agreement will lapse, and all shares of the Company will be freely transferable.

## 5.6 Recommendation 6: General Meetings

### 5.6.1 The provision of the Code

*"The board of directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and that general meetings are an effective forum for the views of shareholders and the board. Such steps should include:*

- *making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting, and sending this information to shareholders no later than two weeks prior to the date of the general meeting*
- *ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting*
- *setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible*
- *ensuring that shareholders who cannot attend the meeting in person can vote by proxy*
- *ensuring that the members of the board of directors and the nomination committee and the auditor are present at the general meeting*
- *making arrangements to ensure an independent chairman for the general meeting*

*The notice calling the general meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice should also set out:*

- *the procedure for representation at the meeting through a proxy, including a form to appoint a proxy;*
- *the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting;*
- *the web pages where the notice calling the meeting and other supporting documents will be made available.*

*The company should, at the earliest possible opportunity, make available on its website:*

- *information on the right of shareholders to propose matters to be considered by the general meeting;*
- *proposals for resolutions to be considered by the general meeting, alternatively comments on matters where no resolution is proposed;*
- *a form for appointing a proxy.*

*The board of directors and the chairman of the general meeting should ensure that the general meeting is given the opportunity to vote separately for each candidate nominated for election to the company's corporate bodies."*

## **5.6.2 Polarcus' commitment**

### *Notice of GM*

In accordance with its Articles, the Company will procure distribution of the notice of an AGM to the shareholders at least 14 days in advance of the meeting and the notice of an EGM at least 7 days in advance of the meeting. The Company is, where possible due to the nature and non-urgency of the business to be transacted at a GM, committed to post the notice of a GM and supplemental information on its website at least 21 days in advance of the meeting. The Company will distribute the notice of a GM to all individual shareholders with known address.

The notice of a GM shall always include:

- Date, time and place of the GM;
- The agenda, a description of or supplemental information on the matters to be discussed with sufficient details and content to enable the shareholders to form a view on all matters to be considered at the meeting, any recommendation of a nomination committee and, where applicable, proposal for resolutions;
- If necessary, the method and deadline for shareholders to give notice of their intention to attend and vote at the meeting, such notice to be given either by letter, e-mail or fax and the deadline to be earliest the day before the date of the meeting;
- A form of instrument of proxy that may be used at the shareholders' discretion, guidelines for completing the proxy and information on who the shareholder can appoint as proxy;
- At which address an instrument of proxy shall be deposited either in original or in copy by fax or e-mail latest at the time the meeting starts;
- To whom any proposals or comments to the notice, the agenda for the meeting and any proposal for resolutions can be directed; and
- The web-pages on which the notice and the supporting documents, including the form of instrument of proxy will be made available.

### *Participation in a GM*

The Company will ensure that as many shareholders as possible may exercise their rights as shareholders by participating in a GM and that the GM works as an effective forum for the views of the shareholders, hereunder by implementation of the following measures:

- If at all required, the deadline for shareholders to give notice of their intention to attend the meeting shall be fixed to earliest the day before the date of the meeting. Normally there will be no requirement for a shareholder to notify its attendance at the GM in advance of the meeting;
- Any shareholder who cannot attend the meeting in person shall be able to vote by proxy either by granting proxy to the chairman of the BoD or to an individual appointed by the shareholder on each matter to be considered at the meeting. The notice of the GM will specify at which address the instrument of proxy shall be deposited and that the proxy must be deposited no later than the time for holding the meeting. The chairman of the GM may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited.
- The chairman of the meeting shall invite the shareholders to participate in discussions of the different issues at the GMs.
- The GM shall vote separately on each candidate nominated for election to the BoD.

The Articles permit that a person may participate at the GM by conference, telephone or other communications equipment if expressly permitted in the notice and if all persons participating can communicate with each other. For the time being, the Company does not have equipment to facilitate such means of participation and currently does not intend to offer such type of participation.

The members of the BoD, the CEO, the CFO and the company secretary shall be present at any GM. Furthermore, the members of the nomination committee will be present at the AGM. The auditor shall

be present at each GM where such presence is practical or necessary due to the nature of the business to be transacted at the meeting.

#### *Proceedings at GM*

In order for a GM to proceed, shareholders representing not less than 10% of voting rights of the Company must be represented either in person or by proxy.

For practical reasons as well as cost considerations, the chairman of the BoD will chair the GM, provided the chairman of the BoD at any time elected is independent of any major shareholder of the Company. If the chairman of the BoD is prevented from meeting or unable or unwilling to act as chairman of the GM, the other members of the BoD present shall elect one of their number to be chairman of the meeting and if possible one member that is independent of any major shareholder of the Company. If no member of the BoD is willing or able to act as chairman, the shareholders present at the meeting shall by ordinary resolution choose one of their number to be the chairman of the meeting.

#### *Announcement of documents related to GM*

The Company shall post the following documents related to a GM on its website:

- The notice of a GM and supplemental information on the matters to be considered, including any recommendation of a nomination committee, and proposals for resolutions to be considered, if possible at least 21 days in advance of the meeting;
- Form of instrument of proxy;
- To whom any proposals or comments to the notice, the agenda for the meeting and any proposal for resolutions can be directed;
- Minutes from the GM latest three days after the date of the GM.

#### **5.6.3 Compliance with the Code**

The GMs of the Company in 2008 took place in a period where the Company had less than 30 shareholders and procedures as described above were not fully complied with.

The Company has all intention to comply with the procedures when calling for and holding the AGM 2009. The auditor will not be physically present at the AGM 2009.

### **5.7 Recommendation 7: Nomination Committee**

#### **5.7.1 The provision of the Code**

*“The company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee’s remuneration.*

*The nomination committee should be laid down in the company’s articles of association.*

*The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive management. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the board. No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election. The nomination committee should not include the company’s chief executive or any other member of the company’s executive management.*

*The nomination committee’s duties are to propose candidates for election to the corporate assembly and the board of directors and to propose the fees to be paid to members of these bodies. The nomination committee should justify its recommendations. The company should provide information on the membership of the committee and any deadlines for submitting proposals to the committee.”*

#### **5.7.2 Polarcus’ commitment**

The Board will establish a nomination committee prior to the election of board members on the AGM in 2010.

The BoD will appoint one of its independent members to appoint the committee. This elected member will in turn appoint two individuals among the 20 at that time largest shareholders. No shareholder that is part of the executive management team may be part of the nomination committee and at least one

member must be independent of the BoD. The members of the nomination committee are elected for a period of two years.

The nomination committee will in connection with the notice for the AGM evaluate and provide a proposal for candidates for directorships. The nomination committee will also present a proposal for remuneration to the current BoD.

The names of the members of the nomination committee will be posted on the Company's web site [www.polarcus.com](http://www.polarcus.com).

Terms of Reference for the work of the committee are in the process of being developed.

### **5.7.3 Compliance with the Code**

The Company's Articles do not include provisions particular for nomination committee.

As the Company's shares currently are not listed on a stock exchange and in light of the recent appointment of the current BoD, a nomination committee to be appointed as described in Polarcus commitment will satisfactorily maintain the principles behind a nomination committee.

## **5.8 Recommendation 8: Board of Directors: Composition and independence**

### **5.8.1 The provision of the Code**

*"The composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the company's shareholders.*

*The composition of the board of directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.*

*The composition of the board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive management and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).*

*The board of directors should not include representatives of the company's executive management. If the board does include members of the executive management, the company should provide an explanation for this and implement consequential adjustments to the organization of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9.*

*The chairman of the board of directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman shall be appointed either by the corporate assembly or by the board of directors as a consequence of an agreement that the company shall not have a corporate assembly.*

*The term of office for members of the board of directors should not be longer than two years at a time.*

*The annual report should provide information to illustrate the expertise and capacity of the members of the board of directors and identify which members are considered to be independent.*

*Members of the board of directors should be encouraged to own shares in the company."*

### **5.8.2 Polarcus' commitment**

Pursuant to the Articles, the BoD may consist of 2 to 10 directors.

The members of the BoD and the chairman of the BoD shall be elected by the AGM by ordinary resolution.

Each director shall serve for a term of two years which expires at the conclusion of the AGM in the year in which the period of office expires. A director is eligible for re-election after the two-year period.

The BoD shall together have qualities, experience and expertise that the Company needs in order for it to develop into a recognised provider of geophysical seismic services world-wide including, but not limited to, geophysical seismic expertise, corporate, financial and investor relation experience and experience within investment banking. The directors shall furthermore have the ability to work efficiently as a team and have sufficient capacity to carry out his/her duties.

The BoD shall attend to the common interest of all shareholders and operate independently of any special interests and have a balanced combination of directors representing major shareholders and directors that are independent of any shareholder or shareholder groups. Under no circumstance shall the independent directors count less than two directors. The Company will furthermore ensure that the

majority of the directors are independent of the Company's executive management and material business contacts.

The directors are encouraged to own shares in the Company. No director shall be entitled to options in their capacity as director.

The annual report of the Company shall include a profile of each director reflecting their expertise and experience and in which capacity they act as director; either as a representative for a shareholder or as an independent director.

### **5.8.3 Compliance with the Code**

The current BoD consists of nine directors of which Drydocks World LLC, one of the major shareholder and the Company's current main business contact, is represented with two directors, Mr. Geoffrey Taylor and Mr. Rosli Khan, and the founding shareholders (including the founding management) with two directors, Mr. Carl-Gustav Zickerman and Mr. Carl-Peter Zickerman. Mr. Tore Karlsson, Mrs. Kitty Hall, Mrs. Hege Sjo and Mr. Peter Rigg are independent of the Company's main shareholders, the executive management and material business contacts. The Company also regards the last director, Mr. Alan Locker, former chief technical officer of Drydocks World Dubai LLC, as an independent director.

Two of the directors are female.

Mr. Peter M. Rigg is the chairman of the BoD and Mr. Tore Karlsson is the deputy chairman.

As the profile of the directors indicates (please see Section 4.2.1 above and the annual report for 2008 page 30-31), the current BoD provides diversified and valuable expertise and experience to the Company, including seismic expertise and experience relevant for the Company's core business, technical expertise relevant for the Company's construction of its six vessels as well as financial and investor related expertise particular to the current development phase of the Company with need for additional funding to complete its six vessels.

It is the Company's opinion that the composition of the current BoD complies with the Company's corporate governance commitments and the Code both in respect of (i) requirements for independence of main shareholders, executive management and material business contacts, (ii) independence of special interest and attention to the common interests of all shareholders and (iii) required diversity of expertise and experience. The Company feels the BoD reserves sufficient time to carry out their duties as directors in Polarcus. None of the directors holds such a number of board positions in other companies that such other positions would compromise the time needed to act as directors in Polarcus.

Mr. Carl-Peter Zickerman is part of the Company's executive management, serving as EVP & Head of Strategic Investment. Mr. Zickerman is furthermore one of the major shareholders and a founding shareholder of the Company. The BoD finds it advantageous that he holds office as director as well as attending to critical strategic processes on a daily basis.

All directors own shares in the Company (please see Section 4.2.1 above).

## **5.9 Recommendation 9: The work of the Board of Directors**

### **5.9.1 The provision of the Code**

*"The board of directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.*

*The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.*

*A deputy chairman should be elected for the purpose of chairing the board in the event that the chairman cannot or should not lead the work of the board.*

*The board of directors should consider appointing board committees in order to help ensure thorough and independent preparation of matters relating to financial reporting and compensation paid to the members of the executive management. Membership of such sub-committees should be restricted to members of the board who are independent of the company's executive management.*

*The board of directors should provide details in the annual report of any board committees appointed.*

*The board of directors should evaluate its performance and expertise annually."*

### **5.9.2 Polarcus' commitment**

The BoD and each director shall comply with and carry out its responsibilities in accordance with at any time applicable instructions and guidelines, the terms of reference attached as Attachments 1.1 – 1.4 hereto, and any additional board procedures in place.

The BoD shall regularly consider the appointment of board committees in order to enhance and ensure independent and efficient preparation and consideration of matters. Only directors independent of the executive management team can be members of such committees.

The Company will include details in the annual report of any board committees appointed.

### **5.9.3 Compliance with the Code**

The BoD has issued separate terms of reference documents that in detail set out the authorities, responsibilities and duties of the BoD, the chairman, the deputy chairman, a director, the company secretary, as well as the CEO. Furthermore, job descriptions have been prepared for all members of the executive management team. In accordance with the terms of reference document, the BoD has established a plan for its work for 2009 and has carried out an evaluation of its performance and expertise for 2008.

The BoD has appointed Mr. Tore Karlsson as deputy chairman.

The BoD has held 2 physical meetings, 3 phone meetings and executed 20 written resolutions in 2008.

The BoD has in 2008 established a corporate governance committee as well as a remuneration committee. The members of these are all independent directors. Currently the Company has not established an audit committee. A description of the said committees and their mandate are included on page 34 of the annual report for 2008.

## **5.10 Recommendation 10: Risk management and internal control**

### **5.10.1 The provision of the Code**

*“The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company’s activities. Internal control and the systems should also encompass the company’s corporate values and ethical guidelines.*

*The board of directors should carry out an annual review of the company’s most important areas of exposure to risk and its internal control arrangements.*

*The board of directors should provide an account in the annual report of the main features of the company’s internal control and risk management systems as they relate to the company’s financial reporting.”*

### **5.10.2 Polarcus' commitment**

Good risk management and quality processes are at the core of the Company’s business.

The Company will ensure sound internal control of its business and compliance with all relevant laws, regulations, and market requirements i.a. through its company management system.

The Company will annually carry out an internal audit in accordance with detailed audit procedures and the annual audit plan in order to ensure sufficient regular monitoring and review of the Group’s management system. The result of such audits shall be presented and considered by the BoD.

As part of the company management system and culture, the employees are required to report near-misses, incidents and non-conformances. Compliance with all aspects of the Polarcus management system shall be one element measured for each employee under the performance based bonus scheme implemented by the Group.

The executive management and each department of the Group shall regularly identify the risk and possible mitigation measures of the Group and the respective department. The result of the reviews shall at least annually be presented to the BoD for discussion and consideration.

The Company shall provide an account in the annual report of the main features of the Company’s internal control and risk management systems as they relate to the Company’s financial reporting.

### **5.10.3 Compliance with the Code**

The Company has established an electronic management system based on ShipNet software which contains Polarcus commitments (policy statements), Company manuals, corporate identity and ethical commitments, risk control, 3<sup>rd</sup> party management and contingency planning. The commitments, manuals and planning documents are supported by procedures. The procedures shall provide the necessary reference, standards and instruction for responsibly carrying out the daily tasks of the Group, in many situations aided by checklist that shall ensure that the task is carried out as prescribed in the procedure.

The Company estimates that 440 of the total documents needed (estimated to be in the region of 480) have been completed in order to ensure a well-functioning operation and compliance with prospective clients' requirements. The required management system documentation will be completed in time for the Group to carry out the required pre-qualification processes towards the various prospective clients and to secure attractive jobs for the vessels immediately upon their delivery.

The Company has developed a detailed internal audit procedure and an annual audit plan ensuring sufficient regular internal monitoring and review of the Group's management system, including suppliers and sub-contractors. External and internal audits will take place throughout the year. The audit results will be presented to the BoD for the first time during the summer 2009.

In December 2008, the executive management and each department of the Group carried out a review concerning of main risks and identified potential mitigation measures. The result has been presented to the BoD.

As a measure to assist in the internal control of the Group, the executive management is required to report to the BoD regularly on:

- Safety;
- Financial: monthly accounts, the reporting must include the same items as in the budgets, conformation of categories of budget and financial accounts, the status and compliance with covenants in loan agreements/sale-leaseback transactions, vessels CAPEX and currency exposure
- Vessels construction progress;
- Status of recruitment; and
- Sales/marketing measures.

The regular reporting to the BoD assists in the internal control of the Company.

As reflected on page 27 of the annual report for 2008, Polarcus management follow up its financial status in a daily basis leading into a formal monthly management report including critical factors relating to covenants, cash flow and other key figures. The quarterly financial statements are presented and approved by the BoD with a detailed comparison to budget. The complete internal control system is in the process of being developed, but critical control procedures have been put in place.

## **5.11 Recommendation 11: Remuneration of the board of directors**

### **5.11.1 The provision of the Code**

*"The remuneration of the board of directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.*

*The remuneration of the board of directors should not be linked to the company's performance. The company should not grant share options to members of its board.*

*Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.*

*The annual report should provide information on all remuneration paid to each member of the board of directors. Any remuneration in addition to normal directors' fees should be specifically identified."*

### **5.11.2 Polarcus' commitment**

The remuneration of the BoD shall reflect the BoD's responsibility, expertise, time commitment and the complexity of the Company's activities from year to year. The remuneration shall not be linked to the Company's performance.

The Company shall not establish options scheme for its directors.

As a general principle, the directors or the director's companies shall not take on specific assignments for the Company. If a director's particular expertise is needed by the Company for a period of time, the framework of such assignment as well as the remuneration shall in advance be approved by the BoD.

The annual report shall provide information on all remuneration paid to each member of the Board. Any remuneration in addition to normal director's fees shall be specifically identified.

### **5.11.3 Compliance with the Code**

The Company is currently in a work-intensive phase and requires considerable input and assistance from its directors. The BoD has proposed to the AGM in 2009 an annual remuneration of each director of USD 45,000 and USD 100,000 for the chairman. This proposal is presented on page 65 of the annual report for 2008. No additional remuneration has been paid to any director. Committee work is not eligible for additional pay.

There exists no options scheme for the directors. However, Mr. Carl-Peter Zickerman own options in the Company in his capacity as a member of the executive management. All directors own directly or indirectly shares in the Company.

None of the directors has taken on any specific assignment with the Company. The shipbuilding contracts with Drydocks World Dubai LLC are not such assignments as these were entered into before the yard's parent Drydocks World LLC became a shareholder in the Company and thereby was granted two seats in the BoD.

## **5.12 Recommendation 12: Remuneration of the executive management**

### **5.12.1 The provision of the Code**

*"The board of directors is required by law to establish guidelines for the remuneration of the members of the executive management. These guidelines are communicated to the annual general meeting.*

*The guidelines for the remuneration of the executive management should set out the main principles applied in determining the salary and other remuneration of the executive management. The guidelines should help to ensure convergence of the financial interests of the executive management and the shareholders.*

*Performance-related remuneration of the executive management in the form of share options, bonus programs or the like should be linked to value creation for shareholders or the company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence."*

### **5.12.2 Polarcus' commitment**

The remuneration committee shall annually review, and propose to the BoD the updated guidelines for the remuneration and benefits package of the members of the executive management, including the CEO. The remuneration committee shall when preparing the guidelines take into account the location of the management, the level of remuneration normal within the business of the Group, the phase of the Group's business and special characteristics of the different persons within the executive management. The guidelines shall include a summary of the characteristics of employee option schemes and bonus schemes applicable to the Group. The guidelines shall be communicated to the AGM for information.

Proposals for employee option schemes and arrangements to award shares to employees shall be approved in advance by a GM.

The annual report shall provide information on the principles for the remuneration of the members of the executive management and information on the elements of the remuneration of the CEO and the members of the executive management.

### **5.12.3 Compliance with the Code**

The current employee options scheme of the Company has been approved by the GM of the Company. The scheme was designed to align employees with shareholder value creation and to attract competent persons in the recruitment phase to a wide range of positions within the Group and to retain employees until the Group is well into its operational phase. The exercise price under the scheme is fixed to the average share price in the 30-days period prior to an employee accepting an offer for employment and the

options may be exercised in full after three years of employment. There is no requirement for a minimum period of ownership of the shares. The Company deviates somewhat from the recommendations of the Code, but the characteristics of the scheme are considered beneficial in the current phase of the Company.

The Company will consider other arrangements in the future.

The BoD has decided to not grant any bonus to the employees for 2008.

The remuneration committee of the Group is in the process of reviewing the various elements of the remuneration package for the executive management, including the CEO. All employees of the Group are subject to salaries and benefits set out in a grade system developed by the Company. The guidelines to be developed based on this review will be communicated to the AGM 2009.

The annual report for 2008 pages 61 and 65 includes information on the remuneration of the executive management and the general principles behind the various elements.

## 5.13 Recommendation 13: Information and communications

### 5.13.1 The provision of the Code

*“The board of directors should establish guidelines for the company’s reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.*

*The company should publish an overview each year of the dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.*

*All information distributed to the company’s shareholders should be published on the company’s web site at the same time as it is sent to shareholders.*

*The board of directors should establish guidelines for the company’s contact with shareholders other than through general meetings.”*

### 5.13.2 Polarcus’ commitment

The reporting of financial and other information from the Company shall be based on openness and equal treatment of all participants in the securities market. The Company will comply with detailed reporting requirements applicable for companies whose shares are traded at the Norwegian OTC list.

The Company shall during the first period of 2009 establish complete investor relations and external communication procedures. Legal disclosure obligations and regulations for financial reporting shall be strictly followed.

The Company shall in the beginning of each year publish a calendar setting out announcement of financial reports, the date of the AGM and other major events.

All information to be sent to the shareholders or to the market in general shall simultaneously be published on the Company’s website [www.polarcus.com](http://www.polarcus.com).

### 5.13.3 Compliance with the Code

The Company provides certain progress information to Drydocks World LLC under the shareholder agreement (please see Section 2.3.2 above) which could compromise the requirement for equal treatment of the shareholders. The Company will strive to give the information to the total market as soon as practically possible. The Company does not see that its disclosure duties to Drydocks World LLC creates substantial disadvantages for the other shareholders as Drydocks World LLC and the other parties to the shareholder agreement under any circumstances are restricted from trading in the shares and as such cannot take benefit of the information received.

The Company’s financial calendar for 2009 is presented on the Polarcus website [www.polarcus.com](http://www.polarcus.com).

The Company is in the process of developing investor relations and external communication procedures. Legal disclosure obligations and regulations for financial reporting are strictly followed. All information sent to the market is also published on the Company’s website [www.polarcus.com](http://www.polarcus.com).

## 5.14 Recommendation 14: Take-overs

### 5.14.1 The provision of the Code

*“The board of directors should establish guiding principles for how it will act in the event of a take-over bid.*

*During the course of a take-over process, the board of directors and management of both the party making the offer and the target company have an independent responsibility to help ensure that shareholders in the target company are treated equally, and that the target company's business activities are not disrupted unnecessarily. The board of the target company has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.*

*The board of directors should not seek to hinder or obstruct take-over bids for the company's activities or shares unless there are particular reasons for this.*

*In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.*

*If an offer is made for a company's shares, the company's board of directors should issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it should explain the background for not making such a recommendation. The board's statement on a bid should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should consider whether to arrange a valuation from an independent expert. If any member of the board or executive management, or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in the bid, the board should arrange an independent valuation in any case. This shall also apply if the bidder is a major shareholder. Any such valuation should be either appended to the board's statement, be reproduced in the statement or be referred to in the statement.*

*Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly."*

#### **5.14.2 Polarcus' commitment**

The Company will establish detailed guidelines for how the BoD and executive management shall act in the event of a take-over bid. Such guidelines will reflect the applicable laws and the Code, describe the various phases of a take-over process, include procedures to ensure that sufficient information and time are made available to the shareholders of the Company to evaluate the offer of such takeover, as well as guidelines for the BoD's evaluation of the offer and collection of independent price valuation. The principles will give guidance to when a GM should be called and include which actions the BoD has to take or refrain from taking. Under the guidelines, the BoD shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by a GM following announcement of such bid.

Any transaction that is in effect a disposal of Company's activities shall be decided by a GM.

#### **5.14.3 Compliance with the Code**

Due to the recent history of the Company, the Company is still in the process of developing the detailed guidelines required by the recommendation.

### **5.15 Recommendation 15: Auditor**

#### **5.15.1 The provision of the Code**

*"The auditor should submit the main features of the plan for the audit of the company to the board of directors annually.*

*The auditor should participate in meetings of the board of directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.*

*The auditor should at least once a year present to the board of directors a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.*

*The board of directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present.*

*The board of directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit. The board should receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the auditor should provide the board with a summary of all services in addition to audit work that have been undertaken for the company.*

*The board of directors must report the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments."*

### **5.15.2 Polarcus' commitment**

The Company shall annually request an audit plan from the auditor concerning the audit of the Company's consolidated financial statements.

The BoD shall request and accommodate that the auditor can participate in board meetings that deal with annual accounts. The auditor shall in such meetings review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report on all material matters on which there has been disagreement between the auditor and the executive management of the Company. The BoD shall in combination with such review meet with the auditor without the presence of the CEO or any other member of the executive management.

The auditor shall at least once a year discuss the Company's internal control procedures with the BoD, including identified weaknesses and proposals for improvement.

The Company shall establish guidelines as to when it is acceptable to use the Company's auditor for services other than the audit, this in order to ensure the auditor's continued independence. The executive management shall furthermore carefully evaluate, when instructing consultants, whether any of such consultants can be linked to the auditor and therefore put the independence of the auditor at risk.

The BoD shall request to receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. The auditor shall provide the BoD with a summary of all services in addition to the audit work that have been undertaken by the Company.

The BoD shall report the remuneration paid to the auditor at the AGM, including details of the fee paid for audit work and any fees paid for other specific assignments.

### **5.15.3 Compliance with the Code**

The Company has appointed Ernst & Young ASA, Oslo, Norway as its auditors on 30 July 2008.

The Company will ensure that guidelines are developed and audit plan received from the auditor early 2009.

The Company has during 2008 received services from Ernst & Young on tax planning. The Company is confident that these services have not compromised the independency of the auditor. The BoD will request a written confirmation from auditor on its status of independence.

The annual report for 2008 page 65 includes a summary of remuneration paid to the auditors. The audit fee is subject to approval from the AGM 2009.

# Terms of Reference - Board of Directors

*(approved by the Board on 30 April 2009)*

## 1. Responsibility and Principal Duties

The Board of Directors has the overall responsibility for the management of the Company and for supervising and reviewing the Company's day-to-day management and activities.

While the fundamental responsibility of the Board is to act in the best interest of the Company, the Board has a responsibility to ensure congruence between shareholders expectations, corporate plans and management performance.

It is important to note that delegation of responsibility by the Board to a Committee does not absolve the full Board from responsibility for a Committee's work or decisions.

In discharging its obligations, the Board's principal duties are:

- To provide leadership in setting the Company's long-range strategic direction and to approve the Company's overall strategic plan, operating goals, budgets, performance indicators and the business plans established to achieve them.
- To monitor and evaluate the performance of the Company through financial reporting and reporting on operation development of the Company.
- To participate in identifying the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and potential returns and to oversee the implementation of appropriate systems to manage the risks.
- To monitor and evaluate the performance of the CEO, taking appropriate action as warranted, and to provide for effective succession planning.
- To adopt policies and processes to enable effective communication with the shareholders, stakeholders and public.
- To ensure the integrity of the Company's internal control and management information system.
- To develop practices to ensure that the Board functions independently of management and major shareholders.
- To see that procedures are in place to ensure statutory responsibilities are met, an effective Corporate Governance program has been established, and corporate documents and records are properly prepared, approved and maintained.

## 2. Particular Items subject to Board Approval or Information

- The following items shall always be subject to Board approval:
  - Tenders and agreements related to seismic contracts with an estimated revenue value less than the current market rates and agreements of significant strategic impact.
  - Approval of material financing, with the exception of smaller working capital credit lines.
  - Investments in financial securities.
  - All items that require decision by the Board as further set out in the Articles (appointment and resignation of CEO, appointment and resignation of CFO, appointment of auditors, increase of issued share capital and allotment of shares).
  - Financial accounts – quarterly together with proposal for press release.
  - Budgets, annually and when revision is required.
  - Non-budget items over MUSD 1,000,000.
  - Establishment of sales offices and formation of subsidiaries for strategic purposes.
  - All resolutions to be approved by any of the Company’s subsidiaries.
- The following items shall regularly be presented to the Board for information:
  - Safety reports.
  - The latest available summary of accounts (prepared on monthly basis) with conformation to budget item by item and cash-flow projections.
  - Compliance with covenants of financing arrangements.
  - Currency exposure.
  - Status of Vessels CAPEX.
  - Vessels construction progress/Vessels schedule.
  - Recruitment status.
  - Sales status/marketing measures.

## 3. Constitution/Participation in Meetings

- The Board consists of nine Directors.
- At least five Directors must be present either in person or by telephone to constitute a quorum, of which at least one Director representing DW (Geoff Taylor or Rosli Khan) and one Director representing the initial founders (Peter Zickerman or Charlie Zickerman). If a phone meeting, a majority of Directors attending must be non-UK residents.
- Any non-UK resident Director should strive to appoint an alternate director to represent him in case of absence.
- Directors not able to participate in person shall, if possible, participate by phone.

## 4. Physical Board Meetings

The time and place of meetings of the Board and the procedures at such meetings shall be determined from time to time by the members of the Board, provided that:

- Physical Board Meetings shall take place 4 times a year and otherwise when required.
- Physical Board Meetings shall normally be held in Dubai and never in the UK.
- The CEO, CFO and Company Secretary shall in general always attend the Board Meetings.
- The Board shall at all times have the right to determine which non-Board members shall and shall not be present at any part of the meetings of the Board.

## 5. Phone Board Meetings

- Phone Meetings may be held when necessary.
- When possible, Directors and management located in Dubai, shall physically meet to participate in the meeting and such meetings shall always be deemed to be held in Dubai.
- Phone Meetings may only be initiated by invitation to phone conference from the Company Secretary or another person in the management of the Company situated in Dubai.

## 6. Written Resolutions

- Written Resolutions require signature of each Director in order to be valid.
- Written Resolutions may only be used to approve:
  - Items earlier discussed by the Board but not formally resolved upon in a meeting, provided no Director has expressed any disagreement to the proposed resolution; and
  - Minor issues that require approval by the Board due to request from a contract party;
  - Urgent issues where time does not permit a board meeting.
- Written resolutions may only be initiated by Company Secretary or another person in the management of the Company situated in Dubai.
- The UK resident Directors may sign a Written Resolution when in UK.

## 7. Notice of Board Meetings/Written Resolutions

- The CEO and any Director can require the Company Secretary to call for a Board Meeting.
- If time permits, any board meeting shall be formally called with at least 5 days written notice. Unscheduled physical Board meetings shall be notified as soon as possible.
- Request for a Written Resolution shall be submitted to the Directors at least 2 days in advance of the resolution being required.
- The Chairman shall always be notified of a board meeting/written resolution in advance of the notice.

- Notice of board meeting shall always take place via e-mails to all Directors with request for all Directors to acknowledge receipt of notice. If no acknowledgment is received within 24 hours, Company Secretary shall try to contact the relevant Director.
- The agenda of and any discussion material shall, if possible, be included in the notice of the board meeting. Discussion material shall in any event be submitted to the Board latest 48 hours prior to the board meeting. Only in extraordinary situations can a shorter time limit be accepted.
- The agenda for the meeting shall identify which items that require a resolution and which items that are only for information/discussion purposes.
- Discussion material shall always be prepared and sent to the Directors in advance where a Board resolution of monetary value is required. The discussion material shall, as a minimum, include a description of the background for the item and a proposal for resolution.
- In order to save the environment, the discussion material shall not be provided to the Directors in print.
- A member may in any manner waive a notice of meeting, and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## 8. Resolutions

- Resolutions shall normally be passed with majority vote unless otherwise required by the Articles.
- If a majority vote cannot be made with the Directors present, the issue shall be postponed to the next meeting. The Chairman shall not use its double vote as given to him in the Articles of the Company.
- Authorisation to negotiate and sign any kind of documents shall as principle always be given to a member of the management and never to a UK-resident Director.

## 9. Minutes and Reporting Responsibility

- The Company Secretary shall prepare the Minutes of the Meetings.
- The Minutes shall be submitted to all directors for comments as soon as possible and latest one week after the meeting.
- The Directors shall submit any comments to the minutes in writing within 5 days after receiving the proposal for minutes, however the Minutes shall be formally approved on the following Board Meeting.
- The Minutes shall include:
  - Date and time of meeting;

- Form and venue of meeting;
  - Present and absent Directors, physical location of each Director;
  - Whether the present Directors constitute a quorum;
  - Present members of management and their physical location;
  - Precise record of all decisions taken, brief summary of all issues discussed and any directives or authorizations given by the Board to the management;
  - Attachment of discussion material if required by a Director or if required for the understanding of the content of resolutions passed;
  - Record of whether resolutions were unanimous or include dissents, and if dissent, the identity of the dissenting party.
- The Minutes shall be signed by the Chairman and the Company Secretary at the following Board Meeting unless an earlier signed resolution is required. If earlier signed resolution is required, the Minutes shall be signed after the due date for comments from the Directors, provided that the Chairman may only sign Minutes when outside of the UK.

## 10. Annual Plan

The Board shall at the end of each year resolve on a Board Plan for the following year containing a schedule for physical board meetings and an outline and schedule of known items to be discussed at each meeting.

## 11. Committee Structure

The Board has statutory authority to appoint any Committees that it considers necessary for the efficient conduct of the affairs and business of the Corporation and to prescribe the duties of any Committee it appoints.

The Board of Directors has established the following committees:

- Corporate Governance; and
- Remuneration.

Separate Terms of Reference have been developed for the Committees.

## 12. Auditor

The Directors should meet with the auditor of the Company annually without the executive management being present. At the Board Meeting approving the annual accounts, the auditor shall as a main rule be available by phone for potential questions from the Board.

## 13. Evaluation

- The Directors shall evaluate their own performance once a year.

- The Directors shall evaluate the CEO once a year.

## 14. Management Responsibilities

The Board discharges its obligations directly through recommendations it receives from Committees of the Board and by delegating certain of its powers to officers and employees of the Company.

The CEO and the executive management is responsible for the day-to-day operations of the Company, acting within approved Board policies and directives.

In general terms, the Board expects that the CEO and the executive management will:

- Develop a vision and philosophy for the Company with strategic and operational plans to achieve the vision.
- Establish, prioritise and achieve corporate strategies, goals, budgets, business plans and performance indicators.
- Identify, prioritize and manage the principal risks to the Company.
- Appoint, train, motivate, monitor and evaluate employees, and develop an effective succession plan.
- Propose and implement policies and processes to enable effective communication with the shareholder, stakeholder and public.
- Design and implement policies and procedures to ensure the integrity of the Company internal control and management information systems.
- Provide accurate, complete and timely information to the Board to enable it to discharge its obligations and meet its governance and legal responsibilities.
- Establish and implement procedures to ensure statutory responsibilities are met, an effective Corporate Governance program is in place and Corporate documents and records are properly prepared, approved and maintained.
- Ensure compliance with significant policies and procedures by which the Company is operated.

## 15. Access to Corporate Records

In performing any of its duties and responsibilities, the Board shall have access to any and all books and records of the Company required for the execution of the Board's obligations and, as necessary, shall discuss with appropriate corporate officers and employees such records and other relevant matters.

## 16. Expenses

- Travel expenses shall be refunded by the Company subject to receipt of copy of invoices and copy of flight confirmation (if not arranged through HRG).
- The Directors may fly business class.
- The Directors will be refunded one night stay in hotel unless the Board Meeting last for more than one day.
- The Directors shall arrange their own flights.
- Only cost of phone calls related to the function as Director are refundable subject to invoice highlighting the calls that are requested refunded.
- Any expenses shall be submitted to the Company Secretary for approval by way of an expense claims form with relevant invoices attached.

## 17. Compliance with Laws and Regulations

The Board of Directors shall comply with:

- the Company's Articles of Association;
- the Company's principle of corporate governance;
- the Company's public policy and confidentiality principles;
- the Group's ethical and safety commitments.

## 18. Access to Corporate Records

In performing any of its duties and responsibilities, the Board of Director shall have access to any and all books and records of the Group and, as necessary, shall discuss with appropriate Group employees such records and other relevant matters.

## 19. Access to Independent Advice

The Board of Directors is entitled to engage outside advisors at the Group's expense, if, in the opinion of the Board, this is necessary in order for the Board to properly discharge its functions, duties and responsibilities.

## 20. Renewal of Terms of Reference

The Board shall review annually its Terms of Reference and, where appropriate, resolve on revisions of its Terms of Reference.

# Terms of Reference – Chairman of the Board

*(approved by the Board on 30 April 2009)*

In fulfilling his/her responsibilities, the Chairman of the Board must:

## 1. Governance

- Comply with the Director Terms of Reference.
- Ensure that the Board of Directors discharges its principal areas of responsibility as articulated in Board of Directors Terms of Reference.
- Provide effective leadership, overseeing all aspects of the Board's direction and administration and ensure that the Directors work as a cohesive team and builds a healthy corporate governance culture.
- Ensure that the Board is sufficiently independent from management, and oversee the standards and processes to promote such independence.
- Ensure that where functions are delegated to Committees of the Board, the functions are carried out and the results are reported to the Board of Directors.

## 2. Board and Committee Meetings

- Schedule and set, in consultation with the Chief Executive Officer (CEO), Group Company Secretary, the Committees Chairs, other Directors and members of management as appropriate, the meeting and the agenda of the Board of Directors.
- Adopt procedures and ensure that resources are available to the Board of Directors in order that it can conduct its work effectively and efficiently.
- When in attendance, chair meetings of the Board of Directors and other special meetings.
- Ensure the board meets as necessary and appropriate.
- Allot sufficient time during Board meetings for discussion of agenda items and relevant issues of importance to the Company.

## 3. Board Development and Succession Planning

- Ensure that the responsibilities of the Board of Directors as outlined in the Terms of Reference are well understood by both the Board and management and are executed effectively.
- Deal effectively with dissent and work constructively towards achieving consensus and arriving at decisions.

- Facilitate effective communication between Directors and management, both inside and outside of Board meetings.
- Ensure, in cooperation with the Group Company Secretary and management, that Directors are receiving information from management that is high in quality, in the appropriate quantity, in a timely fashion, in a convenient format and from suitable sources.
- Ensure that the boundaries between Board and management responsibilities are clearly understood and respected and that relationships between the Board and management are conducted in a professional and constructive manner.
- Encourage Directors to ask questions and express viewpoints during Board Meetings.
- Conduct one on one dialogue with each Director after the annual peer assessment evaluation.
- Have an effective working relationship with the CEO of the Company.
- Work with and assist the CEO, as appropriate, in representing the Company to its shareholders and other stakeholders, such as customers, suppliers, the media, and public.
- Participate in the orientation and mentoring of new Directors and the continuing education and training of current Directors in their respective roles.
- Retain independent advisers (external consultants) on behalf of the Board of Directors when needed, and in accordance with Board policy.
- Assist in the selection and mentoring of Committee Chairmen.
- Act as a spokesperson for the Company, as required.

# Terms of Reference – Deputy Chairman of the Board

*(approved by the Board on 30 April 2009)*

In fulfilling his/her responsibilities, the Deputy Chairman of the Board must:

## 1. Governance

- Comply with the Director Terms of Reference.
- Assist and support the Chairman in ensuring that the Board of Directors discharges its principal areas of responsibility as articulated in Board of Directors Terms of Reference.
- Assist and support the Chairman in providing effective leadership, overseeing all aspects of the Board's direction and administration and ensuring that the Directors works as a cohesive team and builds a healthy corporate governance culture.
- Assist and support the Chairman in ensuring that the Board is sufficiently independent from management, and oversee the standards and processes to promote such independence.
- Assist and support the Chairman in ensuring that where functions are delegated to Committees of the Board, the functions are carried out and the results are reported to the Board of Directors.

## 2. Board and Committee Meetings

- Assist and support the Chairman in scheduling and set, in consultation with Group Company Secretary, other Directors, members of management and Committee chairs as appropriate, the meeting and the agenda of the Board of Directors.
- Assist and support the Chairman in adopting procedures and ensuring that resources are available to the Board of Directors in order that it can conduct its work effectively and efficiently.
- Where required, chair meetings of the Board of Directors and other special meetings.
- When chairing meetings, allot sufficient time during meetings for discussion of agenda items and relevant issues of importance to the Company.

## 3. Board Development and Succession Planning

- Assist and support the Chairman in ensuring that the responsibilities of the Board of Directors as outlined in the Terms of Reference are well understood by both the Board and management and are executed effectively.
- Deal effectively with dissent and work constructively towards achieving consensus and arriving at decisions.

- Facilitate effective communication between Directors and management, both inside and outside of Board meetings.
- Assist and support the Chairman in ensuring, in cooperation with the Group Company Secretary and management, that Directors are receiving information from management that is high in quality, in the appropriate quantity, in a timely fashion, in a convenient format and from suitable sources.
- Assist and support the Chairman in ensuring that the boundaries between board and management responsibilities are clearly understood and respected and that relationships between the Board and management are conducted in a professional and constructive manner.
- Assist and support the Chairman in encouraging Directors to ask questions and express viewpoints during Board Meetings.
- Conduct one on one dialogue with each Board member after the annual peer assessment evaluation where Chairman is unable to do so.
- Work with and assist the CEO, as appropriate, in representing the Company to its shareholders and other stakeholders, such as customers, suppliers, the media, and public.
- Participate in the orientation and mentoring of new Directors and the continuing education and training of current Directors in their respective roles.
- Assist in the selection and mentoring of Committee Chairs where Chairman is unable to do so.
- Act as a spokesperson for the Company, as required.
- In general to support, assist and act as deputy to the Chairman when required.

# Terms of Reference - Director

*(approved by the Board on 30 April 2009)*

The Polarcus Ltd Board of Directors has approved Terms of Reference which set out the principal duties and responsibilities to be discharged by the Board of Directors.

## 1. Director Responsibilities

- In performing their duties, Directors shall act honestly and in good faith with a view to the best interests of the Company while taking into account the business objectives of the Company.
- Directors must demonstrate leadership by requiring of themselves and Company employees high standards of ethical behavior in the conduct of Board and corporate business.
- Directors must be willing to act on and be accountable for decisions made by the Board.
- Directors must keep themselves informed about the industry and the Company so as to understand and question the assumptions upon which strategic and business plans are based and to form an independent judgment about the probability that such plans can be achieved.
- Directors must take responsibility for ensuring that they have and maintain the necessary skills, including financial skills, abilities and knowledge to contribute to the effective performance of the Board.
- Directors shall strive to attend all Board meetings and actively participate in Board and Committee work, deliberations and decisions. Any non-UK resident Director shall strive to appoint an alternate director to represent him in case of absence. Directors prevented from attending meetings shall inform the Company Secretary about his/her absence as soon as possible.
- To ensure the effectiveness and efficiency of Board and Committee meetings, Directors must prepare for each meeting by reading the reports and background material.
- Directors shall diligently review minutes from Board meetings and submit any comments to the minutes in writing within 5 days after receiving draft minutes.

## 2. Communication

- Directors must be able to work well with other Directors and the Chairman.
- Directors must be open to the opinions of others and willing to freely express their views on matters before the Board. Directors must approach others assertively, responsibly and in a supportive manner, and be willing to raise tough questions in a manner that encourages open

debate. Directors must be willing to act as a resource to and be available for individual consultation with the senior management and other Directors.

### **3. Laws and Regulations**

Directors shall comply with:

- the Company's Articles of Association;
- the Company's principle of corporate governance;
- the Company's public policy and confidentiality principles;
- the Group's ethical and safety commitments.

### **4. Access to Corporate Records**

In performing any of its duties and responsibilities, the Director shall have access to any and all books and records of the Group required for the execution of the Director's obligations and, as necessary, shall discuss with appropriate Group employees such records and other relevant matters.

### **5. Access to Independent Advice**

Subject to the written approval of the Chairman, individual Directors are entitled to engage outside advisors at the Group's expense in the event there are matters in respect of which the Directors wish to receive independent counsel.

# Terms of Reference - Group Company Secretary

*(approved by the Board on 30 April 2009)*

In fulfilling his/her responsibilities, the Group Company Secretary must:

## 1. Appointment and Reporting Relationships

- Act in the capacity of Secretary to the Board and its Committees.
- Report directly to the Chairman of the Board.

## 2. Specific Responsibilities

- Provide comprehensive corporate secretarial services to the Board, Committees and Directors.
- Undertake special projects for the Board or a Committee as required from time to time
- Be responsible for maintaining effective working relationships with the Board Chairman, Committee Chairs, individual Directors and management.

## 3. Governance Services

- Provide expertise and work with the Board Chairman to implement best practices in corporate governance by the Board and its Committees.
- Provide advice and guidance to Directors and management regarding Group policies, directives and processes.
- Provide advice and guidance to Directors regarding tax issues related to the Board and Directors.

## 4. Board and Committee Meetings

- Initiate, in consultation with the Board Chairman, Committee chairs and management, the development of Board and Committee meeting agendas.
- Facilitate, in consultation with the Board Chairman and Committee Chairs or Company staff, notification of meetings, preparation and distribution of agenda items and books, hereunder ensure that:
  - Physical meetings are called with at least five days written notice through e-mail or in emergency as soon as possible;
  - Board meetings are called when required by the CEO or any of the Directors and Committee meetings when required by the CEO, the Board Chairman or a Committee member;

- If possible, the agenda and any discussion material is included in the notice of the meeting and in any event sent to the Directors only by e-mail latest 48 hours prior to the Board meeting. Only in extraordinary situations can a shorter time limit be accepted;
- Discussion material, as a minimum, includes a description of the background for the item and where required, a proposal for resolution.
- The agenda for the Board meeting identifies which items that require a resolution and which items that are only for information/discussion purposes;
- Facilitate the practical arrangements for a Board meeting or Committee meeting, such as conference rooms, hotel rooms, flights, dinner reservations etc. as required.
- Attend Board and Committee meetings, and provide advice to the Chairman to support effective functioning of the Board or Committee and adherence to proper meeting procedure.
- Prepare accurate, complete minutes of meetings which contain:
  - Date and time of meeting;
  - Form and venue of meeting;
  - Present and absent Directors or Committee members, physical location of each attendee;
  - Whether the present attendees constitute a quorum;
  - Present members of management and their physical location;
  - Record of all decisions taken, brief summary of all issues discussed and any directives or authorizations given by the Board or a Committee to the management;
  - Attachment of discussion material if required by a Director or Committee member or if required for the understanding of the content of resolutions passed;
  - Record of whether resolutions were unanimous or include dissents, and if dissent, the identity of the dissenting party;
- Submit minutes for comments to Directors or Committee members latest one week after the meeting.
- Where required, prepare and submit to the Directors accurate and complete proposal for written resolutions.
- Arrange for signatures of minutes and written resolutions.
- In conjunction with management, clearly communicate directives from the Board and Committees to the person responsible for carrying out the directive.
- Retain and safeguard the official Board and Committee Minute books and Corporate documents.
- Verify and authorize Director's expense claims related to performance of Board-related duties.

## 5. Board Evaluation & Succession Planning Processes

- Assist the Board and Committees in evaluating and reporting on corporate governance commitments and the mandates of the various Committees.
- Assist the Board in implementing and reporting on the annual processes to assess the performance of the Board, Committees, Chairs and individual Directors.
- Assist the Board in implementing and reporting on the annual performance evaluation of the Chief Executive Officer.
- Work with the Board and Committees to facilitate Board appointment and renewal processes, and to address Committee structures, composition and mandates.
- Assist the Board to identify and communicate any skill requirements when making recommendations to fill Board vacancies.

## 6. Director Development Need

- Assist the Board to identify and communicate the professional development (CPD) needs of Directors.

# Terms of Reference – Corporate Governance Committee

*(approved by the BoD [4] February 2009)*

## 1. Composition

The Committee shall comprise of at least three members from the BoD. All members shall be independent of the executive management. The members shall be appointed by the BoD. If available, members of the BoD with experience from corporate finance and/or investor relations should be appointed. The chairman of the BoD shall not be part of the Committee.

The BoD shall appoint the Committee Chair who shall chair the Committee meetings.

Each member of the Committee shall continue to be a Committee member until a successor is appointed, unless the member resigns, is removed by resolution of the BoD or otherwise ceases to be a director as a result of the vacancy.

Where a vacancy occurs, at any time in the Committee membership, it may be filled by the BoD, and shall be filled by the BoD if the membership Committee is less than three (3) directors.

Only members of the Committee have the right to attend meetings, however, other individuals such as the CEO and CFO may be invited to attend as appropriate.

## 2. Secretary

The group company secretary or her nominee shall act as Secretary of the Committee.

## 3. Quorum

All members must be present to form a quorum. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 4. Meetings

The Committee shall meet not less than once a year and at such other times as required. The meetings can take place either in form of physical meetings or phone conferences.

## 5. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof or at the request of the Secretary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend with a copy to the chairman of the BoD, no less than three working days prior to the date of the meeting.

## 6. Authorities and Duties

The Committee shall act as an advisory committee to the BoD on issues related to corporate governance of the Group.

In detail, the Committee shall have the following functions, duties and responsibilities:

- Review and report to the BoD of any relevant legislation, report, position, paper or other developments on the subject of corporate governance generally and the duties and responsibilities of directors in particular.
- Annually review and report to the BoD on the appropriateness and relevance of the Group's corporate governance commitments and structure and how these are presented to the market.
- Review and recommend for approval by the BoD any appropriate changes to the Group's corporate governance commitments.
- In January each year, review and prepare a report on the Group's compliance with its corporate governance commitments.
- Monitor the functioning of the BoD and committees of the BoD and recommend governance issues to be discussed by the BoD and committees to ensure timely and complete information and decision-making at the BoD and committee levels.
- Review as required, and at least annually, the Terms of Reference of the BoD and committees and recommend to the BoD any amendments as deemed necessary or advisable.
- At least annually review and report to the BoD on the status of the Group's management system.
- Annually review the Group's commitments and recommend to the management and the BoD any required or desired changes.
- Annually review and report to the BoD on the internal control and risk management systems established by the Group and opine on whether these are appropriate in relation to the extent and nature of the Group's activities.
- At least annually ensure receipt of an internal audit report concerning the various departments' and employees' compliance with various commitments and procedures comprising the Group's

management system and review and report to the BoD the conclusion of such internal audit report.

- Annually together with CEO review the Group's most important areas of exposure to risk and present the conclusions to the BoD.
- Prepare and present to the BoD a summary of the main features of the Group's internal control and risk management systems as they relate to the Group's financial reporting.

## 7. Minutes of the Meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Minutes of Committee meetings shall be circulated to all members of the Committee and to the chairman of the BoD latest five days after the meeting and made available on request to other members of the BoD.

## 8. Reporting/Recommendations

The Committee Chair shall report to the BoD on the Committee's work at least once a year and give an outline of the various elements of the corporate governance structure of the Group and any proposals for changes for approval by the BoD.

The Committee shall present its recommendation to the BoD on all proposals made by the management related to corporate governance.

The Committee shall annually review its own performance and present the review for comments to the BoD.

The Committee shall annually review the terms of reference for the Committee and recommend any changes to the BoD for approval.

# Terms of Reference – Remuneration Committee

*(approved by the BoD [4] February 2009)*

## 1. Composition

The Committee shall comprise of at least three members from the BoD. All members shall be independent of the executive management. The members shall be appointed by the BoD. If available, members of the BoD with experience from the seismic business environment and/or the Dubai region should be appointed. The chairman of the BoD shall not be part of the Committee.

The BoD shall appoint the Committee Chair who shall chair the Committee meetings.

Each member of the Committee shall continue to be a Committee member until a successor is appointed, unless the member resigns, is removed by resolution of the BoD or otherwise ceases to be a director as a result of the vacancy.

Where a vacancy occurs, at any time in the Committee membership, it may be filled by the BoD, and shall be filled by the BoD if the membership Committee is less than three (3) directors.

Only members of the Committee have the right to attend meetings, however, other individuals such as the CEO, CFO and Director responsible for HR, may be invited to attend as appropriate.

## 2. Secretary

The group company secretary or her nominee shall act as Secretary of the Committee.

## 3. Quorum

At least three members must be present to form a quorum. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 4. Meetings

The Committee shall meet not less than once a year and at such other times as required. The meetings can take place either in form of physical meetings or phone conferences.

## 5. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof or at the request of the CEO of the Polarcus Group.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend with a copy to the chairman of the BoD, no less than three working days prior to the date of the meeting.

## 6. Authorities and Duties

The Committee shall act as an advisory committee to the BoD on issues related to remuneration of the employees of the Group. The term “remuneration” includes all benefits granted to employees, hereunder allowances, salaries, various incentive schemes, pension schemes and various types of insurances.

In detail, the Committee shall:

- Annually review the ongoing appropriateness and relevance of the framework/broad remuneration policy for the employees of the Group based on information and possibly recommendations from the CEO. In reviewing the remuneration policy, ensure that employees of the Group are provided with appropriate incentives, including bonus payments and share options to encourage enhanced performance and that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.
- Review annually remuneration trends of competitor companies.
- Review and consider any proposal or request from the CEO concerning remuneration.
- Review and recommend for approval by the BoD the design of and targets for any performance related pay schemes to be operated by the Group and recommend the total annual payments under such schemes.
- Review and recommend for approval by the BoD the framework and principles for annual increase of salaries and adjustment of allowances and recommend the total annual increase/adjustment of such items.
- Review and recommend the design of all share incentive plans for approval by the BoD and GM.
- Review and recommend for approval by the BoD the policy for and scope of pension arrangements and other insurance arrangements.
- Review and recommend for approval by the BoD the policy for termination payments and compensation of commitments.

- Review and recommend the remuneration of the CEO for approval by the BoD.
- Review the total individual remuneration package of each member of the executive management determined by the CEO for the purpose of verifying that the individual packages are fair to the individual and the Group.
- Annually review the policy for authorizing the reimbursement of any claims for expenses from the CEO.
- Annually guide and review the content of the annual report on senior management remuneration.

## 7. Minutes of the Meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Minutes of Committee meetings shall be circulated to all members of the Committee and to the chairman of the BoD latest five days after the meeting and made available on request to other members of the BoD.

## 8. Reporting/Recommendations

The Committee Chair shall report to the BoD on the Committee's work at least once a year and give an outline of the various elements of the current remuneration policy of the Group and any proposals for changes for approval by the BoD.

The Committee shall present its recommendation to the BoD on all proposals made by CEO related to remuneration of employees.

The Committee shall annually review its own performance and present the review for comments to the BoD.

The Committee shall annually review the terms of reference for the Committee and recommend any changes to the BoD for approval.

# Terms of Reference – Committee Chairman

*(approved by the Board on 30 April 2009)*

In fulfilling his/her responsibilities, the chairman of a Committee must:

## 1. Governance

- Comply with the Director Terms of Reference.
- Ensure that the Committee fulfills its mandate.
- Ensure that functions delegated to the Committee by the Board are carried out.
- Communicate to the Board issues and recommendations that may arise from the work of the Committee.
- Provide effective Committee leadership, overseeing all aspects of the Committee's direction and administration in fulfilling its Terms of Reference and ensure that the Committee members work as a cohesive team and builds a healthy corporate governance culture.
- Oversee the structure, composition and membership of the Committee and activities delegated to the Committee.
- Ensure that the Committee membership meets all legislative and regulatory requirements as well as considering governance best practice.
- Communicate with appropriate members of management in fulfilling the Committee Terms of Reference.

## 2. Board and Committee Meetings

- Ensure Committee items for discussions are placed on the Board agenda.
- Report the results of Committee meetings to the Board and if unable to attend the Board meeting dealing with the results, submit a written report or delegate to a member of the Committee responsibility for reporting on the Committee's activities.
- Ensure that Committee minutes are available to each Director.
- Schedule Committee meetings and set the Committee agenda, in consultation with the Chairman of the Board, other Committee members, the Group Company Secretary and independent advisers and members of management, as appropriate.
- Adopt procedures and ensure that resources are available to the Committee in order that it can conduct its work effectively and efficiently.
- Ensure that the Committee meets as necessary and appropriate.

- When in attendance, chair meetings of the Committee and, when required appoint an acting chair.
- Allot sufficient time during Committee meetings to discuss fully the agenda items.

### 3. Committee Development and Succession Planning

- Ensure that the responsibilities of the Committee as outlined in the Terms of Reference are well understood by both the Committee members and management and are executed effectively.
- Ensure that Committee members are receiving written information and are exposed to presentations from management consistent with fulfilling the Committee Terms of Reference.
- Recommend to the Board needs and skills required for Committee members.
- Ensure Committee members understand their responsibilities.
- Encourage Committee members to ask questions and express viewpoints during Committee meetings.
- Facilitate effective communication between Committee members and management, both inside and outside of Committee meetings.
- Ensure that the boundaries between Committee and management responsibilities are clearly understood and respected and that relationships between the Committee and management are conducted in a professional and constructive manner.
- Deal effectively with dissent and work constructively toward achieving consensus and arriving at recommendations.
- Retain independent advisers (external consultants) on behalf of the Committee when needed subject to approval from the chairman of the Board of Directors.
- Oversee the assessment of the performance of the Committee annually.
- Conduct one on one dialogue annually with members.