

POLARCUS LIMITED
**CORPORATE GOVERNANCE
REPORT**
2019



Corporate Governance Report 2019¹

(Adopted by the Board of Directors on 30 March 2020)

1 Introduction

High standards of corporate governance are critical to Polarcus' success and long-term growth. Polarcus' governance structure is designed to ensure sound and efficient decision-making, appropriate to the Company's size and business, whilst meeting shareholder expectations.

Polarcus adheres to the Norwegian Code of Practice for Corporate Governance (the "Code") in addition to the requirements of Cayman Islands' law and practice (the jurisdiction of the Company's incorporation) and the stipulations contained in the Company's Memorandum and Articles of Association. The Company's corporate governance is implemented through a framework of commitments, procedures, checklists and audits as well as the promotion of a responsible corporate culture throughout the organization.

This document contains Polarcus' corporate governance commitments, describes how these have been implemented and how Polarcus has complied with the recommendations of the Code in 2019.

The document has been divided into the following sections:

- Section 1: Introduction
- Section 2: The Polarcus Group, corporate structure and ownership
- Section 3: Applicable laws, regulations, guidelines and policies
- Section 4: The governing bodies of Polarcus
- Section 5: Corporate governance commitments and compliance with the Code in 2019.

The Company's corporate governance commitments have been developed by its Board of Directors (the "Board") and amendments are approved by the Board or, as appropriate, at a General Meeting.

2 The Polarcus Group, corporate structure and ownership

2.1 Polarcus Group and corporate structure

Polarcus Limited is a Cayman Islands exempted company with limited liability incorporated and registered with the Cayman Islands Registrar of Companies with registration number 201867 and regulated by the Cayman Islands Companies Law. The Company was incorporated on 17 December 2007. From 30 September 2009, the Company's shares have been listed, initially on the Oslo Axess and subsequently transferred to the Oslo Stock Exchange with a ticker: **PLCS**.

Polarcus' registered office is:

c/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road, George Town
Grand Cayman, KY1-9008, Cayman Islands

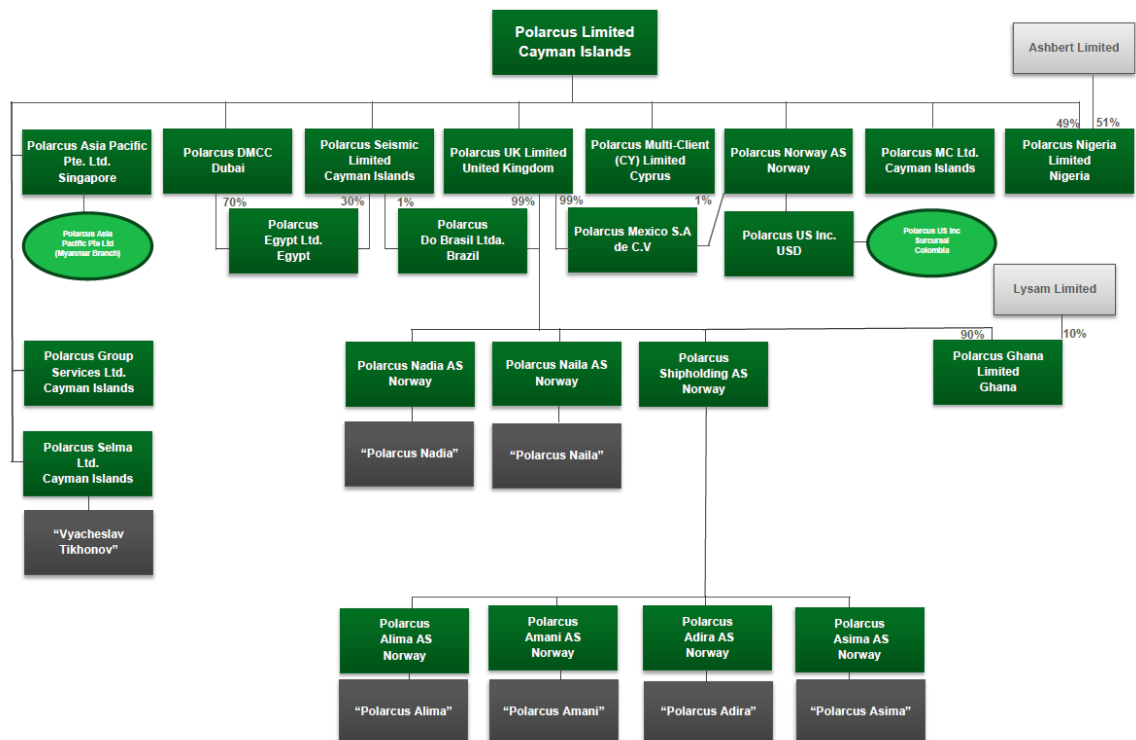
The Company's website is www.polarcus.com.

Polarcus is a marine geophysical company with a pioneering environmental agenda, providing sustainable acquisition services powered by innovative geophysical solutions.

¹ Unless otherwise stated, this Report has been prepared to reflect the position of the Company and status of the matters covered during, and as at the end of, 2019. For completeness, a brief additional section is included at the end of the Report to reflect certain post-year end events.

The corporate structure of Polarcus and its subsidiaries (together the “Polarcus Group” or the “Group”) as at 31 December 2019 is depicted in Figure 1 below. As at that date, Polarcus had 22 subsidiaries.

Figure 1:



Polarcus DMCC serves as the main administrative services company of the Group. Polarcus DMCC is a limited liability company incorporated in the Dubai Multi Commodities Centre under the laws of the United Arab Emirates. The registration number of Polarcus DMCC is DMCC 1143.

Polarcus DMCC’s registered address is:

Reef Tower, Level 20,
Cluster O
Jumeirah Lakes Towers
PO Box 283373
Dubai, United Arab Emirates

Tel: +971 4 43 60 800
Fax: +971 4 43 60 808

As at 31 December 2019, the Polarcus Group had 328 employees.

2.2 The Company’s Vision, Core Values and 2023 Strategy

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 the Polarcus management, employees and contractors are expected to perform within the business:

- **Responsibility** – for actions, for each other and the environment
- **Innovation** – in business and in operations
- **Excellence** – in delivery for clients and all other stakeholders

The Company's 2023 strategy is: "to create superior value for our stakeholders through responsible marine acquisition services and geophysical solutions driven by innovation and industry collaboration".

2.3 Ownership

2.3.1 Shareholders

The twenty largest shareholders of Polarcus as at 31 December 2019 were as follows:

Figure 2:

	Name	Holding	%	Type
1	J.P. Morgan Securities Plc	146,666,994	28.55	Nominee
2	Euroclear Bank S.A./N.V.	32,940,667	6.41	Nominee
3	ZICKERMAN GROUP LTD	24,871,860	4.84	Ordinary
4	NORDNET LIVSFORSIKRING AS	22,101,530	4.30	Ordinary
5	INAK 3 AS	14,500,000	2.82	Ordinary
6	ALTO HOLDING AS	11,907,019	2.32	Ordinary
7	GSH2 SEISMIC CARRIER I AS	11,892,304	2.31	Ordinary
8	NORTH ENERGY ASA	11,378,844	2.21	Ordinary
9	KRISTIAN FALNES AS	11,350,000	2.21	Ordinary
10	State Street Bank and Trust Comp	11,095,308	2.16	Nominee
11	ZICKERMAN HOLDING LTD	10,053,541	1.96	Ordinary
12	VERDIPAPIRFONDET DNB SMB	7,964,819	1.55	Ordinary
13	Nordnet Bank AB	5,807,394	1.13	Nominee
14	Citibank, N.A.	5,802,349	1.13	Nominee
15	NÆRINGSLIVETS HOVEDORGANISASJON	5,000,000	0.97	Ordinary
16	CLEARSTREAM BANKING S.A.	4,592,395	0.89	Nominee
17	TTC INVEST AS	4,490,860	0.87	Ordinary
18	Goldman Sachs & Co. LLC	4,446,803	0.87	Nominee
19	Citibank, N.A.	3,727,975	0.73	Nominee
20	TOLUMA NORDEN AS	3,500,000	0.68	Ordinary
Total Top 20 Shareholders		354,090,662	68.91	
Total No. of Issued Shares		513,786,713	100	

As at 31 December 2019, the Board of Directors and executive management together held approximately 9.7% of the share capital². All issued shares of the Company were of the same class and equal in all respects. Each share carries the right to one vote in general meetings.

2.3.2 Shareholder Agreements

The Board is not aware of the existence of any shareholder agreement between any of the Company's shareholders.

2.3.3 Warrants, convertible bonds and employee incentive plans

Warrants

In Q1 2018, the Company awarded 12,846,144 transferable warrants with a strike price of NOK 3.90 to GSH2 Seismic Carrier I AS ("GSH") as part of a transaction to refinance the majority of its debt. The warrants are exercisable until 30 November 2022. The number of warrants and the strike price are subject to standard adjustment mechanisms following consolidation or subdivision of the Shares. As at 31 December 2019, the warrants awarded to GSH were the only warrants awarded by the Company. Of the Company's authorised and unissued Shares, 12,846,144 Shares have been reserved for issue in relation to the Company's warrants.

²As at 31 December 2019, the shareholding of Board member Carl-Peter Zickerman, via his controlled companies, comprised 34,925,401 shares in the Company representing approximately 6.8% of all issued shares.

Convertible bonds

The Company issued convertible bonds in an aggregate amount of USD 125 million in April 2011 to finance the re-acquisition and completion of the vessel Polarcus Selma (now known as "Vyacheslav Tikhonov"). The convertible bonds are split into two tranches. The secured bonds have a final maturity date on 1 July 2022 and the unsecured bonds mature on 1 January 2025. The bonds are convertible into Shares of Polarcus, at a conversion price of USD 125.871 per Share (subject to standard adjustment provisions and as set out in the bond loan agreement). Of the Company's authorised and unissued Shares, up to 523,276 Shares have been reserved for issue in relation to the Company's convertible bonds.

Employee incentive plans

The Company's remuneration strategy is designed to attract, motivate and retain skilled, experienced and performing employees, to align management and employees with the long term interests of shareholders and to provide market-benchmarked, competitive remuneration and benefits. The Company's long-term incentive plans are intended to align with shareholder interests by driving performance to deliver longer-term business goals and to aid in key employee retention.

2012 Share option plan

In 2012, following AGM approval, the Company implemented a share option plan ("2012 plan") under which a maximum of 140,000 options could be granted to employees of the companies within the Polarcus Group. The exercise price for each option is based on the weighted average price for which the shares have been traded at Oslo Stock Exchange in the period of 30 trading days immediately prior to the date the options were granted. The 2012 plan has a five-year duration from the grant date. The options vest three years after the grant date and can be exercised up to five years after the grant date.

The exercise of the options is conditional upon the market price of the shares (defined as the weighted average price for which the shares have been traded at Oslo Stock Exchange in the previous period of 30 trading days) exceeding the exercise price by at least 30% at one time during the exercise period. In addition, the exercise of the options is conditional upon the employee completing three years of service (the vesting period) and being an employee of the Group at the exercise date. The options are exercisable upon a change of control event (being a change of control of more than 50% of the Company's issued share capital or voting rights).

As of 31 December 2019, 7,000 options were outstanding under this plan, of which 0 options had been granted to members of the Company's management. The weighted average exercise price is NOK 37.00. No members of management have exercised any options granted under this plan.

2014 Share option plan

In 2014, following AGM approval, the Company implemented a share option plan ("2014 plan") under which a maximum of 150,000 options could be granted to employees of companies within the Polarcus Group. The exercise price for each option is based on the weighted average price for which the shares have been traded at Oslo Stock Exchange in the period of 30 trading days immediately prior to the date the options were granted. The 2014 plan has a seven-year duration from the grant of the options, with 1/3 part being available for exercise after the second, third and fourth anniversary after the grant of the options.

The exercise of the options is conditional upon the market price of the shares (defined as the weighted average price for which the shares have been traded at Oslo Stock Exchange in the previous period of 30 trading days) exceeding the exercise price by at least 30% at one time during the option period. The options are exercisable upon a change of control event (being a change of control of more than 50% of the Company's issued share capital or voting rights).

As of 31 December 2019, 99,500 options were outstanding under this plan of which 18,500 options had been granted to members of the Company's management. The weighted average exercise price is NOK 284.85 per option. No members of management have exercised any options granted under this plan. No further options will be awarded under this plan.

2016 Share option plan

In 2016, following AGM approval, the Company implemented a share option plan ("2016 plan") under which a maximum of 1,600,000 options could be granted to employees of companies within the Polarcus Group. The exercise price for each option is based on the weighted average price for which the shares have been traded at Oslo Stock Exchange in the period of 30 trading days immediately prior to the date the options were granted. The 2016 plan has a seven-year duration from the grant of the options, with 1/3 part being available for exercise after the second, third and fourth anniversary after the grant of the options.

The exercise of the options is conditional upon the market price of the shares (defined as the weighted average price for which the shares have been traded at Oslo Stock Exchange in the previous period of 30 trading days) exceeding the exercise price by at least 30% at one time during the exercise period. The options are exercisable upon a change of control event (being a change of control of more than 50% of the Company's issued share capital or voting rights).

As of 31 December 2019, 1,057,500 options were outstanding under this plan of which 455,000 options have been granted to members of the Company's management. The weighted average exercise price is NOK 7.22 per option. No members of management have exercised any options granted under this plan. No further options will be awarded under this plan.

Of the authorised, unissued Shares, 1,164,000 Shares have been reserved for the Polarcus Group's employee option schemes.

2018 Long Term Incentive Plan

In 2018, following AGM approval, the Company implemented a long term incentive plan ("**2018 LTIP**") under which a maximum of 5,600,000 shares could be granted to eligible participants in the form of Performance Share Units ("PSU", representing 70% of the total) and Restricted Share Units ("RSU", representing 30% of the total).

PSUs vest based on time, continued employment and performance; RSUs vest based on time and continued employment. Upon a change of control event (being a change of control of more than 50% of the Company's issued share capital or voting rights), all PSU and RSU awards will automatically vest in full.

Based on achievement of performance criteria set by the Board, 892,500 of the total awarded PSUs, along with 765,000 of the total awarded RSUs vested during 2019. The Board determined that the Company would settle these units in cash.

As of 31 December 2019, 2,135,000 PSUs and 915,000 RSUs were outstanding under this plan of which 1,260,000 PSUs and 540,000 RSUs have been granted to members of the Company's management. Subject to the fulfilment of vesting criteria, all of the outstanding units will vest in 2020. The Board will determine, at the time of vesting, if PSUs and RSUs are to be paid in cash or shares. Delivery of shares, if applicable, will be made from the Company's authorised but unissued share capital.

Following vesting in Q2 2020, this plan will expire in its entirety. Of the authorised, unissued Shares, 3,050,000 Shares have been reserved for conversion of units awarded under the 2018 LTIP.

Polarcus Long Term Incentive Plan ("Polarcus LTIP")

In 2019, following AGM approval, the Company implemented the Polarcus LTIP to provide a long term incentive opportunity to eligible participants by granting awards in the form of PSUs and RSUs.

PSUs vest based on time, continued employment and performance; RSUs vest based on time and continued employment. Upon a change of control event (being a change of control of more than 50% of the Company's issued share capital or voting rights), all PSU and RSU awards will automatically vest in full. The Board will determine, at the time of vesting, if PSUs and RSUs are to be paid in cash or shares. Delivery of shares, if applicable, will be made from the Company's authorised but unissued share capital.

The 2019 AGM approved 9,900,000 shares to be granted to eligible participants in line with the Polarcus LTIP. In accordance with the General Meeting's resolutions, of the total allocation of shares, no more than 30% (2,970,000 shares) will be available for RSUs. Awards will be made prior to the 2020 AGM. Of the total awarded units, subject to fulfilment of vesting conditions: up to 25% will vest in Q1 2021, up to 25% will vest in Q2 2022 and the remaining maximum 50% of awarded units will vest in Q2 2023. For the first tranche of awards vesting in Q1 2021, the performance criteria for PSUs are based on absolute Total Shareholder Return (30% weighting) and absolute EBITDA (70% weighting) targets.

As of 31 December 2019, all 9,900,000 PSUs and RSUs remain available to be granted to eligible participants before the 2020 AGM. Of the authorised, unissued Shares, 9,900,000 Shares have been reserved for conversion of units awarded under the Polarcus LTIP.

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 as amended from time to time (the "**Cayman Islands Law**"). The Cayman Islands Law does not impose mandatory parameters around how a company elects to structure its governing bodies and the relationship between them.

The Company's Memorandum and Articles of Association (the "**Articles**") comply with the Cayman Islands Law and incorporate many principles of the Norwegian Act governing Norwegian public companies. The Articles therefore entitle the shareholders of Polarcus to more rights than they would be entitled to under the minimum requirements of the Cayman Islands Law. Cayman Islands 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.

The Company's shares are listed on the Oslo Stock Exchange, Norway. Polarcus adheres to laws and regulations at any time applicable to foreign companies listed on the Oslo Stock Exchanges, including the rules on Continuous Obligations of Stock Exchange Listed Companies, applicable clauses of the Norwegian Securities Trading Act and applicable clauses of the Norwegian Accounting Act.

Polarcus adheres to the Norwegian Code of Practice for Corporate Governance (the "Code") issued by the Norwegian Corporate Governance Board ("NCGB") most recently on 17 October 2018. The objective of the Code is to promote corporate governance that regulates the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation in order to strengthen confidence in listed companies among shareholders, the capital market and other interested parties. In accordance with the Norwegian Accounting Act section 3-3b, each year the Company must provide a report on the Company's corporate governance in the directors' report or a document referred to in the directors' report. A reference to this document will be included in the Company's 2019 Annual Report.

The report on the Company's corporate governance must cover every recommendation/section of the Code and should explain how the Company has complied with each particular recommendation. If the Company does not comply with a particular recommendation of the Code, it must provide an explanation as to the reason for the deviation and what alternative solution it selected. The Code is available on www.nues.no.

The Company's Articles and the Cayman Islands Law do not include any provisions that conflict with the laws and regulations to which the Company is subject either as a consequence of the listing of its shares on the Oslo Stock Exchange or of the Code. Where the Cayman Islands 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. These laws and regulations do not impose material restrictions or costs on the Group that would not in some form have existed in other jurisdictions.

3.2 International laws, regulations and requirements

The Group is subject to local tax, customs, employee, environmental and other laws and regulations in the jurisdictions where the Group's vessels operate and/or where the Group's subsidiaries are incorporated, in addition to applicable Norwegian securities laws as a consequence of the Company's stock listing at the Oslo Stock Exchange.

The Group's primary business is within the marine oil & gas sector. Accordingly, the Group must comply with international regulations, including regulations covering its vessels (the ISM and the ISPS Codes, the IMO, SOLAS, MARPOL and STCW conventions, regulations from the flag state of the vessels and the vessels' classification society) as well as requirements developed by organizations within the sector (International Association of Oil & Gas Producers (IOGP), the International Association of Geophysical Contractors (IAGC), Oil & Gas UK (OGUK), the International Organization for Standardization (ISO) and Occupational Health and Safety Management System (OHSAS). The regulations stipulate, inter alia, requirements for a compliant company management system that incorporates all aspects of the Group's business, environmental, health, safety and quality criteria ("EHSQ") and which is effectively used and well understood by all levels of the organization. Compliance with these regulations is typically a condition of the Company's insurance policies.

Establishing and recording a high performance against environmental, social and governance standards is also critical for the success of the Company. The Company's Sustainability Report for 2019 provides details of the Company's achievements.

3.3 Management System

The Company's Management System (the "Management System") is underpinned by the Polarcus Commitments and Polarcus Principles.

The Polarcus Commitments are a set of policy statements which set out the Company's expectations in relation to: A Drug and Alcohol Free Workplace; Business Ethics and Avoiding Conflict of Interests; Dignity at Work and Human Rights; Health and Safety; Quality; Security; and the Environment and Community. The Polarcus Commitments are reviewed annually by the Board's Corporate Governance & Remuneration Committee and endorsed by the Board. Each Commitment is signed by the CEO and displayed at every Polarcus worksite and posted on the Company's website.

The Polarcus Principles identify, and provide mitigation measures for, areas of elevated risk to people, the environment, reputation and security. They aim to ensure the implementation of industry best practice and lessons learned and are closely aligned with the non-negotiable safety rules and similar programs adopted by Polarcus clients. Polarcus Principles are mandatory requirements embedded across the Company.

The Management System is based on the four fundamentals of the International Association of Oil & Gas Producers (IOGP) 'Operating Management System Framework' - Leadership, Managing Risk, Continual Improvement and Implementation. These fundamentals, together with ten elements of the IOGP 'Operating Management System in Practice', are applied in a Plan, Do, Check and Act process flow to all business and operational activities.



The Management System is available electronically and structured to enable easy access to all Company procedures for all employees and to ensure effective document control.

Compliance with the Management System is measured and reviewed through an annual audit program which consists of internal cross-functional department auditing and external client-initiated audits. Formal regulatory compliance audits are conducted by external bodies annually, as a minimum. This includes DNV-GL, the classification society which provides the Company's required Document of Compliance.

The Company, including its vessels, are certified under ISM, ISPS, ISO 9001, ISO 14001 and OHSAS 1800. The Polarcus fleet of vessels also has accreditation to the DNV GL Triple-E™ voluntary environmental and energy efficiency performance rating scheme for ships. Each of Polarcus' active vessels have consistently been awarded the highest level of '1'.

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") is held before the end of June each year. The AGM will normally be held in Dubai. The Board may also call extraordinary general meetings ("EGM") and shall do so upon a request from the auditor or shareholders holding not less than 5% of the voting rights of the Company.

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

The following business must be transacted at the AGM:

- the declaration and sanctioning of dividends;
- the consideration and adoption of the accounts and balance sheets and the reports of the Board and auditor and other documents required to be annexed to the financial accounts;
- the election of directors;
- the fixing of the remuneration of the directors, the members of the nomination committee and of the auditor;
- election of members to the nomination committee and approval of any changes to its terms of reference; 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:

- alteration of the authorized 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; and
- cancellation of shares.

Most GM resolutions are made by “Ordinary Resolution”, i.e. a resolution passed by a simple majority of the shares voted 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 voted 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

Under the Company’s Articles, directors may be elected for service periods of up to two years. In 2019, the Company’s Nomination Committee instituted a practice of nominating all Board candidates for a one-year term. Directors may be re-elected and there is no limit on the number of terms that a director may serve.

4.2.1 Members of the Board

A profile of each director of the Company’s Board and their shareholding position as at 31 December 2019 is included below.

Mike Mannering, Chairman (born 1952)

Mike Mannering is an experienced Chairman and Non-Executive Director with a long career in oilfield services. He held many senior corporate positions in Schlumberger including Managing Director of Schlumberger Sedco Forex in Nigeria, Vice President Integrated Services Schlumberger in Paris, Vice President Schlumberger Sedco Forex in Singapore, Vice President Schlumberger Resource Management Services in London, Managing Director Schlumberger Oilfield Services North Sea in Aberdeen, VP Global Sales, VP QHSE, Non-Exec and then Chairman of Saxon Land Drilling (95 land rigs), a JV between Schlumberger and First Reserve; and President of Rig Management Group based in London (2008-2015). Prior to Schlumberger he served as a Drilling Engineer for Shell in the Netherlands and for Deminex in Germany and Cairo. In recent years he has been Chairman and subsequently Non-Executive Director of Songa Offshore until its acquisition by Transocean; advisor to several Private Equity funds; Chairman and Investor in Navetas Energy Management until its sale in 2017; Chairman of Acoustic Data.

Mr. Mannering was appointed as a director and Chairman of the Board of Polarcus Limited on 10 May 2018. As at 31 December 2019, Mr. Mannering held 150,000 shares in Polarcus.

Nicholas Smith (born 1951)

Nicholas Smith is a Chartered Accountant with a long-term career in investment banking and as CFO of Asian investment bank, Jardine Fleming Group. He has had a successful non-executive track record in the public E&P sector and investment trusts, including seven years as Chairman of Ophir Energy plc, and as board member for several other London listed companies. He is currently Chairman of Aberdeen New Thai Ltd; Chairman of Schroder Asia Pacific Ltd, where he was previously Chair of Audit and Senior Independent Director; and a board member for JP Morgan European Small Companies Ltd where he is also Chair of Audit. Mr. Smith is FCA approved and holds a BA from the Open University.

Mr. Smith was appointed as a director of the Board on 6 March 2017. As at 31 December 2019, Mr. Smith held 135,000 shares in Polarcus.

Karen El-Tawil (born 1961)

Karen El-Tawil has spent over 30 years in the seismic industry. She retired from TGS-NOPEC Geophysical Company ASA in 2012, as VP Business Development, responsible for investor relations, M&A and corporate marketing. Previously she has managed multi-client sales for TGS, and exploration services and multi-client sales for Schlumberger Geco-Prakla. She has extensive experience of the international geophysical sector. Mrs El-Tawil is a Board member of Pulse Seismic Inc, an onshore multi-client company traded on the Toronto exchange and currently sits on that company's Compensation Committee (as Chair) and Environmental Health and Safety Committee. Mrs El-Tawil is a founding member and Governing Board Chair of Empowered Women of Purpose, a non-profit organisation based in Texas, USA. Mrs. El-Tawil holds a BA in Earth Science and Mathematics from Adrian College, Adrian Michigan, USA.

Mrs. El-Tawil was appointed to the Board on 13 February 2014. As at 31 December 2019, Mrs El-Tawil held 4,250 shares in Polarcus.

Monish Sahni (born 1963)

Monish Sahni is a senior finance professional with 30 years' experience in banking and hedge funds across Europe, Asia and the US. He is a highly experienced transactor, analyst and risk manager with diverse sector experience including the shipping and logistics industries, offshore drilling, oil services and industrials. He was a senior banker with Citigroup in New York, Hong Kong and London, a senior credit analyst at CQS LLP in London and currently is an Advisor at Auld Partners in London. Mr. Sahni holds an MBA and a BA from Cornell University, Ithaca, New York.

Mr. Sahni was appointed as a director of the Board on 29 April 2019. As at 31 December 2019, Mr. Sahni held 125,000 shares in Polarcus.

Erik Mathiesen (born 1970)

Erik Mathiesen is an independent advisor and board member. He was, until January 2017, a founding partner of Storm Capital Management, London, an asset management company focusing on energy, transportation and real estate in the Nordics. He was also CEO of Storm Real Estate ASA until August 2016. He has worked in corporate finance advisory in shipping and oil services as a partner for EC Hambro Rabben, London and in corporate banking at Hambros Bank, London.

Mr. Mathiesen was appointed to the Board on 12 May 2016. As at 31 December 2019, he held 267,308 shares in Polarcus through his wholly owned company SISU Holding AS.

Carl-Peter Zickerman (born 1972)

Peter Zickerman has over two decades of experience in the seismic industry. He was the Founder of Eastern Echo Ltd where he held the position of Executive Vice President & Business Development and was a member of the board. In 2008, he founded Polarcus Limited where he held the position of Executive Vice President & Head of Strategic Investments until February 2016. His experience covers both maritime and seismic operations, strategy and commerce. Mr. Zickerman holds a B.Sc. in Marine Engineering from Kalmar Maritime Academy, Linnaeus University, Sweden.

Mr. Zickerman was appointed to the Board for the first time on 9 February 2008 for a period expiring on 2 July 2012 and was again appointed to the Board on 12 May 2016. As at 31 December 2019, he held 34,925,401 shares in Polarcus through his wholly owned companies Zickerman Group Limited and Zickerman Holding Limited. See also Section 2.3.1.

Tom Henning Slethei (born 1974)

Tom Henning Slethei has been an investor in the stock and bond market for more than two decades. He is Chairman and owner of various companies within real estate and finance. He has extensive board experience including as Chair of the nomination and compensation committees, Noreco ASA, as Chairman of the Board, Jåsund Utviklingselskap AS and Sola

Bredband AS, and as a Director at Forus Naeringspark. Mr. Slethei is an Economics graduate from BI Norwegian Business School and majored in business development. In October 2019, Mr. Slethei was elected mayor of Sola, Rogaland, Norway.

Mr. Slethei was appointed to the Board on 12 May 2016. As at 31 December 2019, he held 11,907,019 shares in Polarcus through his wholly owned company, Alto Holding AS.

4.2.2 The work of the Board

The Board has the overall responsibility for the governance of the Company and for supervising the Company's executive management and business, including an annual review of the CEO's performance. The Board shall ensure an appropriate organization of the Company and approve strategic plans and budgets. The Board shall keep itself informed about the Company's financial situation and ensure that its operations, accounts and asset management are duly controlled. The Board shall provide leadership in contributing towards and setting the Company's strategic planning.

The Board has developed "Terms of Reference" that include a description of the duties and the responsibilities of the Board. In addition, Terms of Reference for the Chairman and directors have been issued and current versions of these Terms are included in Appendices 1 - 3.

The Board has appointed the Company's General Counsel as Company Secretary and as secretary to the Board's committees. The duties and responsibilities of the Company Secretary are set out in the Terms of Reference for the Group Company Secretary, the current version of which is included as Appendix 4.

4.3 Committees

The Board of Directors has established two Board Committees: the Audit and Risk Committee (the "A&R Committee") and the Corporate Governance and Remuneration Committee (the "CGR Committee"). The Board determines the composition and chairmanship of each committee annually; the current Terms of Reference for each Committee Chair are included as Appendix 5.

4.3.1 Audit and Risk Committee

As at 31 December 2019, the members of the A&R Committee were Mr. Nicholas Smith (Chair), Mr. Erik Mathiesen and Mr. Monish Sahni. The Board Chairman, Mr. Mike Mannering, was invited to attend all meetings. In 2019, the A&R Committee held 2 physical meetings and 5 phone meetings.

The A&R Committee is mandated, among other matters, to review the Company's draft quarterly accounts and reporting of material issues, the introduction of new and changes to existing accounting principles, to review and evaluate the Company's internal financial controls and engage with the Company's auditor. The Committee is also mandated to review Management's strategy and action to mitigate key corporate risks.

The responsibilities and authorities of the A&R Committee are set out in the Terms of Reference for the committee included as Appendix 6.

4.3.2 Corporate Governance and Remuneration Committee

The members of the CGR Committee as at 31 December 2019 were Mrs. Karen El-Tawil (Chair), Mr. Mike Mannering and Mr. Monish Sahni. In 2019, the CGR Committee held 2 physical meetings and 8 phone meetings.

The CGR Committee is mandated, among other matters, to review and update the Company's governance commitments and structure and to review proposals from management on the Company's remuneration principles and overall remuneration framework, including provision for short and long term incentive plans.

The responsibilities and authorities of the CGR Committee are set out in its current Terms of Reference, included as Appendix 7.

4.4 Executive Management

4.4.1 The composition of the Executive Management

As at 31 December 2019, the Executive Management of Polarcus consisted of five executives with extensive knowledge within their job functions and with senior management experience including within the seismic industry.

A profile of each member in the Executive Management team and their shareholding position as at 31 December 2019 is set out below.

Duncan Eley, Chief Executive Officer (born 1972)

Duncan Eley has over 20 years of experience in the oilfield services industry. He was appointed Chief Executive Officer of Polarcus in 2017 after 8 years with Polarcus, 3 of which as Chief Operating Officer. Prior to joining Polarcus in 2009, Duncan worked for several years with strategy consultancy firm, L.E.K. Consulting, across the energy, transport and natural resources sectors. Prior to that, he worked with Schlumberger for 10 years supporting marine seismic operations in Europe, West Africa and North America. Duncan has a Bachelor of Science and Bachelor of Engineering from Monash University in Australia. In 2006 he completed his MBA at Erasmus University in Holland.

As at 31 December 2019, Mr. Eley held 1,014,616 shares, 260,000 options in Polarcus stock, 420,000 PSUs and 180,000 RSUs.

Hans-Peter Burlid, Chief Financial Officer (born 1980)

Hans-Peter Burlid has over 15 years of experience in the seismic industry and was appointed as Chief Financial Officer of the Company in 2016. Prior to joining Polarcus, Hans-Peter served in key roles in finance, accounting and business development. He was formerly Senior Manager, Business Development and co-founder of Eastern Echo Ltd and was instrumental in the start-up of Polarcus in 2009. Mr. Burlid holds a B.Sc. in Economics and Business Administration from Blekinge Institute of Technology, Sweden.

As at 31 December 2019, Mr. Burlid held 502,596 shares, 113,500 options in Polarcus stock, 315,000 PSUs and 135,000 RSUs.

Lars Oestergaard, Chief Operating Officer (born 1973)

Lars Oestergaard has over 13 years of experience within the oil and gas industry. He joined Polarcus in 2018 as Chief Operating Officer and leads the Sales, Marketing, Geophysical, Operations and EHSQ teams. Mr. Oestergaard was previously employed at Maersk Drilling where he held a number of operational and commercial leadership roles, most recently as Chief Commercial Officer. Mr. Oestergaard holds a degree in Business Administration from Copenhagen Business School and a Master's Degree in Political Science from the University of Aarhus.

As at 31 December 2019, Mr. Oestergaard held 150,000 shares, 175,000 PSUs and 75,000 RSUs.

Caleb Raywood, General Counsel and Company Secretary (born 1970)

Caleb Raywood has over 20 years of commercial experience, predominantly in the shipping and oil and gas service sectors. Caleb joined Polarcus in 2016 as General Counsel and Company Secretary. He previously worked in the same capacities for an international offshore contracting company based in the UAE and Nigeria prior to which he worked for 6 years with MasterCard as Region Counsel (South Asia, Middle East & Africa). Prior to that, he worked for 6 years at Clyde & Co, an international law firm in London and Dubai specialising in shipping and maritime issues. Holding a Bachelor's Degree in English and European Law from the University of Essex (UK) and a Master's Degree in European Business Law from the University of Nijmegen, The Netherlands, Mr. Raywood leads Polarcus' team of lawyers as a qualified Barrister and Solicitor Advocate.

As at 31 December 2019, Mr. Raywood held 209,615 shares, 50,000 options in Polarcus stock, 175,000 PSUs and 75,000 RSUs.

Tamzin Steel, SVP People and Business Services (born 1977)

Tamzin Steel has over 18 years' experience working in global multinational companies in the oil & gas industry. She joined Polarcus in 2016 and is responsible for Human Resources, IT and Communications. Prior to joining Polarcus she held a number of senior leadership positions, with a focus on Human Resources and organizational change. Tamzin worked for KCA DEUTAG Drilling Group, an international drilling and engineering contractor, for 13 years in various global roles and latterly worked for Abu Dhabi National Energy Company (TAQA) as Group Vice President Human Resources. Mrs. Steel holds a Bachelor's Degree in Business Studies from Robert Gordon University, Aberdeen (Scotland).

As at 31 December 2019, Ms. Steel held 209,615 shares, 50,000 options in Polarcus stock, 175,000 PSUs and 75,000 RSUs.

4.4.2 The responsibilities of the Executive Management

The Board 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 strategic and management issues resolved by the Board and to keep the Board informed about the Company's operations, financial position and results. The CEO is assisted by the executive management team in discharging the CEO's responsibilities. The duties, responsibilities and authorities of the CEO are set out in the CEO's job description.

The duties, responsibilities and authorities of the other members of the executive management are set out in their employment contracts and the job description for their respective positions.

5 Corporate Governance Commitments and compliance with the Code

This chapter describes the recommendations of the Norwegian Code of Practice for Corporate Governance (last amended 17 October 2018), Polarcus' commitments relevant to the individual sections of the Code and a description of how Polarcus has complied with the relevant recommendation in the Code during 2019. The Code is available on www.nues.no.

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 directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice. If the company does not fully comply with this Code of Practice, the company must provide an explanation of the reason for the deviation and what alternative solution it has selected.

5.1.2 Polarcus' commitment

The Company's focus on maintaining high standards of corporate governance is critical to its success and long-term growth. The governance structure of Polarcus is designed to be appropriate to shareholder expectations, the size and business of the Polarcus Group and to adhere to the Code, Cayman Islands law and practice and the Articles.

The Company implements its corporate governance through a comprehensive framework of standards, procedures, checklists and audits and the promotion of a responsible corporate culture throughout the Polarcus Group.

The Board will annually review and evaluate the Company's Commitments and the need for any amendments to the Company's adopted standards as a consequence of Polarcus' development or changes in applicable legislation or in the Code. The Board will furthermore review and evaluate annually, 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. The annual reports on corporate governance and the Company's commitments are published on the Company's website www.polarcus.com.

5.1.3 Compliance with the Code

The Company has implemented a set of corporate governance standards and principles through a comprehensive framework of commitments, procedures and checklists. The Company's Commitments are posted on the Company's website www.polarcus.com and described in Section 3.3. In Q4 2019, the Board's Corporate Governance and Remuneration Committee reviewed the Company's Commitments in detail and the Committee's report was presented and reviewed by the Board.

The Company's corporate governance commitments are set out in this chapter and meet most of the recommendations set out in the Code. Where the Company has elected not to follow the Code's guidance, an explanation is provided. A reference to this document is also included in the Board of Directors' report contained in the Company's Annual Report 2019.

5.2 Recommendation 2: Business

5.2.1 The provision of the Code

The company's articles of association should clearly describe the business that the company shall operate.

The board of directors should define clear objectives, strategies and risk profiles for the company's business activities such that the company creates value for its shareholders.

The company should have guidelines for how it integrates considerations related to its stakeholders into its value creation.

The board of directors should evaluate these objectives, strategies and risk profiles at least yearly.

5.2.2 Polarcus' commitment

Polarcus is a marine geophysical company with a pioneering environmental agenda. The business strategies will be clearly defined and based on the Company's corporate objectives. The Company's objectives and strategies will be reviewed at least annually by the board of directors. The A&R Committee will regularly review management's assessment of risks affecting the Company and mitigating actions. The Board will review the Company's assessment of corporate risk annually. Management will engage regularly and throughout the year with shareholders and investors and with employees globally through town hall meetings each quarter. Twice a year, the Board will engage with employees at the Company's headquarters.

5.2.3 Compliance with the Code

The Company's business is defined in the Company's Memorandum of Association, clause 3:

... to carry on, ... 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

As the Company looked to transition from its 2020 strategy, the Board held strategy sessions with management in Q1 and Q2 2019 and approved Polarcus' 2023 Company Strategy: to create superior value for our stakeholders through responsible marine acquisition services and geophysical solutions driven by innovation and industry collaboration. In line with this strategy, in Q4 2019, the Board approved the 2020 balanced scorecard of company goals and company initiatives to which the Company's management has assigned sponsors. The Board will review progress on achieving these targets throughout 2020.

The Company's management has developed and maintains a company risk assessment matrix which describes and quantifies the major risks to the Company's business, sets out mitigating measures in respect of each major risk and identifies additional mitigating measures which the Company may adopt in the event that the particular risk threat is escalated or materialises. Instances of an identified risk occurring, the threat of a particular risk escalating or a new major risk emerging, in the first instance, are reported to the A&R Committee which reviews mitigating actions. Management conducted a full risk assessment in May and October 2019, the product of which was presented to the A&R Committee in Q3 and Q4, 2019. The A&R Committee's report on Management's assessment was reviewed and discussed by the Board in Q4, 2019. This process of continual review and improvement enables management to remain focused on the essential activities necessary to achieve the corporate strategy whilst effectively managing external risks including change in the business and economic environment.

The Company's management has engaged regularly with its largest shareholders and presented corporate updates at investor meetings in Oslo and in London throughout 2019. Each quarter, management holds Town Hall sessions with employees in every office and vessel, providing updates on corporate activity and providing an opportunity for employees to pose questions directly to management in an open forum. The Board also engaged in similar sessions with employees in Dubai in April and October 2019.

A copy of clause 3 of the Company's Memorandum and its objectives and principal strategies are contained in the Company's 2019 Annual Report.

5.3 Recommendation 3: Equity and Dividends

5.3.1 The provision of the Code

The board of directors should ensure that the company has a capital structure that is appropriate to the company's objective, strategy and risk profile.

The board of directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the board of directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the board of directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

5.3.2 Polarcus' commitment

The Board is committed to the company having a capital structure which is appropriate to its objectives, strategy and risk profile and that the company's financing and access to finance is appropriate for its requirements. The Board will promptly call a GM as and when it determines that the company's equity has fallen below an appropriate level in relation to the scale and risk of its operations.

Polarcus is committed to maximizing shareholder value, including, where appropriate, declaring dividends to shareholders from its profits by way of a disclosed dividend policy.

Polarcus will, when asking the GM for an increase of its authorized share capital ensure that the different purposes for which the share capital may be increased is clearly defined and divided into separate mandates for consideration by the GM. When multiple mandates are put to the GM, the company will stipulate a limit on the overall amount by which the Board shall be permitted to increase the company's share capital.

In accordance with its Articles, Polarcus may only acquire its own shares if and in so far as approved by the GM, such mandate to be for a specific number of shares and for a specific period of time. The Board 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's authorized share capital throughout and as at 31 December 2019 is USD 60,098,915.70 divided into 600,989,157 shares of nominal or par value of USD 0.10 each. The Company's issued and paid up share capital throughout and as at 31 December 2019 is USD 51,378,671 divided into 513,786,713 shares at par value of USD 0.10 each. Of the 87,202,444 authorised, unissued Shares, 14,114,000 Shares have been reserved for the Polarcus Group's employee option schemes, the 2018 LTIP and the Polarcus LTIP. 523,276 Shares have been reserved for issue in relation to the Company's convertible bonds and 12,846,144 Shares have been reserved for issue in relation to the Company's warrants.

The 2019 AGM approved a resolution that all other authorised and unissued Shares be available for the Board to issue to strengthen the Company's equity, to issue new shares in connection with merger and acquisition opportunities as well as other business reasons namely, to take advantage of viable business opportunities, including but not limited to efficiency upgrades, multi-client projects and for general working capital purposes through one or more offerings and upon terms as decided by the Board. The authorization could also be used in a takeover situation.

Due to the operation of Cayman Islands Law, it will not be possible to limit the actual Board authorization to issue authorised shares to a particular period of time. Consequently, shares reserved but not issued for their reserved purpose at the expiry of the time specified for such purpose, such as employee incentive plans, will under Cayman Islands Law be available as authorized share capital. While this result is consistent with the terms of the GM resolution described above, the Board would ordinarily expect to request shareholder approval of such available authorised share capital prior to issuing shares for a specific purpose.

Polarcus is restricted from distributing dividends to its shareholders without consent of the applicable lenders under certain financing arrangements. Due to these restrictions, Polarcus will not propose any dividend for the fiscal year 2019.

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

In 2018, the Company negotiated a working capital facility of up to USD 40 million with the Company's bankers in Norway. The facility remained undrawn throughout 2019,

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

5.4.1 The provision of the Code

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

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, a shareholder's parent company, members of the board of directors, executive personnel 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.

5.4.2 Polarcus' commitment

Polarcus is committed to the equal treatment of all shareholders. The Articles do not prescribe any pre-emption rights for shareholders of the Company. In the event that the Company considers it to be in the best interest of shareholders or necessary to perform a share offering, the Company is committed wherever possible to limiting the level of dilution for existing shareholders. 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 to recognise the interests of existing shareholders. The Company will in connection with any share capital increase disclose whether the issue will be a pre-emption issue or not, and if it is not a pre-emption issue, the reason for this.

Should the Company find it beneficial to shareholders that Polarcus performs a stock repurchase, the Company will comply with best practice and regulations.

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 Board 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 with whom the Company is entering a transaction.

In the event of a not immaterial transaction between the Company and a shareholder or shareholders, directors, members of executive management or close associates of any such parties, the Board shall arrange for a valuation from an independent third party unless the Board decides to ask the GM to resolve on the matter.

5.4.3 Compliance with the Code

During 2019, there were no transactions that involved a decision to waive the pre-emption rights of shareholders to subscribe for shares. The Company did not carry out any transactions in its own shares. Similarly, there were no share transactions between the Company and related parties nor any internal transactions between the Company and shareholders during 2019.

Several transactions took place between companies within the Polarcus Group during 2019. All such transactions have been part of the day-to-day business of the companies and have been entered into and implemented using the Group's established transfer pricing principles. No transactions have required statements pursuant to paragraph 3-8 of the Norwegian Limited Liability Companies Act or approval from the general meeting of the applicable Polarcus Group subsidiaries.

5.5 Recommendation 5: Shares and negotiability

5.5.1 The provision of the Code

The company should not limit any party's ability to own, trade or vote for shares in the company.

The company should provide an account of any restrictions on owning, trading or voting for shares in the company.

5.5.2 Polarcus' commitment

The Company's Articles provide that upon listing of the shares on a regulated investment market, the shares shall be freely transferable. Notwithstanding this, the Directors may pursuant to the Articles decline to register the transfer of a share where such transfer would, in the opinion of the Directors, be likely to result in 50 per cent or more of the aggregate issued share capital of the Company, being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or the Company otherwise being deemed a controlled foreign company ("CFC").

5.5.3 Compliance with the Code

The Company's shares are freely transferable. The Board does not envisage having to use the CFC-provision of the Articles.

5.6 Recommendation 6: General Meetings

5.6.1 The provision of the Code

The board of directors should ensure that the company's shareholders can participate in the general meeting.

The board of directors should ensure that:

- *the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting*
- *any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible*
- *the members of the board of directors and the chairman of the nomination committee are present at the general meeting*
- *the general meeting is able to elect an independent chairman for the general meeting*
- *Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.*

5.6.2 Polarcus' commitment

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:

- The deadline for proposals to the Nomination Committee for new candidates to be considered for a position on the Board of Directors shall be published on the Company's website: www.polarcus.com;
- The deadline for shareholders to give notice of their intention to attend the meeting shall be fixed to two business days before the date of the meeting at the earliest;
- 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 Board, the Company Secretary 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 two business days before the date of 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 Company's Board of Directors.

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. Based on historic numbers of shareholder attendance at GMs and lack of any specific requirement for such facilities, the Company does not currently intend to offer such type of participation.

Wherever possible, taking into account, for practical reasons as well as cost considerations, the members of the Board, the CEO, the CFO and the Company Secretary shall be present at any GM. Furthermore, at least one member of the nomination committee shall 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 a 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 Board will chair the GM, provided the Chairman of the Board at any time elected is independent of any major shareholder of the Company. If the Chairman of the Board is prevented from attending or is unable or unwilling to act as Chairman of the GM, the other members of the Board present

shall elect one of their number to be Chairman of the meeting and if possible a member that is independent of any major shareholder of the Company. If no member of the Board 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.

Minutes from the GM shall be posted on the Company's website within three business days after the date of the GM.

5.6.3 Compliance with the Code

The AGM of Polarcus on 29 April 2019 was called, held and the meeting minutes published in full compliance with the Company's commitment and the Code. All members of the Board were present at the 2019 AGM including one member of the Nomination Committee. The Chair of the Nomination Committee did not attend the AGM as her presence was not considered necessary to the business due to be conducted at the AGM and in order to control travel costs associated with the AGM.

The AGM Notice included comprehensive and detailed information allowing the shareholders to form a view on the matters that were considered. Proxy forms were made available that allowed separate voting instructions for each matter that was considered and for each candidate nominated for election at the AGM.

The Company's Articles include certain provisions that partly deviate from the principles set out in the Norwegian Public Limited Liability Companies Act and the recommendations in the Code and impacts the rights of the shareholders. The deviations include:

- (i) resolutions that amend the Articles, reduce the authorized share capital or other special resolutions require a majority of 75% of the shareholders present or shares voting (if a poll) while an increase in the authorized share capital requires an ordinary resolution of 50% majority;
- (ii) GMs may be held where decided by the Board;
- (iii) a GM can only proceed to business if more than 10% of the issued share capital is represented at the meeting either physically or by proxy;
- (iv) the Chairman of the Board shall chair the GM;
- (v) items not on the agenda for a GM or changes to an agenda item may only be accepted at the discretion of the Chairman of the meeting; and
- (vi) the rights attached to any class of shares may be varied through a special resolution passed by 75% majority at a GM of the holders of the shares of that class.

The Board considers that none of these provisions materially impacted the rights of shareholders in 2019.

5.7 Recommendation 7: Nomination Committee

5.7.1 The provision of the Code

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association.

The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the board of directors and the company's executive personnel as part of its work on proposing candidates for election to the board.

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 personnel. 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 to the board. The nomination committee should not include the company's chief executive or any other executive personnel.

The nomination committee's duties should be to propose candidates for election to the board of directors and nomination committee (and corporate assembly where appropriate) and to propose the fees to be paid to members of these bodies.

The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee and any deadlines for proposing candidates.

5.7.2 Polarcus' commitment

The Company shall have a Nomination Committee. The Committee Chair and the other members of the Nomination Committee shall be appointed by the GM. The GM shall determine the remuneration of the Nomination Committee and stipulate the terms of reference for the Committee.

The Nomination Committee shall recommend candidates for election or re-election to the committee to be approved by the GM.

All members shall be independent of the executive management and at least one member must be independent of the Board. The Committee may include one member of the Board to ensure that the Company's position and situation is sufficiently communicated, understood and considered by the Nomination Committee. However, any such member shall be an independent director of the Board. The Chairman of the Board and members of the Company's executive team shall not be part of the Committee. Committee members shall be selected to take into account the interests of shareholders in general.

The Nomination Committee will propose the term for the new Committee which will be subject to the approval of the GM.

The Nomination Committee's mandate is to evaluate and provide a proposal to the GM for candidates, individually, for the Company's Board. In preparing such proposals, the Nomination Committee shall consult with selected major shareholders, the Chairman of the Board and the CEO. The Nomination Committee shall also present a proposal for directors' remuneration to the GM.

The names of the members of the Nomination Committee shall be posted on the Company's web site www.polarcus.com. Guidance for making proposals of candidates for Board positions and any deadline for nominations shall be posted on the Company's web site.

5.7.3 Compliance with the Code

At the 2019 AGM, shareholders resolved to amend and restate the Articles to make provision for the Nomination Committee and the GM's annual review of the Nomination Committee's Terms of Reference. This is now captured in Article 104 of the Articles. Prior to the 2019 AGM, the Company's Articles did not include provisions relating to the Nomination Committee as this is not customary for companies incorporated in The Cayman Islands.

The Company complies with the recommendations in the Code with respect to the Committee's independence from the Board and the status of directors that can act as members of the Committee. The Company emphasizes the importance of the involvement of a current member of the Board in the appointment of new Board members or re-election of members to the Board in order to ensure a well-functioning and highly competent Board representing the interests of all shareholders. The Chair and other members of the Nomination Committee are approved by the AGM. The Board considers that the procedure for appointment to the Nomination Committee is in the best interests of the Company.

The Nomination Committee currently consists of Mrs. Katherine Hall (Chair), Mrs. Karen El-Tawil and Mr. Kristian Falnes who were all elected by the 2019 AGM for a term of one year. Mrs. El-Tawil is an independent director and does not vote in Nomination Committee meetings. Mrs. Hall and Mr. Falnes are independent of the Board. All Committee members are independent of the Company's executive management and none of the Nomination Committee's members hold any employment position within the Polarcus Group.

The Notice for the 2019 AGM incorporated the Committee's Report and Recommendations relating to: nominees for election as members to the Board and the role of Chairman, remuneration of directors, nominees to the Nomination Committee and remuneration of Nomination Committee members. In preparing its Report and Recommendations, the Committee consulted with the Chairman of the Board, the CEO and shareholders representing approximately 40% of the Company's issued share capital. The 2019 AGM approved remuneration of the Board Chairman of USD 108,000 and USD 49,500 for the other members in addition to USD 1,500 per member per committee meeting.

The 2019 AGM approved remuneration of the Nomination Committee of USD 6,000 for the Committee Chair and USD 3,000 for each other member in addition to USD 1,500 per member per Committee meeting.

The Terms of Reference for the work of the Nomination Committee were approved by the 2019 AGM and are included as Appendix 9.

5.8 Recommendation 8: Board of directors: composition and independence

5.8.1 The provision of the Code

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 personnel 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 executive personnel. If the board does include executive personnel, 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 general meeting (or the corporate assembly where appropriate) should elect the chairman of the board of directors.

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 of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should 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 Board may consist of between 2 to 10 directors. The members including the Chairman of the Board shall be elected by the AGM by ordinary resolution. Any director appointed in an EGM shall be elected by special resolution requiring a majority of 75% of voting shares. Furthermore, removal of a director also requires a special resolution with a majority of 75% of voting shares.

Each Director shall be eligible for a term of up to two years. A director is eligible for re-election, subject to the recommendation of the Nomination Committee (see also section 4.2).

Directors shall collectively have the qualities, experience and expertise that the Company needs in order to succeed as a recognized provider of geophysical seismic services world-wide including, geophysical seismic expertise, corporate, financial and investor relations experience. Directors shall be competent to work in the English language, efficiently as a team, and have sufficient capacity to carry out their duties. Directors should not include the Company's executive personnel.

The Board shall attend to the common interest of all shareholders and operate independently of any special interests and have a balanced combination of directors nominated by major shareholders and directors that are independent of any shareholder or shareholder groups. Only in exceptional circumstances may the Board exist with less than two independent directors and in such an event, immediate steps shall be taken to restore the number of independent directors to no less than two. The Company will furthermore ensure that the majority of directors are independent of the Company's executive management and material business contacts.

Directors shall be encouraged to own shares in the Company. No director shall be eligible to be awarded options in the Company's stock.

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 director initially put forward by a shareholder or as an independent director together with a record of their attendance at board meetings.

5.8.3 Compliance with the Code

During 2019, the Board of the Company grew from six to seven Directors.

At the 2019 AGM, Mr. Sahni was elected as director and, Mr. Smith, Mr. Zickerman and Mr. Slethei were re-elected as directors. All directors were appointed for a one year term, expiring at the 2020 AGM.

As at 31 December 2019, the Board comprised the following members:

- Mr. Mike Mannering, Chairman and independent director

- Mr. Nicholas Smith, independent director
- Mrs. Karen El-Tawil, independent director
- Mr. Carl-Peter Zickerman, associated with Zickerman Group Ltd. and Zickerman Holding Ltd.
- Mr. Tom Henning Slethei, associated with Alto Holding AS
- Mr. Erik M. Mathiesen, independent director, and
- Mr. Monish Sahni, nominated by Bybrook Capital LLC and related affiliates.

As at 31 December 2019, four of the directors were independent of the Company's main shareholders, the executive management and material business contacts, while three directors were associated with major shareholders of the Company, one of whom also has a commercial relationship with executive management. The Board includes nationals of four countries and one director is female.

As the profile of the current directors indicates (see Section 4.2.1), the Board provides diversified and valuable expertise and experience to the Company, including seismic expertise and oilfield services experience relevant for the Company's core business as well as financial and investor-related expertise.

The composition of the Board complies with the Company's corporate governance commitments and the Code both in respect of: (i) requirements for independence from main shareholders, executive management and material business contacts, (ii) independence from special interests and the ability to attend to the common interests of all shareholders and (iii) required diversity of expertise and experience.

The Company considers that the individual members of the Board reserve sufficient time to carry out their duties as directors. None of the directors hold such a number of board positions in other companies or other employment that such other positions would compromise the time needed to act as a director of Polarcus.

All Directors (or companies associated with these directors) own shares in the Company (see Section 4.2.1).

The Annual Report for 2019 includes a profile of each director and documents their attendance at Board meetings.

5.9 Recommendation 9: The work of the Board of Directors

5.9.1 The provision of the Code

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.

The board of directors should ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire board of directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

The board of directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

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 Board, the Board Committees and each director are required to comply with and carry out their responsibilities in accordance with applicable instructions, guidelines, the Terms of Reference and any additional board procedures in place.

The Board 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 shall include details in the Annual Report of the Board Committees to which directors have been appointed.

The Board shall evaluate its performance and expertise annually which may entail an internal and/or externally-led assessment.

5.9.3 Compliance with the Code

The Board has issued separate Terms of Reference that set out the authorities, responsibilities and duties of the Board, the Chairman, Directors, the Company Secretary, Board Committees and the Chair of Board Committees. Furthermore, performance goals have been prepared for the CEO which have been approved by the Board and also for all members of the executive management team which have been reviewed by the Board's Corporate Governance and Remuneration Committee. In accordance with the Terms of Reference, the Board established a plan for its work for 2019 and has carried out an evaluation of its performance in 2019.

The Board held 4 physical meetings, 6 phone meetings and executed 4 sets of written resolutions in 2019. The Board also held 2 all day strategy session with the Company's management.

The attendance by the various directors at the board meetings during 2019 is reflected in the table below:

Board Member	No. of Physical Meetings	No. of Phone Meetings
Mike Mannering	4	6
Karen El-Tawil	4	5
Carl-Peter Zickerman	4	6
Erik Mathiesen	4	5
Tom Henning Slethei	4	6
Nicholas Smith	4	6
Monish Sahni (joined 29 April 2019)	3	3

Two committees have been established by the Board; (i) the Audit and Risk Committee and (ii) the Corporate Governance and Remuneration Committee. All members of the Committees are independent of executive personnel. A description of each Committee and its mandate is included in Section 4.3 and in the 2019 Annual Report.

In 2019, one matter was discussed by the Board as to which a director held a material interest. The director made known his interest in the matter at the earliest opportunity and recused himself from all Board discussions on the subject. There was no matter discussed by the Board in which the Chairman has been personally involved.

With respect to 2019, the Board reviewed its performance by way of self-assessment with additional feedback from management.

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 guidelines etc. for how it integrates considerations related to stakeholders into its creation of value.

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.

5.10.2 Polarcus' commitment

Responsible 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 *inter alia* through its management system.

The Company will regularly carry out internal cross department audits in accordance with detailed procedures and audit plan in order to ensure sufficient regular monitoring and review of the content of and the compliance with the Group's management system.

As part of the company management system and culture, 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 in their annual assessment.

The executive management and each department of the Group shall, in its decision-making, identify the risk involved and possible mitigation measures available. A standard risk matrix has been developed by the Company for this purpose. Furthermore, the executive management shall at least once a year review its assessment of company risks. The result of such review shall at least annually be reviewed by the A&R Committee and presented to the Board.

The Company shall facilitate an open door style of management to ensure that any work-related concerns or matters related to illegal or unethical conduct may be discussed freely and openly by each and every employee with any member of the executive management and the CEO without any fear of retribution and with a strong commitment to listening to employees, to evaluating the concerns and for taking actions for improvement.

The Company's whistle-blower system enables employees and others to anonymously report situations that may have implications of bribery, corruption, financial irregularity or other serious irregularity or to report that a previous complaint has not been corrected.

The Company shall maintain a Gifts Register for recording gifts and entertainment given and received and establish procedures for employees to report gifts and entertainment.

The Company shall implement procedures for the Group's internal control and risk management as they relate to financial reporting.

5.10.3 Compliance with the Code

As described in Section 3.3, the Company has established a management system, underpinned by Polarcus' commitments (policy statements covering all aspects of the Company's corporate responsibility profile and supported by procedures which provide reference, standards and instruction for responsibly carrying out the Group's operations. The management system ensures a well-functioning operation and performance in accordance with clients' requirements, the Company's corporate governance standards and corporate social responsibility commitments.

The management system has been subject to independent audits from DNV and clients of the Group. In 2018, the Company upgraded its ISO 9001 and ISO 14001 certifications to the new standards ISO 9001:2015 and ISO 14001:2015. The Company has been certified as OHSAS 18001 since 2010, becoming the first seismic player in the industry to achieve such full accreditation both onshore and offshore for its entire vessel fleet. The accreditations are subject to regular audits.

The Company has developed audit procedures and audit plans for internal cross-departmental audits. Audits have been carried out throughout 2019 to ensure sufficient regular monitoring and review of the Group's compliance with the management system and the need for updates of the content of the management system and individual manuals and procedures. Management carried out a review of the main risks associated with the operation of the Group biannually and presented the results to the Board's A&R Committee and to the Board during 2019.

The Group has established appropriate internal control routines to cater for the operations of the Company. Polarcus' management reviews the Company's financial status on a regular basis. The quarterly and annual financial statements are presented to the A&R Committee and are approved by the Board with a detailed comparison to budget.

The Company has implemented an electronic invoice control system, a detailed authority matrix for financial dispositions and payment routines. In order to manage accounts receivables appropriately, monthly invoicing routines and weekly monitoring are in place. The Company's costs are monitored at least monthly using a mixture of forecasting, as well as actual versus budget and forecast analysis. The Company has ensured that trained personnel are tasked with the responsibility of ensuring compliance with international, national and local tax, fees and filing requirements and external service providers have been retained where appropriate.

Also, as a measure to assist in the internal controls of the Company, the executive management is required to report to the Board regularly on:

- EHSQ, including incidents and near-misses;
- Financial accounts, including a monthly management report which contains the Company's accounts and a comparison to budget, the status and compliance with the Company's financial covenants in its finance and vessel lease agreements, vessels' capex, currency exposure as well as cash flow analysis;

- Vessels operation status, including a monthly operational performance report which contains vessel fleet performance, opex and capex measured against budget and particular issues related to each vessel; and
- Sales/multi-client and marketing measures and status on employment backlog for the vessels.

For the purpose of the Group's internal control and risk management as they relate to financial reporting, the Company has implemented accounting policies and procedures which are actively used to ensure the reliability, consistency and the uniformity of the financial information both in respect of general financial information of the Group and in connection with specific transactions. The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), and the significant accounting policies are disclosed in the notes to the Group's consolidated financial statements.

The Group's accounting services are, for all Group companies, centralized in Dubai enabling efficient internal communication and unified practice of the policies and procedures. The Group's management team reviews monthly financial reporting, including trends in profit and loss and balance sheet items, and analyses the financial performance of business areas and support units. The Company's A&R Committee assesses the integrity of the accounts. It also enquires into, on behalf of the Board, issues related to financial review, internal control, and external audit of the Company's accounts. The Board through the A&R Committee ensures that the Company is capable of producing reliable financial statements and that the external auditor's recommendations are given thorough attention.

The Company has established and practices a commitment to an open door style of management to ensure that any work-related concerns or matters related to illegal or unethical conduct may be discussed freely and openly by each and every employee with any member of the executive management and the CEO.

The Company has established a whistle-blower e-mail address where employees of the Company can report situations anonymously that may have implications of bribery, corruption, financial irregularity or other serious irregularities. Any e-mail to such address will automatically be forwarded to the Company's CEO and a nominated Board member. A separate whistle-blower e-mail address, published on the Company's website, allows concerned individuals to report a matter to the Board Chairman and a second nominated Board member for action.

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.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

5.11.2 Polarcus' commitment

The remuneration of the Board shall reflect the Board'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 option schemes for its directors.

As a general principle, the directors or companies associated with a director 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 be approved by the Board in advance.

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 relies on considerable input and assistance from the directors. The 2019 AGM approved an annual remuneration of each director of USD 49,500 and USD 108,000 for the Chairman. This remuneration was at the same level

as awarded by the 2018 AGM for the preceding year. Committee work is currently remunerated at USD 1,500 per Committee member per meeting. Other than reimbursement of expenses incurred on Company business, no additional payment is received by directors.

There is no stock option scheme for directors. All directors (or companies associated with a director) own shares in the Company.

One director works as a consultant to the Company. Mr. Zickerman, formerly employed by the Company as Executive Vice President, Strategic Investments and a founder of the Company, is a consultant with Zickerman Group Consultancy DMCC, which has been engaged to provide business and advisory consultancy services to the Company. These services relate, in particular, to corporate, financial, business development and related strategic matters and commenced on 1 February 2016. Mr. Zickerman has experience in the seismic industry, gained from his prior start-up ventures, Eastern Echo Ltd. where he held the position of Executive Vice President, Business Development. Prior to this, he was the Managing Director and founder of GeoBird Ltd., a marine seismic service provider, later sold to SeaBird Exploration Ltd. His experience covers both maritime and seismic operations.

No other director has taken on any specific assignment with the Company. The Annual Report for 2019 includes a summary of the remuneration paid to all Board members.

5.12 Recommendation 12: Remuneration of executive personnel

5.12.1 The provision of the Code

The board of directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the annual general meeting. The board of directors' statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting. It should also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines.

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

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes 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 incentivize performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

5.12.2 Polarcus' commitment

The CGR Committee annually reviews and proposes to the Board, updated guidelines for the remuneration of members of the executive management, including the CEO. When preparing the guidelines, the Committee shall take into account, among other factors, the location of the management, the level of remuneration normal within the industry of the Group and special characteristics of the different positions 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.

Proposals for employee incentive schemes and arrangements to award shares or share units to employees shall be approved by a GM.

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

5.12.3 Compliance with the Code

The current employee options schemes of the Company, the 2018 LTIP and the Polarcus LTIP have been approved by the GM of the Company. The schemes are designed to provide convergence of employees' interests with shareholder value creation. The option schemes established in 2012, 2014 and 2016 contain share performance requirements and are consistent with the requirements of the Code through the need for an increase in the market price of the share as a condition for exercise. The 2018 LTIP and the Polarcus LTIP contain a substantial element of PSUs which will vest only on achievement of performance targets established by the Board. All incentive programs include multi-year vesting periods. The schemes do not contain absolute remuneration limits but the number of options that may be granted to each employee (and the number of PSUs and RSUs under the 2018 LTIP and the Polarcus LTIP is limited). No option schemes include a requirement for a

minimum period of ownership of the shares. However, in implementing the Polarcus LTIP, the Board introduced minimum shareholding requirements for each of the CEO and all other members of the executive management team.

The Board is confident that the principles of the incentive programs appropriately align the interests of the Company's shareholders and the employees.

A summary of the remuneration guidelines for 2019 was approved by the 2019 AGM and no changes to the remuneration program were applied. In accordance with the provision of the 2018 LTIP, certain payments were made in Q2, 2019.

The annual reports of the Company include 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 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 listed on Oslo Stock Exchange.

The Company shall, prior to the close of each year, publish a calendar setting out announcement of financial reports, the date of the AGM and other major events for the following year.

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.

5.13.3 Compliance with the Code

The Company's financial calendar for 2019 is presented on the Polarcus website www.polarcus.com.

The Company has developed investor relations and external communication procedures. Legal disclosure obligations and regulations for financial reporting have been strictly followed. All information sent to the market has been published on the Company's website www.polarcus.com.

Representatives of the executive management of the Company visit major shareholders of the Company on a regular basis in order to facilitate and maintain a healthy dialogue and enable shareholders to communicate their particular concerns related to the Company. The Company's CEO and CFO are responsible for the communication with shareholders, potential investors and the market in general.

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.

In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board 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 hinder or obstruct take-over bids for the company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

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 making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer 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 arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

5.14.2 Polarcus' commitment

The Company has established detailed guiding principles for how the Board and executive management shall act in the event of a take-over bid. The guiding principles comply with applicable laws and the Code. The principles describe the various phases of a take-over process and include procedures to ensure that sufficient information and time are made available for the shareholders to evaluate the offer of such takeover. Encompassed in the guidelines are principles for the Board's evaluation of the offer and the arrangement of fairness opinions as well as regulations concerning agreement with bidders. The principles give guidance as to when a GM should be called and include which actions the Board must take or refrain from taking. Actions and authorizations of the Board differ dependent on whether the take-over situation is a result of an invitation to the Company or is a general offer to shareholders.

Under the guidelines, the Board 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. The principles authorize the Board to complete any transactions it or the Company's management has entered into for commercial purposes prior to obtaining knowledge of the take-over bid, irrespective of whether these transactions were made public or not. An exception is the intention to dispose of a majority of its activities, which shall be subject to a resolution by a GM as long as the Company is subject to a take-over bid. Any authorization approved by the GM for the Board to issue shares with a takeover situation in mind shall only be exercised by the Board if it is clear that this will be beneficial to all shareholders.

5.14.3 Compliance with the Code

The Board has developed detailed guidelines for take-over situations which take into account the principles of the Code. Except where information has been announced publicly, the Company does not report on the existence or content of any take-over or similar situations as this may result in the disclosure of inside information or other information which the Company considers is inappropriate to release.

At the 2019 AGM, the GM resolved that all authorised and unissued Shares were available for the Board to issue to strengthen the Company's equity. Authorization was given for Shares to be issued in a takeover situation - see Section 5.3.3 for further details.

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 audit committee 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 audit committee 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 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's Audit and Risk Committee shall annually request an audit plan from the auditor concerning the audit of the Company's consolidated financial statements.

The Board shall request and make appropriate provisions so 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 personnel of the Company. The Board shall in combination with such review meet with the auditor without the presence of the CEO or any other member of management.

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

The Company has established guidelines as to when it is acceptable to use the Company's auditor for services other than the audit, in order to ensure the auditor's continued independence. In principle, global tax and transfer pricing services may be obtained from the auditor. The executive personnel 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 management shall provide the Board with a summary of all services in addition to the audit work that have been undertaken by the auditor.

The Board 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's external auditors are Ernst & Young AS, Oslo, Norway.

The Board received an audit plan from the external auditor for the 2019 audit in October 2019. The external auditor presented results of the interim audit to the A&R Committee on 27 November 2019, highlighting key accounting developments and provided an independent assessment on the preparation of the Company's accounts.

The external auditor presented the result of the audit of the 2019 financial statements to the Board of Directors in the meeting dealing with the 2019 annual report, including a presentation of any material changes in the Company's accounting principles, significant accounting estimates, key audit matters, internal controls and improvement opportunities.

In relation to the 2018 financial year, the external auditor discussed the Company's internal control procedures with the Board in the absence of the CEO and all other members of management at a Board meeting on 27 March 2019 at which the external auditor discussed key audit matters with the Board and advised that there were no areas of concern in respect of general levels of financial reporting and competence.

Guidelines permitting the management to seek global tax and transfer pricing services from the auditor have been established and were complied with during 2019. The Company has during 2019 received services globally from Ernst & Young on tax issues and transfer pricing procedures on a limited scale. The Company is confident that these services have not compromised the independency of the auditor.

The consolidated financial statements of the Company include a summary of remuneration paid to the auditors. The fees paid to Ernst & Young AS in respect of the audit of the 2019 financial statements will be submitted to the 2020 AGM for approval.

6 Post 2019 year-end events³

By way of brief update, this section highlights certain selected events that have occurred post 2019 year end.

In relation to Section 2.3.1

- The twenty largest shareholders of Polarcus as at 30 March 2020 are as follows:

³ This information is not, and is not intended to be, exhaustive in relation to material events relating to the Company that have occurred since 31 December 2019.

Rank	Name	Holding	Stake %	Type of account
1	J.P. Morgan Securities Plc	147,131,685	28.64	Nominee
2	Euroclear Bank S.A./N.V.	31,802,668	6.19	Nominee
3	ZICKERMAN GROUP LTD	24,871,860	4.84	Ordinary
4	NORDNET LIVSFORSIKRING AS	21,673,987	4.22	Ordinary
5	INAK 3 AS	14,500,000	2.82	Ordinary
6	State Street Bank and Trust Comp	12,281,111	2.39	Nominee
7	ALTO HOLDING AS	11,907,019	2.32	Ordinary
8	GSH2 SEISMIC CARRIER I AS	11,892,304	2.31	Ordinary
9	VERDIPAPIRFONDET DNB SMB	11,401,695	2.22	Ordinary
10	NORTH ENERGY ASA	11,378,844	2.21	Ordinary
11	KRISTIAN FALNES AS	11,350,000	2.21	Ordinary
12	ZICKERMAN HOLDING LTD	10,053,541	1.96	Ordinary
13	Citibank", N.A.	7,788,953	1.52	Nominee
14	Nordnet Bank AB	7,017,078	1.37	Nominee
15	NÆRINGSLIVETS HOVEDORGANISASJON	4,878,500	0.95	Ordinary
16	MP PENSJON PK	4,611,743	0.90	Ordinary
17	TTC INVEST AS	4,490,860	0.87	Ordinary
18	Goldman Sachs & Co. LLC	4,445,984	0.87	Nominee
19	Citibank", N.A.	3,727,975	0.73	Nominee
20	TOLUMA NORDEN AS	3,500,000	0.68	Ordinary
Total - Top 20 Shareholders		360,705,807	70.21	
Total No. of Issued Shares		513786713		

In relation to Section 2.3.3

2018 LTIP: In Q2 2020, 2,092,300 PSUs and 915,000 RSUs will vest based on the achievement of relevant vesting criteria. Of these units, 1,234,800 PSUs and 540,000 RSUs are allocated for the Company's management. The Board will determine at its discretion at the time of vesting whether to settle in shares or cash.

Polarcus LTIP: In January 2020, a total of 8,151,250 PSUs and 1,588,750 RSUs were granted. Of these units, 3,550,000 PSUs and 0 (zero) RSUs were awarded to the Company's management. A maximum of 25% of the total PSUs awarded will vest in Q1 2021 based on performance criteria set by the Board.

In relation to Section 4.4.1

Subsequent to the award of PSUs and RSUs in January 2020, as at 1 April, 2020:

- Mr. Eley held 1,014,616 shares, 260,000 options in Polarcus stock, 1,620,000 PSUs and 180,000 RSUs.
- Mr. Burlid held 502,596 shares, 113,500 options in Polarcus stock, 1,015,000 PSUs and 135,000 RSUs.
- Mr. Oestergaard held 150,000 shares, 1,075,000 PSUs and 75,000 RSUs.
- Mr. Raywood held 209,615 shares, 50,000 options in Polarcus stock, 550,000 PSUs and 75,000 RSUs.
- Ms. Steel held 209,615 shares, 50,000 options in Polarcus stock, 550,000 PSUs and 75,000 RSUs.

