



Polarcus Limited
Corporate Social Responsibility Report
for the year 2013



Corporate Social Responsibility Report for 2013

(Reported to the Board of Directors on 27 March 2014)

1 Definition of Corporate Social Responsibility

1.1 Introduction

Corporate Social Responsibility, commonly referred to as "CSR", is a widely used term which can be defined in many different ways. CSR is sometimes also referred to as "*Social Responsibility*", "*Corporate Conscience*", "*Citizenship*", "*Social Performance*" or "*Sustainable Responsible Business*".

Internationally recognized principles and guidelines have been established for CSR, such as (i) OECD Guidelines for Multinational Enterprises, (ii) the ten principles of the United Nations Global Compact, (iii) the ISO 26000 Guidance Standard on Social Responsibility, (iv) the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy and (v) the United Nations Guiding Principles on Business and Human Rights.

According to these principles and guidelines, CSR covers amongst other things; (i) human rights, labor and employment practices (such as training, diversity, gender equality and employee health and well-being), (ii) environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and (iii) the combat of bribery and corruption. Community involvement and development, the integration of disabled persons, and consumer interests (including privacy), are also described as being part of the CSR agenda.

The European Commission puts forward a new definition of CSR as "*the responsibility of enterprises for their impacts on society*" (COM (2011) 681 final, A renewed EU strategy 2011-14 for Corporate Social Responsibility).

The Commission further states that "*respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:*

- *maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;*
- *identifying, preventing and mitigating their possible adverse impacts.*"

On 5th February 2013, the European Parliament adopted two non-legislative resolutions on the CSR: "Corporate Social Responsibility: accountable, transparent and responsible business behavior and sustainable growth" and "Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery". The first resolution focuses on three priorities (1) improving transparency; (2) establishing self-regulation and co-regulation processes; and (3) clarifying the rewards on the marketplace represented by CSR. The resolution also stresses the need for CSR to remain primarily a voluntary activity of companies. Finally, the resolution puts a strong focus on small and medium-sized enterprises (SMEs) and calls for substantial supporting measures to help SMEs to get involved in CSR. The second resolution puts emphasis on global CSR instruments and call for an alignment of European and global approaches to CSR. Furthermore, it focuses on the current economic crisis and what companies could or should do as responsible companies in order to be inclusive

employers. It also calls for better access to European Union courts in cases of extreme violations by European companies in third countries. The European Commission has considered various ways in which to encourage and promote CSR initiatives by Member States which include the implementation of a peer review (PR) mechanism on CSR, by which European Commission representatives hold various meetings with Member States' representatives in order for the Member States to exchange information and better understand each other's CSR policies. Furthermore, the European Commission has invited Member States to develop national CSR policies and put together action plans outlining how they intend to implement such policies. It is clear that the European Commission puts a strong emphasis on commitment to CSR and is keen to ensure that Member States and their companies comply with and encourage CSR initiatives as much as possible.

The Norwegian Corporate Governance Code does not give a precise definition of CSR but identifies it as follows: *“At the core of the concept of corporate social responsibility is the company's responsibility for the manner in which its activities affect people, society and the environment, and it typically addresses human rights, prevention of corruption, employee rights, health and safety and the working environment, and discrimination, as well as environmental issues.”*

The Norwegian Accounting Act Section 3-3c requires Norwegian companies to report on CSR and refers to CSR as human rights, labor rights and social conditions, environmental issues and the combat of bribery and corruption.

Although CSR reporting is voluntary in most countries, certain countries, including Norway as mentioned above, have implemented a mandatory requirement for CSR reporting to be included in the large companies' financial reports. The Norwegian requirement does not directly apply to Polarcus.

As a reflection of the various rules and guidelines, the principles and activities that are included in a company's CSR initiative vary greatly and are largely for the individual company to decide. Ultimately the company's culture and ambitions will determine what its CSR entails.

A little closer to the oil and gas industry, within the International Association of Geophysical Contractors' (IAGC), CSR is a topic/issue that was discussed a few years back by the Global HSE & Security Steering Committee. Many IAGC members recognize the value of establishing and promoting a CSR philosophy within their company. Several IAGC member companies have made presentations as to how their companies approach CSR. Beyond that, the members of IAGC have not discussed CSR with any intent other than sharing 'best practices', much less considering the development of a geophysical industry position or statement of principle. However, the IAGC Board of Directors at their December 2013 meeting formally endorsed the “Environmental Manual for Worldwide Geophysical Operations 2013 Edition” (the “Manual”). The Manual provides the industry with guidelines for conducting geophysical operations in a sustainable and environmentally responsible manner, and inter alia includes guidance for geophysical exploration both on land and at sea. The Manual addresses a variety of key areas including, but not limited to, management responsibilities, stakeholder identification and communication, environmental training, screening study, assessment of natural and physical issues, social and cultural impact assessment and consideration, mitigation strategies, sound effects, environmental monitoring and audits. Moreover, the Manual focuses on operations in special habitats and environments such as rainforest and wetlands. IAGC member companies continue to support the “Geophysics Rocks” website as a voice for the geophysical industry and an educational tool to promote the geophysical companies and what they are doing to help provide energy to the global community in a safe and environmentally responsible manner.

1.2 Refining the Definition - ISO 26000

The voluntary International Standard, ISO 26000:2010 “Guidance for social responsibility”, sets out an international consensus on definition and principles of Social Responsibility. It provides guidance on how to integrate Social Responsibility throughout the operations of an organization. The standard has

been intentionally written in order to be accessible to non-specialists, and unlike many other ISO standards it is a voluntary guidance standard.

ISO 26000 identifies seven “core subjects” or socially responsible areas of activity or focus. These are:

- organizational governance;
- human rights;
- labor practices;
- the environment;
- fair operating practices;
- consumer issues; and
- community involvement and development.

Economic aspects, as well as aspects relating to health and safety and the value chain, are dealt with within each of these core subject areas.

ISO 26000 furthermore defines the following seven core principles that must be considered for each of the “core subjects”:

- Accountability;
- Transparency;
- Ethical Behavior;
- Respect for Stakeholder Interests;
- Respect for the Rule of Law;
- Respect for International Norms of Behavior;
- Respect for Human Rights.

Although merely a guidance standard, it appears ISO 26000 is being increasingly acknowledged and taken into account worldwide.

In October 2013 the systematic review for ISO 26000, the process that takes place for the maintenance of ISO standards, was launched to all ISO member bodies to determine if the standard should be confirmed, revised or withdrawn. It is expected for the process to last five months. Furthermore, in October 2013 an ISO survey was circulated with the aim to obtain additional information regarding the use and implementation of the standard as well as to identify related activities by ISO Members. All ISO members were encouraged to vote on the systematic review but also to respond to the survey. In addition, international organizations that were in liaison with the previous Working Group on Social Responsibility were invited to submit comments on the systematic review for ISO 26000. It remains to be seen how ISO 26000 will be developed following the systematic review and survey.

1.3 Global Reporting Initiative

The Global Reporting Initiative (GRI) is an international standards body convened by Ceres, a non-profit coalition of investor, environmental and social justice groups. Since 1999 GRI has provided a comprehensive Sustainability Reporting Framework to help companies report on their environmental, social, and economic impacts in a standardized manner. On 22th May 2013, the GRI published G4, which is the fourth edition of its Sustainability Reporting Guidelines. Key differences between the G4 guidelines and their predecessors, G3 (released in October 2006), and G3.1 (released in March 2011),

include a greater emphasis on the concept of materiality. This will encourage organizations to provide information that is most critical to their businesses and stakeholders, and therefore to concentrate on their sustainability impact. Another significant difference is visible in the sense that G4 includes harmonization with other global frameworks, including the United Nations Global Compact Principles, and the United Nations Guiding Principles on Business and Human Rights. In particular, GRI has renewed its Memorandum of Understanding with the UN Global Compact and incorporated the Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption into G4. In May 2013 the GRI re-published additional guidance for specific sectors (financial services and mining and metals) in a new format so it can be used in conjunction with G4. More than 5,975 organizations in over 60 countries use GRI's guidelines to produce their sustainability reports which makes it the most commonly used CSR reporting framework. Currently Polarcus does not report on CSR using GRI guidelines.

2 Polarcus' Corporate Social Responsibility

Polarcus' CSR is embedded in the Company's defined vision and core values (the "Vision and Values") as well as in the commitments for its business operation (the "Commitments"). This report describes Polarcus' compliance, both onshore and offshore, at all levels of the business, with the Vision and Values and the Commitments during the year 2013.

Polarcus' vision is

"to be a pioneer in an industry where the frontiers of seismic exploration are responsibly expanded without harm to our world".

The vision is rooted in the Company's core values of *Responsibility, Innovation and Excellence*.

The core values are reflected in the Company's Commitments consisting of sixteen overriding commitments within the following areas: (i) environment sustainability, (ii) health, safety and security, and (iii) ethics in business and the respect and promotion of human rights. To ensure compliance with the Polarcus Commitments, Polarcus has developed procedures, checklists and manuals, which provide the necessary reference, standards and instruction for responsibility in carrying out daily tasks. All these tools are included in the Company's management system, in order to ensure a well-functioning operation. In accordance with the Company's requirements, reflecting ISM, ISPS, ISO 9001, ISO 14001, OSHAS 18001 certification requirements, all Company procedures are reviewed annually and, where applicable, revised. In 2013, 28 new procedures were implemented, and 348 out of 437 procedures were revised.

The Polarcus Commitments and the most crucial procedures supporting them, as well as how the Commitments and procedures have been executed/implemented during 2013 shall be described further in more detail below. The description of the Commitments and accompanying procedures has been divided into three main sections in line with the core areas of the Commitments.

3 Polarcus' Compliance to its Commitments

3.1 Principle of environmental sustainability

3.1.1 Commitment to the Environment

Our **Commitment to the environment** has the goal of "Zero Spills" with regard to oil pollution of the marine environment. The Commitment states that *"in all our activities we actively strive to reduce and recycle wherever possible and when not possible, to carbon offset in order to reduce our impact on the world around us and help preserve our environment for future generations. We establish targets for minimizing our waste and reducing our emissions to ground, water and air. We monitor and measure the progress of our environmental stewardship and report our findings both in accordance with the*

applicable statutory requirements and beyond. We have established procedures and practices to protect the environment during the course of our business activities, onshore and offshore, including the global application of a soft-start procedure for seismic sources as a minimum element in our marine mammal mitigation strategy. So that we may further limit our environmental footprint, we make use of the latest technologies available in the geophysical and maritime industries including; The use of low sulfur fuels; SCR (Selective Catalytic Reduction) catalysts to reduce exhaust emissions; solid streamers; tail-buoys fitted with a front guards to avoid harming turtles and by using an oil-free seismic source with an optimized array, specifically designed to minimize noise impact to the surrounding environment. The Polarcus seismic fleet carries the stringent DNV Clean-Design notation. We are the first seismic company to hold the DNV BWM-T class notation which means these particular vessels operate a ballast water management system which is 100% chemical free, posing no threat for introducing harmful foreign ballast waters to local ecosystems. We are the first and only seismic company to receive the DNV Vessel Emissions Qualification Statement which qualifies the methodology and accuracy of our emission measurements, verifying our ability to predict the exhaust emissions footprint for any project and then, post-project, to subsequently provide actual emissions measurements. In addition Polarcus is the first company in the world to obtain DNV Triple E™ Level 1 rating. Triple-E™ is a voluntary environmental rating scheme for ships with a rating from Level 4 to Level 1, where 1 is the highest. There are areas of compliance within Polarcus management, fleet operations and vessel design. Triple-E™ is designed to demonstrate active environmental management and energy efficient operations and provide clients with an independently auditable emissions measuring tool. We manage our operations responsibly with the goal of preventing environmental incidents, from the first project planning stages through to project closure.”

3.1.2 Compliance with the Commitment

Certifications.

In order to address the **Commitment to the environment** the Company has obtained the certification against ISO14001:2004 through the leading classification society Det Norske Veritas (“DNV”). To gain such certification, thorough environmental procedures and practices have been implemented and detailed in company manuals.

DNV executes annual audits of the vessels and office in order for Polarcus to maintain the certification. The last office audit was carried out in June 2013 for: Document of Compliance – ISM Code (Bahamas), Document of Compliance – ISM Code (Turkey), ISO 9001:2008 – Quality Management, ISO 14001:2004 – Environmental Management and OHSAS 18001:2007 – Occupational Health and Safety Management. The DNV auditors found no non-conformances but made five observations. All the observations were accepted by the Company and actioned accordingly. There were 18 DNV Vessel audits conducted during 2013 with the following audit focus: ISM (International Safety Management – Document of Compliance), ISPS (International Ships and Port Security), ISO9001:2008, ISO14001:2004, OHSAS 18001:2007 and MLC 2006 (Maritime Labor Convention). All certifications have been maintained in 2013.

Emissions reduction.

To limit environmental footprint, the Company’s vessels have been equipped with the latest technologies available in the geophysical and maritime industries, including the use of low sulfur fuels, selective catalytic reduction (“SCR”) catalysts to reduce emissions, solid streamers and tail-buoys fitted with a front guard to avoid harming sea turtles. The Polarcus seismic fleet also carries the stringent DNV Clean-Design notation that stipulates requirements for controlling and limiting operational emissions and discharges. These requirements cover:

- Protection of fuel tanks from grounding damage;
- Handling of sewage and garbage;

- Handling of ballast water;
- Handling of fuel oil;
- Environmentally friendly antifouling and hull coatings;
- Combustion machinery emissions (NO and SO);
- Use of refrigerants;
- Green passport inventory for recycling the ship;
- Bilge water separator.

By adopting the Clean-Design notation, a ship owner clearly demonstrates that it has acted to limit emissions and operational and accidental pollution by taking proactive steps and responsibility.

Polarcus is the first seismic company to hold the DNV BWM-T class notation: Five of the seven Polarcus vessels operate a ballast water management system which is 100% chemical free, posing no threat for introducing harmful foreign ballast water to local ecosystems. Polarcus Nadia and Polarcus Naila do not have DNV BMW-T installed till date, however this installation will be carried out during 2014/2015, in order to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments, expected to be ratified in 2015.

The Polarcus fleet consumes sulphur marine gas oil ("MGO"), which minimizes sulphur emission. The SCR technology installed and operated on all vessels reduces nitrogen oxides from the vessels' exhaust. Nitrogen oxides, NO_x, are aggressive greenhouse gases and the SCR technology reduces NO_x emissions by up to 90%.

All Polarcus vessels are using environmental friendly oil (Castrol Bio Range high performance green lubricants).

Polarcus is the first and only seismic company to have received the DNV vessel emissions qualification statement which qualifies the methodology and accuracy of the vessels' emission measurements; verifying the ability to predict the exhaust emissions footprint for any project and then, post-project, to provide actual emissions measurements. All vessels record real time data from the onboard Integrated Automation System ("IAS"). This data is archived onshore and is used to calculate the emissions according to the DNV vessel emissions qualification statement (amount of kWh produced for all engines, amount of kWh consumed for all propulsion propellers and thrusters, amount of kWh consumed for seismic compressors and concentration in ppm of NO_x in the exhaust). The emissions information is used to monitor emissions project by project and over time.

Additionally, further to the amendments to MARPOL Annex VI Regulations for the prevention of air pollution from ships (in force on 1st January 2013), all vessels of 400 gross tonnage and above are required to have a new International Energy Efficiency Certificate ("IEEC") as an annex to their air pollution certificate. The IEEC was issued for two Polarcus vessels (Polarcus Asima and Polarcus Alima) in 2013. The remaining Polarcus vessels will receive the certificate when each vessel completes its annual DNV survey for the air pollution certificate. The certificate is valid for the lifetime of the vessel.

Polarcus is the only seismic company that officially produces emission statistics. Polarcus' fleet emissions for 2011 to 2013 is as follows:

Figures in emissions per km ²	2013	2012	2011
CO ₂ Emission (t)	2.53	2.42	3.36

Total NO _x Emission (t)	0.018	0.018	0.022
SO _x Emission (t)	0.002	0.002	0.004

Polarcus annual report for 2013 incorporates a reporting of statistics on the fleet's exhausted emissions.

Ice class and Artic accomplishments.

Seismic exploration in environmentally sensitive sea areas, such as Arctic waters, must be carried out in a responsible manner, within the highest possible standards. In such areas, sources of environmental impact are severely regulated and scrutinized by the national authorities that grant permits for offshore operations, and all elements of exploration operations must have required mitigation technologies and procedures in place to meet the strict permit requirements. Polarcus' investment in specialized vessel design, vessel and seismic technology, and thorough operating procedures has resulted in an unparalleled capability to operate in Arctic waters safely, successfully and with the lowest possible environmental impact.

Polarcus is the only seismic contractor in the industry today with DNV acknowledged Arctic/ Cold Weather operational procedures, and the sole operator of 3D seismic vessels combining the high ice class notation (ICE-1A and ICE-1A* ((+) 'Super')). The notation verifies that the vessels have sufficient strength, engine power and equipment to operate in specified ice conditions. Polarcus vessels are amongst the most environmentally sound seismic vessels in the market.

Commissioned by two major international clients, Polarcus in 2012 successfully completed two 3D surveys offshore Greenland with three vessels in operation, constituting the world's largest Arctic seismic exploration program to date. Many challenges and risks were faced, and superseded, by the Polarcus crew and vessels, including potential freezing of equipment, drifting ice, cold weather, as well as strict regulations concerning the protections of fauna, flora and avoidance of pollution. An efficient ice management plan was key to the success of the projects. No further seismic exploration programs have been conducted in Greenland during 2013.

Gabon project.

Polarcus was involved in several projects during 2013 involving complex local environments. In Gabon, one of Polarcus' vessels was working nearby a national marine park and sanctuary which is home to 508 species of brackish water fish of which 27 of those species were considered threatened. A plan was developed with all environmental concerns addressed as per the requirements of an extensive environmental impact assessment provided by Polarcus' client. A strict acquisition schedule was established to mitigate negative effects to the marine fauna, flora and plankton being most important to the complex food chain for the marine fisheries and the extensive wildlife. The Polarcus' vessel design, Polarcus' vessel systems, procedures and dedicated crew members proved capable of mitigating the everyday hazards of working in such an environmentally sensitive area. Polarcus completed the project within the strict timeline and within operational constrictions while causing no known negative impact to the marine park and sanctuary.

Triple-E™ initiative.

To demonstrate the vessels' environmental performance, Polarcus has decided to participate in DNV's Triple-E™ rating initiative. Triple-E™ is a voluntary environmental rating scheme for ships based on a verification of a ship's environmental performance; a tool to help ship owners and operators stay at the industry forefront in respect of emerging green shipping rules and regulations.

Triple-E™ is a verification carried out by an independent third party of a ship's actual energy efficiency and environmental performance and includes requirements with respect to ship design, vessel operation and management. By focusing on factors that can be influenced by the ship owner, Triple-E™ facilitates a process for continuous improvement. A ship will be evaluated according to its ability to

fulfill the requirements within the different Triple-E™ categories described in detail in “Guideline, Triple-E™, DNV’s Environmental Energy Efficiency rating scheme for ships” and given a rating from Level 4 to Level 1, where 1 is the highest. The Triple-E™ supports the IMO process to establish a globally accepted index system for environmental performance.

The chart below gives a summary of the requirements for each Triple-E™ rating level.

	Level 4	Level 3	Level 2	Level 1
Company specific	<ul style="list-style-type: none"> Environmental policy in place Current environmental regulations within emissions to air and discharge to sea complied with 	<ul style="list-style-type: none"> Environmental Management System incl clearly defined policies KPIs and targets implemented Environmental awareness survey completed with training needs and improvement areas identified 	<ul style="list-style-type: none"> Certified Environmental Management System implemented 	<ul style="list-style-type: none"> An environmental risk assessment carried out Environmental training of crew and management implemented based on findings from awareness survey
	<ul style="list-style-type: none"> Bunker fuel records kept and maintained including fuel log books and bunker delivery notes Quality testing of all bunker deliveries by internationally recognised fuel testing service 	<ul style="list-style-type: none"> Ship Energy Efficiency Management Plan (SEEMP) established and targets set Calculation and monitoring of Energy Efficiently Operational Indicator (EEOI) Calculation of annual average sulphur content (%) of fuel used 	<ul style="list-style-type: none"> Ship Energy Efficiency Management Plan (SEEMP) with targets has been implemented, monitored and followed up Energy Efficiency Operational indicator (EEOI) used to document energy efficient performance Verifiable fuel oil consumption requirements Inventory of Hazardous Materials 	<ul style="list-style-type: none"> No discharge to sea from harmful substances Type approved Ballast Water Treatment System Exhaust gas measurements to document efficiency of installed exhaust gas cleaning systems, when operating in areas with specific emission regulations Sulphur content of fuel used < IMO average (%) EEOI to be calculated and verified for new ships according to IMO guidelines

Detailed specification of all Triple-E™ requirements will be provided to clients entering the rating scheme Triple-E™ requirements may be amended according to emerging regulations.

In 2012 Polarcus accomplished its objective to have all its vessels rated for Triple-E™ and received the world’s first-ever Level 1 Triple-E™ rating for four vessels in its fleet (Polarcus Asima, Polarcus Alima, Polarcus Amani, Polarcus Adira); two vessels achieved level 2 only (Polarcus Nadia and Polarcus Naila). The process of upgrading the equipment onboard those two vessels (namely the ballast water treatment plant) to satisfy Level 1 will be carried out during 2014/2015 in order to comply with the International Convention for the Control and Management of Ships’ Ballast Water and Sediments, expected to be ratified in 2015.

The Triple-E™ rating enables Polarcus to demonstrate its environmental responsibility and showcase its energy efficient operations, underscoring the Company's pioneering environmental agenda.

As part of the Triple-E™ rating process, a ship energy efficient management plan (“SEEMP”) has been implemented for all vessels. The SEEMP is an initiative targeted at reducing fuel consumption which will further decrease the emissions across the Polarcus fleet. The specific initiatives within the SEEMP are:

- Weather rating- improving efficiency of vessel transits;
- Propeller performance- optimizing propulsion efficiency;
- Engine and compressor utilization- best practice efficiency measures;
- In-fill optimization - reduce time spent completing seismic projects;

- Voyage planning and speed management – reducing fuel consumption during vessel transit;
- Hull condition- reducing drag of vessel;
- In water drag reduction- decreasing drag of the towed seismic equipment.

Three energy efficiency operational indicators (EEOI), were put in place within each SEEMP:

- A seismic acquisition EEOI which provides an indicator, over any production period, of the total carbon dioxide emissions for each square kilometer of data acquired;
- A vessel transit EEOI which provides an indicator, over any transit period, of the total carbon dioxide emissions for each kilometer of transit;
- A total non-productive EEOI which is calculated in addition to the vessel transit in order to provide the negative impact (from an emissions perspective) of any yard stay or idle period where no transit or production kilometers are acquired but fuel is consumed and emissions created.

The EEOI seismic acquisition for 2013 was set at 5.67 (5% lower than for 2012) and it will be reduced by another 5% in 2014 on Polarcus Nadia and Polarcus Naila, whereas on the remaining vessels it was set at 6.77 for 2013 (20% lower than for 2012) and it will be reduced by another 5% in 2014. Similarly, the EEOI vessel transit has been reduced by 5% from 2012 for all vessels to 0.19 and 0.24 respectively, with a further 5% decrease planned for all vessels for 2014.

Sponsorship project.

For the purpose of further developing techniques to reduce carbon CO₂ emissions, Polarcus in 2011 entered into a research collaboration project with Cambridge Carbon Capture Ltd (“CCC”) in the United Kingdom to develop carbon mineralization technology. Such technology could potentially be used to reduce CO₂ emissions from ships, including emissions from the Polarcus fleet. As part of the agreement, Polarcus and CCC have agreed to jointly fund a three year Ph.D. research program at the University of Sheffield, “Fast & Low-Cost Mineral Carbonation for Sequestration of Exhaust-CO₂ Emissions”, which will be completed at the end of 2014. The program operates under the university’s “E-Futures Doctoral Training Centre”.

Polarcus’ cost for the project is £39.000 over the three year period. This cost covers sponsorship to the Ph.D. program at the university as well as consultancy and project administration costs from CCC.

Polarcus’ Engineering and Technical Manager attends quarterly project status meetings with the university and, as required, provides technical information requested by CCC or the university to facilitate the project development.

Polarcus’ sponsorship has so far resulted in three different papers published in international magazines: the first paper in the Carbon Capture Journal, November/December 2012 issue, with title “Mineralization of CO₂ Emissions”, the second one in First Break, volume 31 - February 2013, with title “CO₂ Sequestration possibilities on board seismic vessels”, and the third one in the Minerals Engineering, 2013 issue, with title “Alkaline digestion of dunite for Mg(OH)₂ production: An investigation for indirect CO₂ sequestration”.

In addition both CCC and the Ph.D. candidate have participated and presented papers at several different carbon capture and environmental conferences such as ACEME (April 2013, Leuven, Belgium) and the International Congress on Materials and Renewable Energy (July 2013, Athens, Greece) as well as the meeting of the Environmental Mineralogy Group of the Mineralogical Society (May 2013, Sheffield, the United Kingdom). Furthermore, in 2013, the Ph.D candidate visited the Nagoya Institute

of Technology (Nagoya, Japan) and the Institute of Multidisciplinary Research for Advanced Materials (IMRAM, at Tohoku University, Sendai, Japan) to complete carbonation experiments in connection with the Ph.D. research.

Following completion of the Ph.D. program, further papers are expected to be presented and published.

Green Protection Team (GPT).

Polarcus has established Green Protection Teams (“GPT”) both on its vessels and in its headquarter office in Dubai.

The office GPT is made up of volunteer employees and the meetings are chaired by managers from the Company’s EHSQ department. The purpose of the office GPTs is to review and propose environmental and health and safety initiatives and to seek ways for overall improvement of the well-being of the employees and the environment.

During 2013 the following initiatives were implemented by Polarcus’ office GPT: (i) a clean-up of Wadi Wurayah, located in the Emirate of Fujairah and the only permanent freshwater ecosystem in the United Arab Emirates, (ii) streamlining of the office recycling by ensuring that certificates for the quantities recycled are obtained and used to set goals for reduction of paper waste in the office, and (iii) quarterly focus campaigns for health, safety and environmental awareness. The first quarterly focus campaigns involved journey management, promotion of the use of environmentally friendly household cleaning products available locally, computer hygiene best practices, breast cancer awareness campaign and support of the Movember initiative (prostate cancer awareness campaign).

The vessels GPTs are made up of volunteer crew members from the various departments and the meetings are usually chaired by the environmental officer onboard.

The vessel based GPTs addresses matters like environmental initiatives, health and safety initiatives, general improvements and crew welfare.

The vessel GPTs also assist in the monitoring of the EHS performance onboard their respective vessels with regards to:

- Remedial Action Plans
 - A remedial action plan is a document listing all action items emanating from the various EHSQ or technical reports, audits, safety meetings, drills or inspections.
- Crew Key Performance Indicators (KPI’s)
 - All employees are given targets for reporting of EHSQ issues to ensure participation in and a buy-in to the Polarcus firm goal of zero harm to people, zero spills with regards to oil pollution of the marine environment and continuous improvement.
- Cross Auditing Program
 - The internal cross auditing process allows the members of the various departments to carry out audits or inspections of areas they are not normally assigned to but have a general knowledge of.
- Emission monitoring
 - Emissions of harmful gasses such as NO_x, So_x, CO₂ and power consumption from the vessels are measured on a 'per vessel, per day' basis.
- Fuel and Urea consumed
 - Daily fuel and urea (a product used in SCR) consumption are measured.

- Recycling initiatives
 - The disposal of waste from Polarcus vessels is managed in accordance with the specific Garbage Management Plan under the Marpol 73/78 regulations. It is important to note that Polarcus operates a 'nothing overboard' policy which exceeds the requirements specified within Marpol. Waste is segregated onboard the vessels and the majority is incinerated using high efficiency, low emissions incinerators. Incinerator ash and those waste materials which are not acceptable for incineration, such as contaminated packing materials and polychlorinated biphenyls (PCBs), are stored onboard until such a time as they may be discharged ashore to an approved waste handling facility. When operating in regions where incinerator use is not permissible (as in Brasil), the Polarcus' waste management process stipulates detailed management and handling requirements of all wastes until such time as it may be discharged ashore to an approved waste handling facility. Records of the waste and the handling of it are maintained onboard the vessels. In addition, certain products used onboard the vessels are recycled, such as batteries for the seismic equipment, used printing cartridges, expired computer components, plastic packing materials and containers, as well as aluminum scrap metals. These materials are separated during the waste treatment process and stored onboard until they can be shipped off and returned to recognized recycling centers.
- Environmental improvement suggestions
 - Reporting of improvement suggestions is a part of Polarcus standard reporting program.

The vessels' GPTs allow the crew members to have an open forum to discuss issues and help to raise environmental awareness throughout the fleet. The top 5 initiatives put forward by the vessels GPT in 2013 were as follows:

- 1 Polarcus Alima – identified, monitored and recorded two largest waste sources and found ways to improve and reduce consumption;
- 2 Polarcus Amani – donation of basketball hoops and balls to a local orphanage in Uruguay;
- 3 Polarcus fleet – after typhoon Haiyan struck the Philippines in November 2013, the GPT stimulated a Polarcus initiative in providing aid and donations to the typhoon victims;
- 4 Polarcus Asima - Study of ecofriendly shower heads which showed a fall of water consumption per shower from 22 liters per minute to 9 liters per minute. The replacement of all showerheads on the vessel is in progress;
- 5 Polarcus Nadia - Evaluation of the use of LED lights under the helideck onboard of Polarcus Nadia for reducing energy consumption. It is planned to install LED lights onboard Polarcus Naila during dry-docking in 2014. The result of the change to LED lights has not shown conclusive results as to the reduction of energy consumption.

Client Feedback.

Client feedback following the various projects carried out by Polarcus vessels throughout 2013 has been very positive with respect to assessment of the Company's environmental performance.

Spills.

The Company has had zero recordable spills to ground in 2013.

3.2 Principles related to Health, Safety and Security

3.2.1 Commitments to health, safety and security

The Polarcus principles for health and safety are embodied in various Commitments, which relate to everyone involved in the operations, both in and outside the workplace. These are the **Commitment**

for health and safety, Commitment to safe driving, Commitment to a drug and alcohol free workplace, Commitment to a smoke free environment, Commitment to have a violence free workplace and Commitment to a workers right to refuse unsafe work.

The **Commitment for health and safety** states: “we work to identify and evaluate potential health and safety risks in our operations. We shall comply with the Polarcus Management System, all applicable laws, rules and regulations or administrative decisions of any government or regulatory body having jurisdiction. We have a firm conviction of zero harm to people and hold the opinion that all injuries are preventable and all persons on a Polarcus worksite are empowered to be leaders and prevent such occurrences. We believe in the importance of responsibility and accountability for health, safety and security at work and encourage our employees to carry these same beliefs into their home environment.

We monitor and plan all activities having any health or safety implications through a process of risk management and by the implementation of mitigation measures we reduce the residual risk to As Low As Reasonably Practicable "ALARP".

At every level of the organization we have put in place the systems, the training programs, and procedures for promoting health and safety to educate our employees, suppliers and any other persons engaged in work on a company worksite.

We provide or arrange for medical services necessary for the treatment of occupational illnesses, injuries and medical emergencies occurring on our worksite and we seek out a high level professional standard of medical care in any region in which we work in order to support our operations.

All employees or suppliers on our worksites are responsible for reporting to their immediate supervisor any real or suspected health and safety concerns.”

Polarcus’ **Commitment to security** states that “we work to identify and evaluate potential security risks in our business. We shall comply with the Polarcus Management System, all applicable laws, rules and regulations or administrative decisions of any government or regulatory body having jurisdiction over the areas of our operations. While we maintain a firm conviction of zero harm to people on a Polarcus worksite we will ensure the security of said worksite and manage the risks associated with them. We monitor and plan all activities having any security implications through a process of risk management. By the implementation of mitigation measures we reduce the residual risk at our worksites to As Low As Reasonably Practicable "ALARP". We will arrange services necessary for the protection of our operations and seek out authorized high level professional suppliers to provide security when necessary in any region in which we work. All employees or suppliers engaged on our worksites are responsible for reporting to their immediate supervisor any real or suspected security concerns.”

3.2.2 Compliance with the Commitments

Certifications.

In order to address the **Commitment to health and safety** along with the other associated commitments referred to above in 3.2.1, Polarcus has obtained the certification OHSAS 18001:2007, Occupational Health and Safety Assessment Series, through DNV. This certification was gained by implementing a health and safety management system that includes all relevant procedures and practices of Polarcus. As with the other certifications, in order to maintain the certified standard, annual audits have to be carried out by DNV. In 2013 Polarcus furthermore obtained the MLC 2006 (Maritime Labor Convention) Standard certificate with the validity until 2018. The vessels and their crew were inspected by MLC inspectors from DNV and found to be in full compliance with the MLC. The MLC is an international labor Convention adopted by the International Labor Convention (ILO) which brings together the best practices of the shipping industry and reconfirms basic human rights, respect to the individual, equality among international seafarers, and sets the foundation for fair and good management principles to be applied on board a vessel. Special care is given to issues of safety and

competence, fatigue and recreation, and in general it helps ensure good living conditions and employment terms for all on board a vessel. As of December 2013, the MLC was ratified by 53 states representing 80% of global shipping.

Polarcus Employee Survey.

The Company annually conducts an employee survey. The 2013 survey, as previous years, showed a high response rate. The employee survey measures employees' views on a range of topics. On the question "How Safe is Your Workplace?" 68.6 % of the field crew responded that their workplace is very safe, and 13.5% of the field crew stated that their workplace is extremely safe. 59% of the office employees find their workplace very safe and 34.3% extremely safe. These figures prove Polarcus' continued commitment to health and safety of its employees.

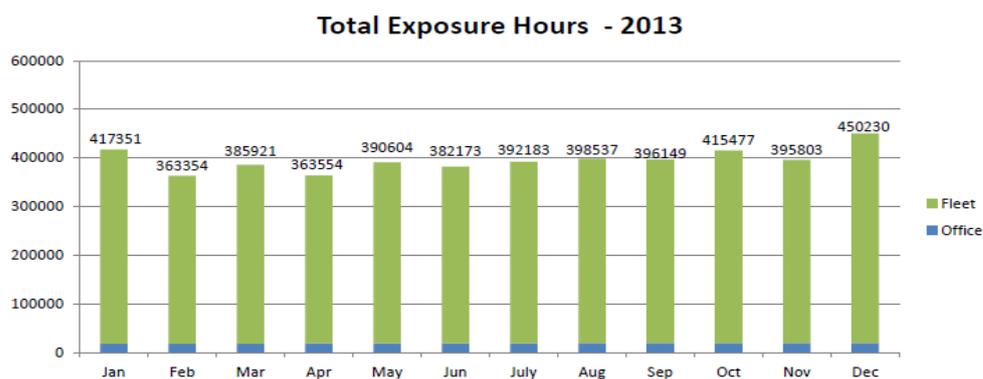
EHSQ improvement objectives.

Annual EHSQ improvement objectives are set for the Company, its fleet and personnel. These are measured quarterly. These EHSQ improvement objectives apply to all levels of the Company and include aspects relating to all Commitments.

Reporting.

All incidents, injuries, near misses, non-conformances and improvement suggestions are recorded within the Company EHSQ reporting system and rated according to risk. A risk matrix based on the International Oil Association of Oil and Gas Producers ("OGP") standard, must be completed for each report in order to assess both the actual and potential risk based on realistic expectations. Subsequent to an analysis of the actual and/or potential risks, root cause investigations are carried out. Appropriate resources are then allocated in order to mitigate the risk to as low as reasonably practicable (ALARP). All reports are followed up by named responsible parties and actions identified within a set time frame. Each report shall be closed. The monitoring of the reports assists the Company in preventing the likelihood of reoccurrence of the actual or potential risks/issues.

The chart below shows the numbers of reported incidents, injuries, near misses, non-conformances and total exposure hours (as explained below) and the number of improvement suggestions recorded by the Company during 2013.



Total Polarcus Employee Exposure Hours December 2013 – 4,751,337

IAGC Report Categories:		Additional Categories:	
RWC	= 1	First Aid Cases	= 73
MTC	= 1	NCCAPA	= 13691
LTI	= 3	Near Miss	= 259
		Improvement Suggestions	= 5261
LTIF	= 0.63		
TRCF	= 1.05		

Exposure hours relate to the hours employees and supplier personnel are technically "at risk". Polarcus total exposure hours in 2013 was 4,751,337 hours which represents an increase of 17.7% compared

to the total exposure hours in 2012 of 4,033,812 hours. Polarcus experienced 5 recordable incidents during 2013, which represents a decrease from 2012 with 7 recordable incidents. The recordable incidents related to three Lost Time Incidents (“LTI”), one Medical Treatment Case (“MTC”) and one Restricted Work Case (“RWC”). The Lost Time Injury Frequency (“LTIF”), which relates to number of LTI’s per million man hours, decreased from 0.99 in 2012 to 0.63 in 2013. Total Recordable Case Frequency (“TRCF”) which relates to number of recordable incidents per million man hours, decreased from 1.73 in 2012 to 1.05 in 2013. Traditionally, the seismic industry averages LTIF of less than 1.00 per million man hours and TRCF of less than 3.00 per million man hours.

The number of First Aid Cases (“FAC”) decreased from 107 in 2012 to 73 in 2013. In addition, the Near Miss (“NM”) reporting decreased from 339 in 2012 to 259 in 2013. This is excellent progress on all EHSQ statistics across the Company and the Company will strive to continue this downward trend in 2014.

Reporting numbers for Non-Conformance Corrective Action Preventive Action (“NCCAPA”), have increased every year since the inception of Polarcus, from 2,943 in 2010 to 8,847 in 2011 to 12,690 in 2012 to 13,691 in 2013. This represents a tremendous increase which confirms that reporting is now embedded as a culture within Polarcus and its suppliers.

A positive approach to employee and supplier involvement comes via the Polarcus “Improvement Suggestion” reporting. Through this tool an employee can suggest a potential improvement relating to any aspect of the business. From 2010 through 2012 the number of Improvement Suggestions increased from 1,133 reports in 2010 to 5,346 in 2012, however in 2013 this figure dropped slightly to 5,261, a 1.5% decrease. The large improvements from 2010 through 2012 can be explained by the growth in the Company as more vessels came into operation. 2013 however saw no new vessels and thus it was to be expected that statistics in this category would plateau.

Learning and Development.

Development of the Company’s employees is driven by legal requirements, industry standards (derived from organizations such as the International Association of Geophysical Contractors (“IAGC”), competency requirements of job roles, project requirements, and development plans produced for the individual employee during the annual performance appraisal. Training is delivered through a combination of on the job experiences, e-learning, and internal and external instructor-led training. The instructor-led training is supplemented by Polarcus EHSQ field engineers who regularly visit the vessels and carry out coaching and awareness training. In 2013, 442 field and 121 office employees completed formal training. Two field trainee inductions were held in 2013 for a total of 38 new field employees. The course is a blend of internal and external instructions to give practical information about work offshore, to present the company culture and structure, to introduce trainees to the geophysical aspect of the work, and deliver essential offshore safety induction and emergency training. The initial induction is followed up with an individual vessel induction when a person first joins a vessel and a job familiarization process.

519 EHSQ related training sessions were held in 2013 attended by 516 employees in total. This figure does not include the separate 1,187 emergency drills carried out onboard the vessels which also constitute a training element.

In addition to the regulatory and industry standard training, Polarcus offers additional training programs in order to promote health and safety and to educate employees, suppliers and any other persons engaged in work on a Company worksite. Annual department chief and field manager meetings are held in Dubai which, in addition to technical and operational matters, discusses environment, health and safety elements. In 2013 four meetings were held, one for each rotation of chiefs and field managers.

The Company provides a library of company-specific awareness modules available to all employees for individual training sessions or as a topic of discussion for general safety meetings. General safety meetings are held monthly onboard the vessels. The topics range from safe systems of work, environmental awareness, health and general wellness and endemic disease and preventions. 361 meetings were held across the fleet in 2013, a 52% increase from 2012. In addition, the Polarcus fleet held 8,975 toolbox safety meetings during 2013.

Four general safety meetings were held at the Polarcus office in Dubai during 2013. Main topics broached were: focus on safety overview and reasoning behind initiatives, importance of EHSQ reporting, avoiding hand injuries, office waste management and recycling efforts, unsafe acts and conditions and importance of intervention, importance of vehicle safety, importance of IT security and protecting confidential information, drug and alcohol awareness.

To strengthen Polarcus EHSQ performance, the Company engaged an external company to deliver an initiative titled “EHSQ for Managers – Uncompromised Safety”. This four-day course helps participants understand the concept of a management system; how to proactively identify and mitigate risks; and to develop the leadership behaviors needed to embed a focus on safety. In 2013, two workshops were held, and the initiative will evolve in 2014.

To note also, that in 2013 the Polarcus EHSQ Department continued with the program named “Focus on Safety” (which was rolled out in 2012), as a quarterly electronic poster campaign on a given aspect of safety, following suggestions by the office GPT. It was initiated to help raise awareness levels and therefore instill a stronger Polarcus EHSQ culture. Two TV screens in the office continuously display information flashes and images related to general safety hazards. Specific information on incidents having occurred within Polarcus or within the seismic industry are also presented. During 2013 “Focus on safety” campaigns included “Journey management”, “Recommended use of environmentally friendly household cleaning products available locally”, “Safe products with no health concerns”. The “Focus on safety” campaign on the vessels during 2013 included “Hands and fingers”, “Polarcus consider card”, “Stepping, handling and lifting”, and “Minimize risk – maximize life”.

The Polarcus “consider card” is a small card distributed to all Polarcus employees and its main aim is to guide a worker to focus on assessing the task, to identify and eliminate unsafe behaviors and hazardous conditions, to take action and to contribute to the creation of a culture where persons are constantly assessing their own actions and work areas for hazard.

The **Commitment to safe driving** is supported by the Company requiring all Dubai-based employees to attend a course in defensive driving and safe driving practices. For new field recruits, the induction program includes a session on safe driving as well as a practical session on a “seatbelt convincer”.

Thirty employees completed the defensive driving training, which incorporates a commentary test drive, in 2013, an increase of 25% compared to 2012.

Screening.

The Company introduced a substance abuse screening program in 2011 to support its documented procedures aligned to the **Commitment to a drug and alcohol free workplace**. In 2013, 368 employees (323 field and 45 office employees) were screened). Three persons failed the tests (one case related to drugs and two cases related to alcohol) and they were immediately removed from duty. One person’s employment was terminated, and appropriate disciplinary action was taken against the other two people. Numerous presentations of the Company’s drug and alcohol commitment have been made throughout the Company, both onshore and onboard the vessels during project start-up meetings, port calls and management visits to the vessels.

Security.

The **Commitment to security** is upheld via the use of the Company's risk management processes, including security hazard identification and security risk assessments prior to and during the execution of all seismic projects. International Ship and Port Facility Security regulations ("ISPS") requires the Company to continuously evaluate risks and implement appropriate measures. The ISPS certification is maintained via annual audits carried out by DNV.

In order to best possible monitor the security aspect of the various operations of the vessels and the travelling of employees, the Company continuously monitor the risk levels around the globe which can stem from piracy, terrorism, organized crime, or even the threat of environmental activists attempting to disrupt the business. Polarcus maintains a strong grasp on the health, safety and security issues affecting any regions in which the Company is engaged or have plans to pursue business opportunities.

For every project, a security risk assessment is carried out. Additional information is gathered depending on location of proposed projects and perceived security risk.

To date, the Company's main focus has been countries such as Seychelles, Tanzania, Guinea Bissau, Ghana, Gabon, Myanmar, Lebanon, South Africa, Nigeria and Cameroon where seismic projects have been carried out, as well as transits through areas such as the Middle East and Indian Ocean. Activities in these countries have only been carried forth after a careful evaluation of the risks involved. Some projects undertaken has called for the contracting of security experts to provide intelligence, guidance and protection of the business.

Polarcus has not had any recordable security incidents in 2013.

Client Feedback.

Client feedback following the various surveys carried out by Polarcus vessels throughout 2013 has been very positive with respect to assessment of the Company's overall health and safety performance and certain clients have presented awards to the vessels crew in appreciation of the excellent safety performance during certain projects.

3.3 Principle of ethics in business and respect for human rights

3.3.1 Commitments to ethics and human rights

Many of the Polarcus Commitments reflect the principles of an ethical business model.

Polarcus' **Commitment to ethics** states that *"We observe high standards of business and personal ethics in the conduct of our duties and responsibilities. We must practice fair dealing, honesty and integrity in every aspect in dealing with other employees, business relations and customers, the public, the business community, shareholders, suppliers, competitors and government authorities. It is Polarcus requirement to strive to obtain knowledge of and comply with applicable laws and governmental rules and regulations in countries in which we operate. It is the personal responsibility of each employee to adhere to the known standards and restrictions imposed by those laws, rules and regulations, including those relating to accounting and auditing matters, and to internal Polarcus standards as long as these standards are not in conflict with the applicable legislation. When acting on behalf of Polarcus, directors and employees shall not make use of manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other unfair dealing practices. Polarcus prohibits unlawful discrimination against employees, shareholders, directors, customers and suppliers on account of ethnic or national origin, age, sex or religion. Respect for the individual is a cornerstone of the Polarcus organization. All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities. All employees shall assist to create a work environment free from any discrimination, due to religion, skin color, gender, sexual orientation, age, nationality, race and disability. We desire fair and open competition in all markets, both nationally and internationally. Under no circumstances shall Polarcus or any of its employees be part*

of actions that breach applicable competition legislation. We will take the necessary steps in order to prevent our financial transactions from being used by others to launder money. No employee of Polarcus shall directly or indirectly offer, promise, give or receive a bribe, an illegal or inappropriate gift or other undue advantages or remuneration in order to achieve business or other personal advantage. We require all employees to be loyal to the employer and to refrain from actions or to have interests that make it difficult to perform their work objectively and effectively.”

Polarcus has a strong focus on risk management which is set out in the **Commitment to managing risk** and which states *“We acknowledge that managing risk is an important element in the practice of sound corporate governance and is an integral part of effective management. We embed risk management processes into our business activities and functions at each level of the organization. We understand that risk is inherent in all administrative, commercial and operational activities of the company. We recognize that the aim of risk management may not eliminate risk totally, but rather provide a structured means for identifying, analyzing, evaluating, treating, monitoring and communicating the risk inherent in the Polarcus activities. We will utilize a quantitative and qualitative approach for managing and handling risk.”*

The **Commitment to an open door style of management** states that it *“gives the employees of Polarcus to know and understand that they have the full backing of management to ensure that risks are identified, discussed and mitigated and that our business is carried out at all times in a safe, efficient and productive manner. We fully support an open door policy from the CEO downwards to where any work related concerns may be discussed freely and openly without any fears of retribution and with a strong commitment to listening to our employees, to evaluating the discussions and for taking improvement actions for improvement.”*

The **Commitment to avoid conflicts of interest** declares that *“a conflict of interests arises when an individual's private interests may interfere with their professional obligations. Though the situation may not involve nor imply any wrong-doing or inappropriate activities, a conflict of interest situation may compromise or be perceived as compromising the Polarcus Core Values or Commitments. We are expected to avoid any actual or apparent conflict of interests between our own private affairs and the affairs of the company and shall strive to identify all perceived conflicts of interest and then manage or if possible eliminate the conflict of interest. The company directors, management and employees must disclose their outside professional activities and any financial interests in outside entities that they and their immediate family members may hold which may have affect or cause to have effect on the business of the Company. Polarcus must seek to protect itself and its employees from any of the following allegations: 1. Advancement of associates as a result of outside interests. 2. Compromise of appropriate controls in the conduct of business with the risk of harming people, environment, property or reputation. 3. Exploitation for personal gain. 4. Practicing unfair access to information or technology. 5. Use of company resources for personal gain.”*

Polarcus also has a **Commitment against corruption and unlawful commercial practice**. The Commitment states that *“we will never give, offer or authorize the offer of, whether directly or indirectly, anything of value such as money, goods or a service to a potential customer or government official to obtain any improper advantage. We will never offer, pay, solicit, or accept any bribes in any form, either directly or indirectly. We will ensure suppliers of services acting on our behalf will be knowledgeable of these commitments. All financial transactions are to be properly recorded in the accounting sheets and the accounting procedures will be supported by necessary internal controls. All Polarcus books and records are subject to internal and independent audit. We will be honest and forthcoming to the internal and independent auditors.”*

The **Commitment to quality** declares *“We have a strong commitment to quality in every aspect of our business in delivering Geophysical Excellence. Our objective, is to deliver high quality services and products to our clients and other stakeholders alike through safe, environmentally aware and efficient*

operations. We strive to ensure that processes and methods necessary to satisfy our stakeholders' requirements and expectations as well as our business objectives are implemented as part of our Quality Management System and practiced effectively within all our business activities. We promote an understanding of and commitment to quality through development and training of our personnel in an ever changing business and technology related environment. Our employees are recognized and rewarded for their contributions to innovation and excellence. We continually seek improvement in our services in order to generate value, instill confidence and become a preferred business partner. We systematically conduct audits and management reviews of ourselves and our suppliers to ensure that our Quality Management System provides quality, remains current, and is always effective and efficient."

The **Commitment for Continual improvement** says that *"we manage the company by emphasizing a strong belief in the philosophy for continual improvement. This philosophy is inherent in our management system. Every employee in the organization is encouraged to Plan, Do, Check and Act; suggesting new ideas for improving health, safety and security, our assets, the quality of our services and products, our processes and systems, the environment and our productivity. Opportunities for these improvements are identified by employees and line management alike on a continual basis through daily feedback from operations and periodic management reviews."*

Another important social commitment is our **Commitment to Human Rights** where we declare that *"we hold the belief whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world. We recognize the importance of the Universal Declaration of Human Rights as established by the United Nations - Office of the High Commissioner for Human Rights and where practicable we will strive to ensure that our business embraces the promotion of universal respect for and observance of human rights and fundamental freedoms."*

3.3.2 Compliance with the Commitments

Procedures and initiatives.

A whistleblowing procedure was developed and implemented by the Company in 2012 to support the **Commitment to an open door style of management**. The key idea permeating this procedure is that Polarcus employees must feel comfortable reporting any concern, fact or circumstance suggesting a past or ongoing violation of any of the Polarcus Commitments, manuals or procedures. Employees shall have the full backing of management should they wish to identify and discuss any work-related concerns or any risks or violations they have come across in the performance of their duties, without any fear of retribution. Concerns may be raised directly with the employee's supervisor or with executive management, but the possibility also exists of making a declaration via email to an email address created for these purposes; such communication may be made on an anonymous basis which provides a confidential reporting channel for Polarcus' employees. Regardless of the manner in which a report is made, Polarcus will investigate and if appropriate take remedial and/or disciplinary actions against those who have acted improperly. It is also important to note that retaliation for reporting actual or suspected misconduct will not be tolerated.

In order to support the **Commitment against corruption and unlawful commercial practice**, Polarcus developed and implemented in 2012 an anti-corruption manual (the "Manual") setting out a detailed anti-corruption procedure relating to contractual arrangements, facilitating payments and gifts and entertainment. This procedure is designed to ensure that anti-corruption laws, and in particular the stringent UK Bribery Act 2010, are duly complied with, not only by our employees, but also (to the extent practicable) by all our business partners (suppliers and agents). The Polarcus General Counsel acts as the designated compliance officer for any issues relating to this procedure.

All employees must upon joining the Company and on a regular basis thereafter review and agree to comply with the Manual, or confirm that they have read and understood the Manual through the Polarcus Responsibility Viewer. As of December 2013, 507 employees (92%) have completed this task. Furthermore, various anti-corruption training sessions have been conducted at the Polarcus office in 2013 in order to help both office based and field based employees familiarize themselves with the procedure. Such training will continue to take place on a regular basis.

Prior to most contractual arrangements with new agents, suppliers or other third parties, a contractual checklist must be completed. Exception is made for orders of less than USD 6,000 or for Forbes Global 2000 companies. Moreover, no checklists need to be completed with respect to Polarcus' clients, being oil companies.

For business relationships or contracts with a projected value exceeding USD 2 million or a duration exceeding 12 months, or for orders or contracts related to the acquisition of assets or goods with a value exceeding USD 5 million, the General Counsel must review the checklist and approve the arrangement.

In addition, approved business partners must sign an Anti-Corruption certificate whereby they agree with the contents of the Manual, and any contract entered into with such business partners will contain Polarcus anti-corruption model provisions. For smaller orders from suppliers, where the obligations are formalized through purchase orders and order confirmations, a prequalification process will be performed. In addition, standard Polarcus anti-corruption terms will be attached to any email whereby a purchase order is sent. As expressly stated in all purchase orders, by accepting the purchase order, the supplier acknowledges and agrees to such terms.

Facilitating payments are strictly prohibited – employees, agents or intermediaries must not offer, make or promise to make any such payments. If any employee is approached with a request for a facilitating payment they must refuse it and immediately report it to their supervisor. Moreover, they shall report such request in a Facilitating Payment Report, each of which shall be communicated to the General Counsel. Facilitating payments can sometimes be a challenge in certain geographic areas, as various types of facilitating payments are embedded in certain cultures (for example: having to provide cigarettes or small payments to customs or port authorities). However, such practices are entirely prohibited.

Gifts and entertainment can be the trickiest part in the fight against anti-corruption: they are a normal part of business life but can often disguise unlawful practices. Gifts and entertainment must not be used to influence a party into giving an improper advantage. A gift register is maintained under the Polarcus intranet, in which employees are required to document gifts received from third parties with a value above USD 25. Gifts and entertainment above USD 200, gifts and entertainment provided by or to a public official, as well as charitable donations are not permitted unless approved by the employee's supervisor and by the General Counsel. Certain gifts and entertainment are prohibited in any circumstance (such as political contributions, meals or entertainment at gambling/ adults only establishment).

Business partners in various local markets involves a corruption risk for Polarcus. As previously highlighted, Polarcus ensures that contracts with such partners include applicable anti-corruption and anti-bribery provisions, however Polarcus does not control the actions of the business partners. The Company shall prior to entering into a contract with a local business partner as a principle seek to verify the quality of the business partner. In various markets, particularly emerging and somewhat immature markets, carrying out a formal verification has been challenging as no formal registers exist. In these situations, the Company is left with "word of mouth" statements from other sources within the seismic environment when verifying its business partners. Where possible, Polarcus employees control or participate in the bidding and contract negotiation phases, including meetings, together with the local

business partner and ensures that Polarcus employees review all documentation. Polarcus has no knowledge or indications of corruption or bribery activities carried out by any of its current business partners.

During 2013, the Company carried out an in-house audit of the compliance with the Manual. The audit results showed that most employees are aware of and comply with the part of the procedure related to gift and entertainment. Improvements are however needed in the compliance of the part of the procedure related to contractual arrangements and facilitating payments. Attention to this issue has been given in the EHSQ improvement objectives for 2014. The aim of the audit carried out in 2013 was not to investigate whether the Company has been subject to any corruption but rather the compliance with the procedures, however the Company has no reason to suspect that the Company has been involved in any corrupt transactions. There have been no reported cases of corruption or unlawful commercial practice within the Company in 2013.

To support the **Commitment to avoid conflict of interest** there is a requirement that the Company's directors, management and employees must disclose their outside professional activities and any financial interests in outside entities that they and their immediate family members may hold which may affect the business of the Company. To the Company's knowledge, appropriate disclosures have been made and considered in the Company's decision-making.

In order to address the **Commitment of continual improvement** and the **Commitment to quality**, Polarcus has obtained a company certification ISO 9001:2008 through DNV. To gain such certification, the Company has implemented a quality manual which sets out all procedures and practices related to quality management in detail. This manual has been audited by DNV. This manual is the top level document and is supported and refers to numerous relevant procedures within the management system. The goal of all the quality related procedures and documentation is to ensure that the employees implement quality management in all processes by:

- Identifying the processes;
- Determining the sequence and interaction of the processes;
- Determining criteria and methods required to ensure effective operation and management of the processes;
- Ensuring the availability of resources and information necessary to support the operation and monitoring of the processes;
- Monitoring, measuring and analyzing the processes;
- Implementing actions necessary to achieve planned results and continual improvement.

Polarcus employees shall constantly work with quality focus and Polarcus shall ensure that processes necessary to satisfy client requirements and fulfill business commitments are implemented effectively.

Polarcus promotes an understanding of quality through development and training programs in order for the personnel to be able to respond to the requirements of clients in an ever changing business and technology related environment.

Certain key activities have been implemented to ensure optimal communication between the office and the vessels, and to augment the sharing of information and business related best practices across the Company. A crucial activity is the series of field managers' meetings held annually since vessel operations commenced in 2009. The meetings have been held in Dubai and involves all field managers, masters and party managers. The meetings include workshops in order to review vessels performance,

identify areas for improvement and develop and communicate best practices (See also Learning and Development in 3.2.2 above).

Another important activity is a commitment by senior management to be present on the vessels and to meet with the vessel crew during crew rotations. Operationally focused managers, including the CEO, Senior VP Marine Acquisition, Senior VP Human resources, VP EHSQ, VP IT have all visited vessels in the fleet during 2013. There were 66 documented management vessel visits in 2013.

Internal audit procedures and audit plans for internal cross-departmental audits in the office and on the vessels are furthermore a crucial activity to ensure quality within the Company. Trained audit teams regularly conduct audits of all aspects of the Company's operation to ensure sufficient regular monitoring and review of Polarcus' compliance with the management system. Most office departments, were in 2013 subject to one internal audit as per the Company's audit plan. In addition, the Company carried out internal audit for ISM, ISO9001, ISO14001, OHSAS 18001 and EHSQ Reporting System.

The management system itself has also been subject to audits from, and been approved by, several of Polarcus' actual and prospective clients; this is often necessary for the Company to be pre-qualified to submit a bid in response to an invitation to tender for seismic surveys.

At the end of 2012, Polarcus launched a two-day people management course to promote consistent performance management across the group; to give supervisors tools to communicate and manage conflict; and to introduce leadership concepts. In 2013, the training was rolled out to field managers and department chiefs and 93 employees with supervisory responsibilities have attended the course, with excellent feedback being given by the majority of attendees.

The Company held four Company update meetings in 2013 providing its employees with an update on financial and operational performance, and developments in EHSQ, marketing and sales, marine acquisition and human resources departments.

In order to live up to the **Commitment to continual improvement** the Company has implemented the already mentioned improvement suggestion reporting module to facilitate and encourage continual improvement within the Company. All employees have an obligation to report a certain number of non-conformances and/ or improvement suggestions each year, to ensure that employees are affirmatively involved in the Company's continuous development, and to promote a culture of awareness and involvement.

In relation to the **Commitment to human rights** it should be mentioned that the Company's staffing strategy is to recruit, and subsequently develop, highly experienced personnel from the marine seismic sector irrespective of race, color, religion, gender, age, national origin, sexual orientation, marital status and disability. This strategy assists the Company with both the localization of its workforce and the provision of skills and technology transfer to a large number of countries. This in turn enables the Company to operate globally and to facilitate logistics involved with personnel movements. There are currently employees from about 52 nationalities working for the Company. Although the seismic industry is traditionally a male dominated industry, Polarcus supports the employment of women. As of December 31, 2013, 30.8% of the office population and 3.8% of the field population were female.

Polarcus has no knowledge of or indication that violations of human rights have been perpetrated within the Company.

Polarcus' Support to Local Development.

Polarcus' local development involves working with local communities to share benefits of the activities and to reduce the impact of the operations. Wherever possible, goods and services are purchased from local businesses. Also, Polarcus is committed to developing local content in the countries of operation.

For example, while performing survey in Uruguay, Polarcus helped to finance the training for offshore safety and technical qualifications of two local individuals. Polarcus also worked very closely with a local ship owner who provided a chase vessel to support the Polarcus operation. A key part in this process was the development of an effective safety management system for this vessel and its owner which was reviewed and approved by both Polarcus' EHSQ Department and the end client. Polarcus was actively involved in training the crew on this vessel in working safely and operating at the high safety standards required by Polarcus. By hiring a Uruguayan owned, flagged and crewed vessel, Polarcus promoted a local shipping company and laid the foundations for further development in offshore support in Uruguay.

Client Feedback.

Client feedback following the various seismic surveys carried out by Polarcus vessels throughout 2013 has been very positive with respect to assessment of the quality of Company's overall performance.

One client specifically commended the overall execution of a project and the excellent communications between Polarcus and the client, stating that they were "extremely satisfied with the acquisition".

4 Conclusive Comments

From the inception of Polarcus, the Company has been committed to demonstrate a systematic management approach towards CSR, for our business decisions and through our operations. Our ambition is to stay ahead of expectations in all facets of CSR - environmental, social and economic. Polarcus is well aware that we are held directly responsible for our actions, from the ethical behavior of our employees and our supply chain to our impact on the community at home and abroad.

Polarcus has completed certification process of our management system to internationally recognized standards, ISM, ISPS, ISO 9001-2008, ISO 14001 and OSHAS 18001. By achieving and continuously maintaining these certifications we demonstrate consistency and reliability in our internal operations and in our ability to meet the requirements of our customers and society at large whilst ensuring a systematic approach to the continual improvement of our company's overall performance.

Polarcus has placed a great deal of emphasis on the environmental aspects relating to our core business lines, which is particularly reflected in our vessels. Focus has also been placed on quality and operational excellence.

Another aspect of CSR is how the Company identifies, presents, documents and markets its CSR both internally and externally.

Internally CSR activities are promoted through a range of methods including information, training and supervision as further described in this document. The Polarcus culture is promoted via the use of the various media including the Company intranet, surveys, information meetings and campaigns. The support of line management are of the utmost importance in ensuring continued promotion in this area.

Externally Polarcus CSR activities are promoted through personal interaction on projects, at conventions and involvement with industrial and financial organizations. Additional tools include the Polarcus website, advertising, trade- and road shows, along with other social media such as LinkedIn, Facebook, Twitter and You-tube.

As this document reflects, CSR is deeply embedded in the actions and operations of Polarcus.

