

IG Seismic Services PLC

IG SEISMIC SERVICES CORPORATE GOVERNANCE STATEMENT FOR 2016

Since IG Seismic Services PLC (hereinafter – “IGSS”, “IG Seismic Services”, the “Company”) is incorporated in the Republic of Cyprus with global depositary 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 corporate governance principles and transparency in organization of the Company’s business and 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 implemented 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 Company’s Board of Directors 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 adopted the Board of Directors Terms of Reference on September 21st, 2012 with the technical amendments as of April 12th, 2014 which, among other things, clearly defines its roles and responsibilities, composition, rights and duties, activities and organization and cover matters, including performance review, evaluation and remuneration of the Board Members.

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; corporate social responsibility.

The Board ensures that it has an appropriate combination of Independent, Executive 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.

Procedure for appointing and replacing directors and amending the articles of the Company

The directors are elected by the shareholders for a three year term. According to the articles of association and ToR of the Board of Directors, at the Annual general meeting in every year one-third of the Directors shall retire from office. The directors to retire shall be those who have been longest in office but as between persons who became directors on the same day those to retire shall (unless otherwise agreed by the directors) be determined by lot. A retiring director is eligible for re-election.

Qualified consent (meaning two thirds majority of the directors present, including the majority of Independent directors) of the Board of Directors is needed in order to recommend any amendments to the Company’s articles of association or other constitutive documents of the Company to the general meeting.

Board of Directors composition

From 1 January 2016 until 2 March 2016 the Board of Directors consisted of eight members: Non-Executive Director, Chairman - Sergey Generalov, one Executive Director, CEO - Nikolay Levitskiy, four Independent Non-Executive Directors: Boris Aleshin, Maurice Dijols, Dmitry Lipyavko, Gerald Rohan; two Non – Executive Directors: Denis Cherednichenko and Olivier Martin.

On 2 March 2016 the whole Board was re-elected by the Extraordinary General Meeting (EGM) due to changes in the shareholding structure in the end of 2015. The number of directors reduced to seven: Non-Executive Director, Chairman - Sergey Generalov, one Executive Director, CEO - Nikolay Levitskiy, two Independent Non-Executive Directors: Nikolay Arutyunov and Gerald Rohan, three Non-Executive Directors: Vagan Gasparyan, Sergey Gilev and Olivier Martin.

On 8 July 2016 Yury Gilts was appointed as new CEO, his appointment was confirmed by AGM on 5 September 2016. Nikolay Levitskiy was determined as Non-Executive Director on 8 July 2016. Therefore, the number of directors was again increased up to eight. In accordance with the Company's bylaws, there shall be not less than seven Board members, without limitation of the maximum number.

On 18 November 2016 Olivier Martin filed a letter of resignation due to replacement in the Board made by Schlumberger. On 26 December 2016 Board approved candidacy of Stephan Girard as new Schlumberger representative in the Board of Directors. The EGM confirming his election took place in 2017.

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 in 2016

Name	Year of Birth	Position	Year of First Appointment	Date of resignation
Sergey V. Generalov ^{(2) (3)}	1963	Non-executive director, Chairman of the Board of Directors	2012	
Boris S. Aleshin	1955	Independent non-executive director	2011	2 March 2016
Dmitry Y. Lipyavko ⁽²⁾	1965	Independent non-executive director, Chairman of the Nominations and Remuneration Committee until 2 March 2016	2012	2 March 2016
Denis V. Cherednichenko ^{(3) (4)}	1977	Non-executive director	2011	2 March 2016
Maurice Geroire Rene Dijols ^{(2) (4)}	1951	Independent Non-executive director	2011	2 March 2016
Nikolay V. Levitskiy ^{(2) (3)}	1972	Former - Executive director, CEO; Non-Executive director since 8 July 2016	2011	
Olivier Raoul Martin ^{(3) (4)}	1971	Non-Executive director	2015	26 December 2016
Gerald Joseph Rohan ^{(2) (3) (4)}	1942	Independent non-executive director, Chairman of the Strategy Committee until 2 March 2016; Chairman of the Audit Committee	2014	
Nikolay B. Arutyunov ^{(2) (4)}	1964	Independent non-executive director, Chairman of the Nominations and Remuneration Committee	2016	
Vagan V. Gasparyan ⁽³⁾	1976	Non-executive director, Chairman of the Strategy Committee	2016	
Sergey E. Gilev ^{(2) (3) (4)}	1976	Non-executive director	2016	
Yury B. Gilts ⁽¹⁾	1968	Executive (managing) director, Chief Executive Officer since 8 July 2016	2016	
Stephan Georges Wladislas Girard ^{(3) (4)}	1961	Non-executive director	2016	

(1) Appointed by AGM on 5 September 2016

(2) Member of the Nominations and Remuneration Committee

(3) Member of the Strategy Committee

(4) Member of Audit Committee

Information on Board Meeting Attendance

During 2016 the Company's Board of Directors held 10 (ten) meetings: 4 (four) via telephone conference and 6 (six) in person.

Board Performance Review and Evaluation

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

The following issues were considered, among others, by the Board in the reporting year:

- Review of the Group Budget for season 2014-2015 and 2015-2016 (including pessimistic scenario of Budget for 2015-2016), Investment program for season 2014-2015 and 2015-2016, Financing Strategy for season 2015-2016, Tender campaign in 2015, Working capital for season 2014-2015;
- Change of external auditor; approval of consolidated financial statements for the year 2015, MDA and Corporate statement (on the recommendation of the Audit Committee);
- Discussion of GDRs delisting from London Stock Exchange and corporate restructuring of the Group ownership;
- Changes in the composition of the Board of Directors, appointment of new CEO; re-election of the members of Audit Committee, Strategy Committee, Nominations and Remuneration Committee of the Board of Directors; re-election of Chairman and Secretary of the Board; issuance of powers of attorney;
- Calling EGM and AGM of Shareholders;
- Approval of entering into/amending financing and security transactions of the Company and its subsidiaries and affiliated companies with the crediting bank; authorizing for opening/closing and maintenance of the depositary account of the Company;
- Approval of amendments to the bylaws of the subsidiaries (GEOTECH Holding and GEOTECH Seismic Services); appointment of General Director of GEOTECH Holding, election of new Board of Directors of GEOTECH Seismic Services; approval of amendment of bond issue conditions of GEOTECH Seismic Services.

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 Depository 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. JPMorgan Chase Bank is the depositary bank for the GDR programme of IGSS.

Shareholder structure as of 31 December 2016

Mr. Nikolay Levitskiy	25.82%
SBC Geofizika LLC	15.00%
Remwill Trade Limited	15% - 1 share
Sibir Holding B.V. (Schlumberger)	12.00%
Industrial Investors Group	7.78%
Other institutional and private shareholders	24.4%

There are no holders of any special titles that provide special control rights and there are no restrictions in exercising voting rights.

Changes in the shareholder structure during the year ended 31 December 2016

During the year a technical change in the shareholder structure of the company took place, representing Schlumberger in the shareholding structure: Schlumberger Oilfield Holding Limited (BVI) was substituted by Sibir Holding B.V.

Company Codes and Policies

The Company continues to monitor developments in corporate governance with a view to update its policies and practices, as appropriate.

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

Corporate Governance Code

A copy of a Corporate Governance Code is available on the Company's web site (http://www.igseis.com/docs/default-source/corporate-governance/igss-plc_-corporate-governance-code.pdf?sfvrsn=9). 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 with the leadership, Board effectiveness, accountability, remuneration and other areas.

Code of Business Conduct and Ethics

A copy of Code of Business Conduct and Ethics 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 and follows 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.

Internal Audit Charter

The main functions of the internal audit regarding reliability and integrity of financial and operational information are:

- Audits to ensure reliability, integrity, timeliness, and consistency of the financial, tax, management and other reporting;
- Assures performance of the business processes of structural departments of the Company and its subsidiaries, as reflected in the statements, are consistent with its objectives;
- Evaluates effectiveness of internal controls over the accounting (financial), management, tax and other reporting.

Internal Audit performs following procedures:

- Conducts internal audits of the Company subsidiaries and other controlled by the Company organizations;
- Performs special audits and other activities at the request / order of the Board of Directors (the Audit Committee);
- Performs supervision of the Company's corrective actions plan based on the results of audit engagements;
- Prepares and submits to the Board of Directors and the Executive Body of the Company reports on Department's activities results, including information about:
 - Results of Internal Audit plan execution;
 - Assessment of the actual conditions, reliability and effectiveness of Risk management, internal control and corporate governance;
 - Significant risks, deficiencies, results and effectiveness of corrective actions to eliminate non-conformities.

Annual General Meeting

The Company held the Annual General Meeting of the Shareholders of the Company on September 5, 2016 in Cyprus. Details of the resolution proposed at the Annual General Meeting were given in the Notice of the Annual General Meeting, which was published and sent to the shareholders. Generally, the shareholders voted in favor of all proposed resolutions and the Consolidated Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended 31 December 2015 were approved, new auditors of the Company - PwC were appointed and auditor's remuneration was approved, appointment of new CEO – Mr. Gilts was approved.

Auditors

PricewaterhouseCoopers is the Company's new independent auditor for the year 2016.

Committees' Reports

Audit Committee

Summary of the role of the Audit Committee

The Audit Committee of IG Seismic Services PLC is formed as a committee of the Company's Board of directors. The Audit Committee's Terms of Reference were established and approved on 21st of September 2012. In accordance with the Terms, the Committee shall comprise of at least three members selected from the members of the Board, at least two of which shall be independent non-executive directors. The Chairman shall be independent non-executive director, having recent and relevant financial experience.

Composition of the Audit Committee

The following non-executive directors were the members of the Audit Committee until 15 April 2016: Gerald Rohan (the Chairman), Denis Cherednichenko and Maurice Dijols. On 15 April 2016 the following members were elected: Gerald Rohan (Independent Non-executive Director, Chairman), Nikolay Arutyunov (Independent Non-executive Director), Olivier Martin (after his resignation – Stephan Girard, Non-executive Director), Sergey Gilev (Non-executive Director).

The Board considers that during the reporting year the composition of the Audit Committee had 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 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.

During 2016 year the Audit Committee held 4 (four) meetings in person.

Among the issues considered by the Committee in the reporting year:

Financial Reporting

- Review of Consolidated Financial Statements of the Company prepared in accordance with IFRS as of and for the period ended 31 December 2015 and audit results (with participation of the auditors);
- Review of MD&A and Press-release on 2015 annual results.

Internal Control and Risk Management

- Regular discussion of issues of Internal control and risk management based on reports of Internal control department;

- Approval of documents, regulating the procedures of Internal control and risk management;
- Discussion of report on internal control improvement;
- Approval of work plans of Internal audit department, company's risk map analysis.

Corporate Governance

- Corporate Governance report for 2015 year and compliance with the ToR.

Auditor Appointment

- The choice of potential candidates for the position of new external auditor for IGSS;
- Appointment of PwC as new external auditor of IGSS for 2016 and approval of auditor's remuneration;
- Discussion of preliminary audit plan, audit strategy and approach, report on status of 6m2016 review.

Business Issues

- Budget optimization measures.

Strategy Committee

The Strategy Committee of IG Seismic Services PLC is formed as a committee of the Company's Board of directors. The Strategy Committee's Terms of Reference were established and approved on 3 October, 2014. In accordance with the Terms, the Committee shall comprise of not less than three members, selected from the members of the Board and the Chairman shall be selected from the non-executive directors.

Composition of the Strategy Committee

Until 15 April 2016 the Strategy Committee composed of four members: Gerald Rohan (the Chairman), Sergey Generalov, Nikolay Levitskiy, Denis Cherednichenko. On 15 April 2016 new members were elected: Vagan Gasparyan, Non-Executive Director (the Chairman), Sergey Gilev, Non-Executive Director, Nikolay Levitskiy (became Non-Executive Director on 8 July 2016), Olivier Martin, Non-Executive Director (after his resignation – Stephan Girard).

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

- strategic objectives and risks related to strategic objectives;
- strategy realization and recommendations on adjustments of the current development strategy;
- dividend policy of the Company;
- financial model and business valuation model;
- changes to organizational structure and transformation of business processes;
- large investment projects with compliance with the overall strategic objectives.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is formed as a committee of the Company's Board of directors. The Nominations and Remuneration Committee's Terms of Reference were established and approved on 19 April, 2013. In accordance with the Terms, the Committee shall comprise of at least three members selected from the members of the Board. The Chairman shall be an independent non-executive director.

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.

In terms of remuneration, the Committee shall make recommendations on the following:

- broad policy for the remuneration of CEO, other executive directors, management, where annual earnings exceed USD 300 000;
- the objective of such policy is to ensure that executive management is provided with appropriate incentives in fair and responsible manner.

Composition of the Nominations and Remuneration Committee

Until 15 April 2016 the Nominations and Remuneration Committee composed of three members: Dmitry Lipyavko (the Chairman), Maurice Dijols and Nikolay Levitskiy. On 15 April 2016 new members were elected: Nikolay Arutyunov, Independent Non-executive Director (Chairman), Gerald Rohan, Independent Non-executive Director, Sergey Generalov, Non-Executive Director, Sergey Gilev, Non-Executive Director.

Nominations and Remuneration Committee held 3 (three) meetings in the reporting year.

Among the issues considered by the Committee in the reporting year:

- Review and recommendation to the Board of Directors for further recommendation to the GM of candidates to the BoD as representatives of new shareholders;
- Review and recommendation concerning nomination of Independent directors; assessment of eligibility of candidates to be considered as "Independent";
- Review and recommendation concerning candidacy for the position of new Financial Director of the subsidiary - GEOTECH Holding;
- Review and recommendation concerning nomination of new CEO of IGSS.

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.