



IG Seismic Services PLC

IG SEISMIC SERVICES CORPORATE GOVERNANCE STATEMENT FOR 2012

Since IG Seismic Services PLC (hereinafter – “IGSS”, “IG Seismic Services”, the “Company”) is incorporated in the Republic of Cyprus with global depository receipts representing shares listed on the London Stock Exchange, it is not subject to the U.K. Corporate Governance Code issued by the Financial Reporting Council. Also as our shares are not listed on the Cyprus Stock Exchange, we are not required to comply with the corporate governance regime relating to companies listed on the Cyprus Stock Exchange. Nevertheless we understand the increasing importance of principles of corporate governance and transparency in organization of Company’s business and intend to comply with U.K. Corporate Governance Code wherever reasonably possible. In addition, in order to ensure that the Company’s corporate governance mechanisms and procedures are efficient and adhere to leading market practice, the Company has decided to implement its own corporate governance code based on the U.K. Corporate Governance Code but adapted therefrom to ensure that the requirements and obligations imposed on the Company are appropriate given its status as a public limited company in Cyprus.

Board of Directors

The Board of Directors of the Company acknowledges that to continue to be successful in the long term the Group must be led by an effective board with the appropriate skills, experience, independence and knowledge of the Group’s activities. The Board has adopted the Terms of Reference of the Board on September 21, 2012 which clearly define its, among other things, roles and responsibilities, composition, rights and duties, activities and organization, and cover matters including performance review, evaluation and remuneration of the Members of the Board.

The Board remains committed to guiding strategic objectives and ensuring that management, financial and human resources are sufficient to meet these objectives. The Board has fundamental responsibilities for the stewardship, transparency and accountability; risk management and internal controls; corporate culture; board operations and nomination of candidates by the Board to the Shareholders; monitoring management and evaluating its activities; and corporate social responsibility.

The Board ensures that it contains an appropriate combination of Independent Directors, Executive Directors and Non-Executive Directors to ensure that power and information is not confined to a limited number of individuals and thus no individual or group of individuals can dominate the Board’s decision making processes. The Board of Directors is composed of nine members: the Independent Non-Executive Chairman (Sergey Generalov), two Executive Directors (Nikolay Levitskiy and Denis Cherednichenko), six Non-executive Directors (Boris Aleshin, Peter O’Brien, Dmitry Lipyavko, Maurice Dijols, Felix Lubashevsky and Kurt Suntay). Four out of nine directors are independent directors (Sergey Generalov, Boris Aleshin, Peter O’Brien and Dmitry Lipyavko).

The Board ensures that key financial areas, specialization, expertise and technical skills are represented by the Board. The Directors have a range of business and financial expertise that is important and relevant for the performance of their functions.

The Board of Directors

Name	Year of Birth	Current position	Year of First Appointment
Sergey V. Generalov ⁽¹⁾	1963	Independent non-executive director, Chairman of the Board of Directors	2012
Boris S. Aleshin ⁽³⁾	1955	Independent non-executive director, Chairman of the Technology Committee	2011
Peter Lloyd O'Brien ⁽¹⁾	1969	Independent non-executive director, Chairman of the Audit Committee	2012
Dmitry Y. Lipyavko ⁽²⁾	1965	Independent non-executive director, Chairman of the Nominations and Remuneration Committee	2011
Denis V. Cherednichenko ⁽³⁾	1977	Executive (managing) director, Executive Vice President	
Maurice Geroire Rene Dijols ⁽²⁾⁽³⁾	1951	Non-executive director	2011
Nikolay V. Levitskiy ⁽³⁾	1972	Executive (managing) director, Chief Executive Officer	2011
Felix V. Lubashevsky ⁽²⁾	1974	Non-executive director	2012
Kurt D. Suntay ⁽¹⁾	1968	Non-executive director	2011

(1) Member of the Audit Committee.

(2) Member of the Nominations and Remuneration Committee.

(3) Member of the Technology Committee.

Information on Board Meeting Attendance

Meetings of the Board are held regularly in accordance with the schedule approved by the Board, but in any event not less than once a quarter.

During 2012 the Company's Board of Directors held five meetings in attendance on February 1, April 24, July 13, September 21, and December 14. All the Board members attended all five meetings, either in person or by proxy (alternate Director).

Board Performance Review and Evaluation

The Board of Directors undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and Directors.

Share Capital and Major Shareholders

The issued share capital of IGSS consists of 20,833,400 shares with a nominal value of US\$0.01 per share. Global Depositary Receipts (GDRs) of IG Seismic Services representing two ordinary shares each are listed and traded on the Main Market of the London Stock Exchange under the ticker IGSS. As of December 31, 2012 the free float of IGSS amounted to approximately 30.2% of the issued share capital. The JP Morgan Chase Bank is the depositary bank for the GDR programme of IGSS.

Shareholder structure as of 31 December 2012

Mr. Nikolay Levitskiy	26.8%
Volga Resources	13.0%
Schlumberger	12.0%
Other institutional and private shareholders	48.2%

Company Codes and Policies

The Directors have adopted several codes and policies applicable to the Directors, officers and employees of the Company including:

Corporate Governance Code

The Company has adopted a Corporate Governance Code, a copy of which is available on the Company's web site. The Corporate Governance Code set out principles of corporate governance and transparency in the conduct of the Company's business, ensuring that the Company's corporate governance mechanisms and procedures are efficient and adhere to the expectations of Company's stakeholders in respect to leadership, Board effectiveness, accountability, remuneration and other areas.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics, a copy of which is available on the Company's web site. The Code of Business Conduct and Ethics promotes ethical behavior and compliance with a wide range of requirements, critical to the conduct of effective operations within the Company, including requirements in the areas of health & safety, conflict of interests and confidentiality.

Regulations with respect to insider information

The Company has developed a systematic approach to deal with inside information by establishing effective arrangements to restrict access to inside information and having persons with access to inside information identified and recorded appropriately.

The arrangement also covers dealing by persons discharging managerial responsibilities and their connected persons in the Company's securities.

Annual General Meeting

The Directors have scheduled an Annual General Meeting of the Shareholders of the Company on June 14, 2013 in Cyprus . Details of the resolution to be proposed at the Annual General Meeting are given in the Notice of the Annual General Meeting, which is published separately and sent to the shareholders. The Directors consider that all of the resolutions set out in the best interests of the Company and its shareholders as a whole and recommend that the shareholders vote in favour of each of them.

Auditors

Ernst&Young remained as the Company's independent auditor in 2012 and have expressed its willingness to continue in office. Accordingly, a resolution to reappoint Ernst&Young as the Company's independent auditor will be proposed to the forthcoming Annual General Meeting.

Committees' Reports

Audit Committee

Summary of the role of the Audit Committee

The Audit Committee of IG Seismic Services PLC and its subsidiaries is established as a committee of the Company's Board of directors and appointed by the Board from non-executive directors of the Group. The Audit Committee's Terms of Reference were established and approved in September 2012. In accordance with the Terms, the Committee shall comprise at least three members selected from the members of the Board, of which at least one shall be an independent non-executive director.

The Audit Committee is primarily responsible for monitoring:

- the integrity of our financial statements;
- the effectiveness of our internal control and risk management systems;
- the terms of appointment and remuneration of the auditor;
- the Group's financial information submissions.

The Audit Committee also supervises and advises the Board of Directors on risk management, internal control systems and the implementation of corporate codes.

Financial Reporting

In terms of the financial reporting, the Audit Committee, among other matters:

- confirmed the validity of the going concern assessment as the basis of preparation of interim and annual financial statements;
- examined and reviewed the interim and annual financial statements, as well as financial information to be disclosed to the public, prior to submission to and approval by the Board;
- reviewed the consistency of, and any changes to accounting policies across the Group;
- reviewed the methods used to account for significant or unusual transactions where different approaches are possible;
- considered whether the Company and the Group have followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the standpoint of the External Auditor;
- confirmed the clarity disclosure in the Company's and the Group's financial reports and the context in which statements are made;
- examined and reviewed material information presented with the Financial Statements.

Internal Control and Risk Management

In terms of internal control and risk management systems, the Audit Committee, amongst other matters:

- reviewed the composition, reporting lines, activity planning of internal control and risk management function;
- reviewed and approved the charter and the policy establishing internal control and risk management functions within the Company;
- reviewed the Company's procedures for carrying out analysis of business processes with respect to internal controls and associated risks;
- reviewed the scope of processes and entities of the Company and the Group for internal control system review;
- reviewed and approved the statements to be included in the annual report concerning internal controls and risk management.

Internal audit

In terms of the internal audit, the Audit Committee, among other matters:

- reviewed distribution of duties and responsibilities for internal audit activities, currently performed by the internal control function;
- approved the appointment of the head of the internal control function, which will also perform internal audit related activities for the period of establishment of business processes within the Company;
- considered and approved the remit of the internal audit function and ensured it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Audit Committee also considered that the function has adequate standing and has direct reporting line to the Chairman of the Audit Committee;
- reviewed all reports addressed to the Audit Committee with respect to internal audit activities;
- reviewed and monitored management's responsiveness to the findings and recommendations provided by the internal audit function.

External audit

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on the external audit. The Audit Committee has overall responsibility for monitoring the independence and objectivity of the external auditors and their compliance with ethical and regulatory requirements.

To fulfill its responsibilities regarding the independence of the external auditors, the Audit Committee, among other matters:

- approved the terms of the engagement, external audit scope, plan and the fees for audit and non-audit services;
- reviewed and assessed the independence of the external auditor, having taken into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- considered whether there are any other relationships (such as family, employment, investment, financial or business) between the external auditor and the Group (other than in the ordinary course of business) that may result in a conflict of interest;
- considered the external auditor's compliance with the relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company and the Group compared to the overall fee income of the firm, office and partner and other related requirements;
- reviewed and assessed qualifications, expertise and resources of the external auditor and the effectiveness of the audit process;
- considered the co-ordination between the external auditor and the internal control function.

During 2012 the Audit Committee held several meetings with external auditor, including those without management being present and will continue to meet in the future on a regular basis, to discuss the auditor's remit and any issues arising from the audit.

The Audit Committee also reviewed the management's response to the auditor's findings and recommendations.

The Audit Committee recommended to the Board to put to the shareholders for approval at the Annual General Meeting reappointment of Ernst&Young as the Group's external auditor for the year ending 31 December 2012.

Composition of the Audit Committee

Starting from November 22, 2012 the membership of the Audit Committee is composed of three members: Peter O'Brien, Sergey Generalov and Kurt Suntay. The Chairman of the Audit Committee is Peter O'Brien.

The Board believes that the current composition of the Audit Committee has the required level of experience to be sufficient to meet the standards imposed by the UK Corporate Governance Code. In the event that any issues should arise which would be deemed outside the area of expertise of the members, independent professional advice would be sought.

The Audit Committee is authorized to seek any information it requires from any employee of the Company or the Group in order to perform its duties; to obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference; to call any employee to be questioned at a meeting of the Committee as and when required; to have the right to publish in the Group's annual report details of any issues that cannot be resolved between the committee and the Board.

Technology Committee

The Technology Committee of IG Seismic Services PLC is established as a committee of the Company's Board of directors. The Technology Committee's Terms of Reference were established and approved on September 21, 2012. In accordance with the Terms, the Committee shall comprise at least three members selected from the members of the Board and the Chairman shall be an independent non-executive director. The Committee's Members and the Chairman are appointed for a one-year term by the Board.

The Committee and its members meet at least four times per year and at such other times as it determines to be necessary or appropriate.

The Committee and its members are free to talk directly and independently with any members of management in discharging Committee responsibilities. The Chairman may designate any officer or employee of the Company for attendance at any Committee Meeting. The Vice President for Technical Support and the Adviser to the President for Technology Development of JSC GEOTECH Holding assist Committee meetings as corporate support staff.

The Technology Committee is primarily responsible for monitoring the Group's:

- research and development portfolio;
- distribution of research and development resources;
- interaction with academic institutions;
- information technologies and systems;
- manufacturing technologies;
- acquisition of new technologies.

Composition of the Technology Committee

Starting from November 22, 2012 the membership of the Technology Committee is composed of four members: Boris Aleshin, Denis Cherednichenko, Nikolay Levitskiy and Maurice Dijols.

The Chairman of the Technology Committee is Boris Aleshin.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee of IG Seismic Services PLC and its subsidiaries is established as a committee of the Company's Board of directors. The Committee comprises at least 3 members selected from the members of the Board. The Chairman shall be an independent non-executive director. The Committee's Members and the Chairman are appointed for one-year term by the Board.

The Committee is responsible for the following nomination activities:

- making recommendation to the Board for approval of the list of directors to be presented to the shareholders;
- review on a regular basis the structure, size and composition of the Board of Directors;
- making recommendations regarding the membership of the other committees of the Board of Directors;
- review the results of the Board performance evaluation process that relates to the composition of the Board of Directors.

The Committee takes part in the process of determining and reviewing the Group's remuneration policies. The Committee and its members meet at least 3 times per year and at such other times as it determines to be necessary or appropriate.

Composition of the Nominations and Remuneration Committee

Starting from December 14, 2012 the membership of the Nominations and Remuneration Committee is composed of three members: Dmitry Lipyavko, Felix Lubashevsky and Maurice Dijols. The Chairman of the Nominations and Remuneration Committee is Dmitry Lipyavko.

This document may contain "forward-looking statements" which include all statements other than statements of historical fact. Such forward-looking statements can often be identified by words such as "plans", "expects", "intends", "estimates", "will", "may", "continue", "should" and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the IG Seismic Services PLC 'S (the "Company") control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and neither the Company, nor any of its respective agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. The information and opinions contained in this document are provided as at the date of this document or as otherwise specified herein and are subject to change without notice.