

# Terms of Reference - Board of Directors

*(approved by the Board on 28 October 2020)*

## 1. Responsibility and Principal Duties

The Board of Directors (the **Board**) has the overall responsibility for the governance of the Company and for supervising the Company's executive management and business.

The fundamental responsibility of the Board is to act in the best interests of the Company, having regard to Directors' statutory and fiduciary obligations and to create value for shareholders. The Board also sets the Company's strategic aims, providing the leadership to put them into effect and reporting to shareholders on their stewardship. The Board has a continuing duty to acquire and maintain a sufficient knowledge and understanding of the Company's business to enable directors to discharge their duties.

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

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

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

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

- The following items shall always be subject to Board approval:
  - Agreements of significant strategic impact;
  - Approval of material financing, with the exception of smaller working capital credit lines;
  - Investments in financial securities;

- All items that require decision by the Board as set out in the Articles;
  - appointment and termination of CEO, CFO, appointment of auditors, recommendation to increase issued share capital and allotment of shares;
  - Financial accounts – quarterly together with proposal for press release;
  - Budgets, annually and when revision is required;
  - Non-budget items at a cost in excess of the CEO’s approval limits set out in the Company’s Authority Schedule; and
  - Establishment of sales offices and formation of subsidiaries for strategic purposes.
- The following items shall regularly be presented to the Board for information:
    - Safety reports;
    - Tender proposals related to seismic contracts with an estimated revenue value (on a day rate basis) significantly less than either: (i) the average vessel rates achieved over the previous twelve months; or (ii) the anticipated cost of performing the contract;
    - Parent company guarantees that have been issued and are current;
    - The latest available summary of accounts with conformation to budget item by item and cash-flow projections;
    - Compliance with financial covenants;
    - Currency exposure;
    - Status of Vessels’ CAPEX;
    - Vessel schedule;
    - Company Risk Assessment;
    - Recruitment status; and
    - Sales status / marketing measures.

### 3. Quorum

- The Board shall consist of no more than ten Directors.
- A majority of Directors including no less than two independent Directors must be present either in person or by telephone / video conference to constitute a quorum.
- The Board is not quorate if a majority of the Directors present or represented are United States Citizens.
- Directors not able to participate in person shall, if possible, participate online.

### 4. Physical Board Meetings

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

- Board meetings shall take place a minimum of four times a year and shall be physical meetings unless for health, safety or other reasons, the Chairperson determines that Board meetings shall be held online conference;
- Physical Board meetings shall normally be held in [London];
- The CEO, CFO and Company Secretary shall, in general, always attend Board Meetings; and
- The Board shall at all times have the right to determine which non-Board members shall be present at any part of the meetings of the Board.

## 5. Online Board Meetings

- Online meetings may be held when necessary.
- When possible, Directors and management located in London, shall physically meet to participate in the meeting and online meetings shall always be deemed to be held in London.

## 6. Written Resolutions

- Written Resolutions require the signature of each Director in order to be valid. An electronic image of a Director's signature shall have the same validity as a wet ink signature.
- Written Resolutions may only be used to approve:
  - Items earlier discussed by the Board but not formally resolved upon in a meeting, provided no Director has expressed any disagreement to the proposed resolution; and
  - Minor issues that require approval by the Board, for example, due to request from a contract party;
  - Urgent issues where time does not permit a Board meeting.

## 7. Notice of Board Meetings/Written Resolutions

- The CEO and any Director can require the Company Secretary to call for a Board Meeting.
- If time permits, any Board meeting shall be formally called with at least 5 days written notice. Unscheduled physical Board meetings shall be notified as soon as possible.
- Requests for a Written Resolution, when possible, shall be submitted to the Directors at least 2 days in advance of the resolution being required.
- The Chairperson shall always be notified of a Board meeting/written resolution in advance of the issue of a Board meeting notice.
- Notice of a Board meeting shall be via company e-mail to all Directors with a calendar invitation indicating the local time and anticipated length of the meeting.
- The agenda for a Board meeting and any discussion material shall, if possible, be distributed simultaneously with the agenda 5 days prior to the date of the meeting. Only in extraordinary situations or when the relevant fact pattern continues to emerge is a shorter notice period acceptable.
- The agenda for the meeting shall identify which items require approval and which items are for information/discussion purposes only.
- Discussion material shall always be prepared and distributed to Directors in advance where a Board resolution is required. The discussion material shall, as a minimum, include a description of the background for the item and a proposal for resolution.
- Out of respect for the environment, discussion material shall not be provided to the Directors in hard copy, other than in exceptional circumstances.

- A Director may waive notice of a meeting, and attendance of a director at a meeting is deemed to be a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not properly been called.

## **8. Resolutions**

- Resolutions at Board meetings shall normally be passed by majority vote unless otherwise required by the Articles.
- If a majority vote cannot be made with the Directors present, determination on the issue shall be postponed to the next Board meeting. If a majority vote cannot be reached at the second meeting, the Chairperson shall be entitled to use his casting vote (pursuant to Article 111 of the Company's Articles).
- Authorization to negotiate and sign any kind of document binding the Company shall in principle always be given to members of executive management.

## **9. Minutes and Reporting Responsibility**

- The Company Secretary shall prepare the Minutes of the Meetings.
- Action Points arising out of Board Meetings shall be submitted to all directors for comments as soon as possible and within one week after the meeting. Draft minutes of each Board Meeting shall be submitted to the Chairperson and thereafter to the Board within three weeks of the meeting.
- The Directors shall submit any comments to the minutes in writing within five days after receiving the proposal for minutes, however the Minutes shall be formally approved at the following Board Meeting unless otherwise agreed.
- The Minutes shall include:
  - Date and time of meeting;
  - Form and venue of meeting;
  - Present and absent Directors, physical location of each Director;
  - Whether the present Directors constitute a quorum;
  - Present members of management;
  - Present Board advisors if any;
  - Precise record of all decisions taken, brief summary of all issues discussed and any directives or authorizations given by the Board to the management;
  - Attachment of discussion material if required by a Director or if required for the understanding of the content of resolutions passed;
  - Record of whether resolutions were unanimous or include dissents, and if dissent, the identity of the dissenting party.
- After approval, the meeting minutes shall be signed by the Chairperson and the Company Secretary.

## 10. Annual Plan

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

## 11. Committee Structure

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

The Board of Directors has established the following committees:

- Corporate Governance and Remuneration; and
- Audit and Risk.

Separate Terms of Reference have been developed for the Committees.

## 12. Auditor

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

## 13. Evaluation

- The Directors shall evaluate their own performance annually.
- The Directors shall evaluate the CEO annually.

## 14. Management Responsibilities

The Board discharges its obligations directly through recommendations it receives from Committees of the Board, executive management and by delegating certain of its powers to officers and employees of the Company. The CEO and the executive management are responsible for the day-to-day operations of the Company, acting within approved Board policies and directives.

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

- Develop a vision and philosophy for the Company with strategic and operational plans to achieve the vision;
- Establish, prioritize and achieve corporate strategies, objectives, budgets, business plans and performance indicators;
- Identify, prioritize and manage the principal risks to the Company;
- Appoint, train, motivate, monitor and evaluate employees, and develop an effective succession plan for executive and senior management positions;
- Propose and implement policies and processes to enable effective communication with shareholders, stakeholders and the public;

- Design and implement policies and procedures to ensure the integrity of the Company's internal control and management information systems;
- Provide accurate, complete and timely information to the Board to enable it to discharge its obligations and meet its governance and legal responsibilities;
- Establish and implement procedures to ensure statutory responsibilities are met, an effective Corporate Governance program is in place and corporate documents and records are properly prepared, approved and maintained; and
- Ensure compliance with the policies and procedures according to which the Company is operated.

## **15. Access to Corporate Records**

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

## **16. Expenses**

- Permitted expenses are described in Directors' services agreements.
- Detailed guidelines for travel reservation and reimbursement have been approved by the Board and made available to Directors. Directors may fly business class and shall endeavor to obtain best available fares.
- Directors will be refunded all reasonable costs associated with hotel accommodation necessary for attendance at Board meetings.
- The cost of phone calls related to a Director fulfilling his/her function as Director are refundable subject to the Company Secretary receiving an invoice highlighting the calls that are refundable.
- All expenses shall be submitted to the Company Secretary for approval by way of an expense claims form with relevant invoices attached.
- Expenses are processed at the end of each month.

## **17. Compliance with Laws and Regulations**

The Board of Directors shall on an annual basis:

- Approve and adopt a report describing the Company's corporate governance commitments and compliance with the recommendations of the Norwegian Code of Practice for Corporate Governance; and
- Confirm compliance with the Company's Commitments.

## **18. Access to Independent Advice**

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

## **19. Renewal of Terms of Reference**

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