



Corporate Governance section of 2020 Annual report

Content

Corporate governance report	3
1. Implementation and reporting on corporate governance	3
2. The business	3
3. Equity and dividends	3
4. Equal treatment of shareholders and transactions with close associates	4
5. Shares and negotiability	4
6. General Meetings	4
7. Nomination committee	5
8. Board of Directors: Composition and independence	5
9. The work of the Board of Directors	7
10. Risk management and internal control	8
11. Remuneration of the Board of Directors	8
12. Remuneration of the executive personnel	8
13. Information and communications	9
14. Take-overs	9
15. Auditor	10

Corporate governance report

Magseis Fairfield ASA (“**Magseis Fairfield**” or the “**Company**” and when taken together with its consolidated subsidiaries the “**Group**”) believes that good and sound corporate governance creates shareholder value and reduces risks by instilling trust and confidence in the Company. Thus, the Group has made a strong commitment to develop high standards of corporate governance.

To Magseis Fairfield, good corporate governance is characterized by clear role distribution between the Company’s governing bodies. Furthermore, open and responsible communication and cooperation between the Company’s shareholders, the Board of Directors (the Board) and executive management is imperative to secure ample control, but at the same time encourage innovation and entrepreneurship.

1. Implementation and reporting on corporate governance

Magseis Fairfield ASA is a Norwegian public limited company listed on the Oslo Stock Exchange and bases its corporate governance structure on Norwegian legislation and recommended guidelines. The company seeks to comply with the Norwegian Code of Practice for Corporate Governance (the code), last revised on 17 October 2018, which is available on the Norwegian Corporate Governance Committee’s website at www.nues.no.

Application of the code is based on the “comply or explain” principle and any deviation from the code is explained under the relevant item. The principles and implementation of the code are subject to annual reviews by the Board and a statement is included in the annual report in accordance with the requirements of the continuing obligations for listed companies from Oslo stock exchange as well as the Norwegian code.

2. The business

Magseis Fairfield’s vision is to be the leading and trusted partner in subsurface imaging solutions. The mission is to bring value to our global energy partners and stakeholders by delivering leading edge, safe, sustainable solutions, through technology differentiation and key alliances. Key

elements for success are to continue to reduce operational costs in a sustainable manner in order to increase the addressable market. The Company’s operations comply with the business objective set forth in its articles of association article 3, which reads:

“The company’s business activities include development of geophysical equipment and methods, generation, marketing and sale of exclusive and non-exclusive geophysical exploration and other activities related thereto activities, including investments in such activities”.

The Board has defined clear goals, strategies and risk profile for its operations within the scope of the definition of its business, to create value for its shareholders and ensure that its resources are utilized in an efficient and responsible manner. The objectives, strategies and risk profile are subject to annual review by the Board. The company’s objectives and strategies are further described in the annual report and on the company’s website www.magseisfairfield.com.

Magseis Fairfield has adopted guidelines and procedures relating to human rights, employee rights and social matters, the external environment, environmental impact, working environment, equal treatment, discrimination and prevention of corruption. The purpose of these guidelines is to provide business practice guidance, and for such considerations to be integrated in the Company’s value creation.

3. Equity and dividends

Capital adequacy

As of 31 December 2020, the Group’s equity amounted to USD 192 million, which corresponds to an equity ratio of 56 percent and total liabilities-to-equity ratio of 0.8.

The operational performance and project execution has been strong in 2020 with improved financial performance and cash preservation. During the first part of 2020, the Company’s management completed a USD 30 million private placement and debt refinancing which secured financial flexibility. The Company has also taken material steps to align organization and costs to a lower activity level. Magseis Fairfield evaluates on a continuous basis available alternative to ensure adequate liquidity for its prioritized project

activities and to provide the required long-term financial strength and flexibility.

Dividends and dividend policy

Magseis Fairfield is currently in a growth phase and has not yet distributed any dividends. The Board has not proposed any dividend for 2020. Any future decision to pay a dividend will depend on the company's financial position, operating profit and capital requirements.

Authorizations to the Board

At the annual general meeting (AGM) on 23 April 2020, three authorizations were granted to the Board:

- Authorization to increase the Company's share capital by a total of up to 10 percent of the registered share capital in connection with the Company's share incentive program for its employees. As of 31 December 2020, this authorization has not been used.
- Authorization to increase the share capital by up to 20 percent of the registered share capital to provide the Company with financial flexibility, including investments and acquisitions (but not mergers). As of 31 December 2020, this authorization has not been used.
- Authorization to increase the share capital in connection with grant of RSUs to the board members as remuneration. As of 31 December 2020, this authorization has not been used. However, the authorization will be used prior to the AGM 2021.

All authorizations are valid until Magseis Fairfield's AGM in 2021, and no later than 30 June 2021. There was a separate vote on all three authorizations. For supplementary information, reference is made to the minutes of the AGM. As at 31. December 2020, the Board has not been granted any authorization to acquire treasury shares.

4. Equal treatment of shareholders and transactions with close associates

According to the Norwegian Public Companies Act, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may be set aside, either by the general meeting or by the Board on the basis of an authorization to the Board. Any resolution to set aside pre-emption rights will be justified by the

common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company. In connection with the private placement early in 2020, the pre-emption rights for shareholders were set aside. Please see stock exchange releases from 13 February 2020.

Any transactions in own shares, i.e., a share buy-back program, will be carried out either through Oslo stock exchange or otherwise at stock exchange prevailing prices. If there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of all shareholders. There were no transactions in own shares during 2020.

For significant transactions with related parties, the Board will consider obtaining an independent valuation, unless the agreement shall be approved by the general meeting in accordance with statutory Norwegian law. There were no such transactions with close associates in 2020. For information regarding related party transactions, see Note 11 in the annual report.

5. Shares and negotiability

Magseis Fairfield has one class of shares, and all shares carry equal voting rights. The Company's shares are freely transferable on the Oslo stock exchange. There are no restrictions on owning, trading or voting for shares pursuant to the Company's articles of association.

6. General Meetings

The general meeting is the Company's highest authority. All shareholders are entitled to submit items to the agenda, attend, speak and vote at general meetings, but only if the shareholder is registered with the Norwegian Central Securities Depository (VPS) five business days prior to the general meeting (record date). The Annual General Meeting (AGM) is held each year before the end of June. Extraordinary General Meetings (EGM) may be called by the Board at any time.

The Board will ensure that the notice, resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting, and that any deadline for shareholders to give notice of their intention to attend shall not be earlier than two days before the meeting. Notice, appendices and minutes of meetings will be available from the Company's website www.magseisfairfield.com.

The Chairman, the CEO and the CFO will be present at general meetings. The auditor and the nomination committee will attend the AGM and any EGM to the extent required by the agenda items or other relevant circumstances. The Board ensures an independent chair for the general meeting.

Shareholders can vote on each individual matter, including on each individual candidate nominated for election. Shareholders who are unable to attend the meeting in person are encouraged to participate by proxy. The Company will prepare a proxy form that permits separate votes for each item up for consideration by the general meeting.

In 2020, Magseis Fairfield held its AGM on 23 April with 58.6 percent of the share capital represented. In addition, an EGM was held on 6 March 2020 with 62 percent of the share capital represented. The EGM was held in connection with tranche 2 of the private placement completed in Q1 2020. For details see EGM protocol and stock exchange releases from 13 February 2020 describing the contemplated private placement.

7. Nomination committee

The nomination committee is governed by the articles of association section 9. The nomination committee shall consist of two to three members elected by the general meeting. The nomination committee elects its own chairman, and the members are elected for a period of up to two years.

As of 31 December 2020, Magseis Fairfield's nomination committee comprises Roar Bekker, Chris Sugahara and Anders Farestveit. Roar Bekker is independent of the Board and the executive management. Christopher Sugahara is the CEO of Fairfield Geotechnologies and CIO of Fairfield-Maxwell Ltd. which is the largest shareholder in the Company. Anders Farestveit is the sixth largest shareholder in the Company as of 31 December 2020. The members are elected until the AGM in 2021.

The nomination committee gives its recommendation to the general meeting regarding

the election and remuneration of members of the Board, in addition to the election and remuneration of members of the nomination committee. The nomination committee's recommendations are justified on an individual basis. The nomination committee is expected to have contact with the shareholders, the Board and the executive management as part of proposing new candidates for the Board.

8. Board of Directors: Composition and independence

Pursuant to the Company's articles of association, the Board may consist of up to ten directors, whereof up to three directors can be elected by the employees. The members of the Board, including its Chair, are elected by the general meeting for a period of up to two years and may be re-elected.

The composition of the Board is based on the Company's needs for expertise, capacity and balanced decision making, together with the aim of ensuring that the Board can operate independently of any special interests and that the Board can function effectively as a collegial body. A summary of the competence and background of each individual board member is available on the company's website www.magseisfairfield.com.

All board members are regarded as independent in relation to the Company's executive management and material business contacts. Three of the five current board members that are elected by the shareholders are considered as independent of the company's main shareholders, please refer to the table below.

Board members are encouraged to hold shares in the Company to promote a common financial interest between the Directors and the shareholders of the Company. The current Board members hold directly or indirectly 2.4 percent of the outstanding shares in the Company at year-end 2020.

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board Meetings 2020*	Shares in Magséis Fairfield (direct/ indirect) as of 31 December 2020
Wenche Kjøllås	Chair of the Board	Yes	22.05.2019 ¹	AGM 2021	100%	351 038 ²
Jan B. Gateman	Board member	No ³	04.09.2009	AGM 2021	100%	5 814 852 ³
Angela Durkin	Board member	Yes	22.05.2019	AGM 2021	100%	78 892
Luis A. Gomes Araujo	Board member	Yes	22.05.2019	AGM 2021	97%	45 000
Anthony Dowd	Board member	No ⁴	23.04.2020	AGM 2022	100%	0
Jonathan Cudmore	Employee elected Board member	Yes	September 2020	April 2022	100%	2 000
Janie Garcia	Employee elected Board member	Yes	April 2020	April 2022	100%	0
Johan Jungholm	Employee elected Deputy board member	Yes	September 2020	April 2022	0%	31 300
Ciaran Moore	Employee elected Deputy board member	Yes	April 2020	April 2022	0%	0

*Participation in Board meetings as from holding Directorship in 2020.

¹ Elected as board member at the AGM in 2019, and then as Chair at the EGM in 2019.

² Mrs. Kjøllås holds her shares indirectly through Jawendel AS.

³ Mr. Gateman holds his shares indirectly through Geo Innova AS.

⁴ Mr. Dowd joined the board in May 2020 and is President and CEO of Fairfield-Maxwell Ltd., a company that owns 100% of the shares in Fairfield MS LLC, the largest shareholder in Magséis Fairfield ASA.

The Board continuously evaluates conflict of interest and its members independence in each resolution.

9. The work of the Board of Directors

Pursuant to the Norwegian Public Companies Act, the Board is responsible for the over-all management of the Company and shall supervise the Company's day-to-day management and its business activities in general.

In addition to legal requirements, the Board has adopted supplementary rules of procedures, which provides further regulation on inter alia the responsibilities of the Board, administrative procedures, quorum requirements, disqualification issues, meeting procedures, the division of work between the Board and the CEO, and confidentiality.

The Board meets several times over the year. The meetings include reviews and discussions related to the Company's strategy, financial development, risk profile and other matters of extraordinary nature or of major importance to the Company. During 2020, the Board held 28 meetings. The working methods for the Board are subject to open discussion.

Between meetings, the Chair and CEO update the other board members on current matters. Each Board meeting includes a briefing by the CEO followed by a Q&A session. The Board has adopted an annual plan which focuses on the strategic goals of the Group. The Board has also established instructions for the CEO.

In cases where the Chair of the Board is or has been actively involved, another member of the Board will be asked to lead the discussions. This has not been the case in 2020.

The Board has adopted guidelines for notification by board members and executive management if they have any material direct or indirect interest in any transaction entered by the Company. This also includes that if one of the board members' interest in a matter does not disqualify him or her from considering the matter, the Company may need to take the individual's interest into consideration when considering the item.

Once per year, the Board conducts an assessment of its performance and expertise, which is presented to the nomination committee. The assessment includes the work of the board, the work of its committees and the contribution made by the various board members.

Board committees

Audit and risk committee

The Company's audit and risk committee is governed by the Norwegian Public Companies Act and a separate instruction adopted by the Board. The audit and risk committee shall consist of minimum two board members. Board members who are also members of the executive management cannot be members of the audit committee. As of 31 December 2020, the audit and risk committee consisted of board members Wenche Kjølås (Chair), Jan Gateman and Angela Durkin, all three considered independent of the executive management.

The main tasks of the audit and risk committee are to;

- (i) review management's risk assessment and internal control, as well as annual budget process
- (ii) oversee corporate reporting, and act as a preparatory organ for the Board on interim and annual financial reporting processes
- (iii) review the external audit process, hereunder maintain ongoing contact with the Company's auditor regarding the audit of the annual accounts and ensure the company has an adequate internal control and risk management, as well as assess and monitor the auditor's independence and potential conflicts of interests and; prepare audit committee reporting to the Board after each meeting and report any circumstances with material impact on the company's financial and/or operational situation. The committee is also responsible for reviewing and updating its instructions and evaluate the individual and joint work of the committee.
- (iv)

The audit committee shall have a minimum of five meetings each year, coordinated with the Company's financial reporting schedule. The audit and risk committee held six meetings in 2020.

Compensation and talent committee

The Company's compensation and talent committee is governed by a separate instruction adopted by the Board. The members of the committee are appointed by and among the members of the Board and shall be independent of the Company's executive management.

As of 31 December 2020, the compensation and talent committee consisted of Anthony Dowd (Chair), Luis Araujo and Wenche Kjøllås.

The primary purpose of the compensation and talent committee is to assist and facilitate the decision-making of the Board in matters related to remuneration of the executive management, review recruitment policies, career and succession planning and management development plans, and prepare matters relating to other material employment issues with respect to the executive management. The compensation and talent committee held four meetings in 2020.

10. Risk management and internal control

The Board, together with the executive management, evaluates the risks related to the Group's operations on a continuous basis. Key risk factors relate to current operations as well as construction of the Group's proprietary system, obtaining contractual counterparties, retaining key staff and general financial risks. In addition, risks inherent in the business plan are monitored: commodity prices, exchange rates, competition, the political and regulatory environment, counterparty performance, and the potential growth of the business and the application of new technology.

Each year, as a minimum, the Board will conduct a thorough assessment of the Company's most important areas of exposure to risk. The annual review is carried out together with the Board's review of the annual accounts, and the Company's auditor is expected to attend this meeting.

The Board, through its work with the financial department and the annual audit process, ensures that the Group has reliable internal control and systems for risk management. The Company's Code of Conduct sets the standard for the behavior which can be expected internally and externally by anyone employed by or associated with Magseis Fairfield and includes guidance on how to report any concerns related to illegal or unethical conduct.

Magseis Fairfield prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are intended to give a true and fair view of the company's and the group's assets, liabilities, financial position and results of operations. The Board is presented with and approves the annual budget/forecast at the end of the preceding

financial year or in the beginning of the commencing financial year. Thereafter, the Board is presented with regular updates and reports identifying material variations from the approved budget/forecast. Explanations are obtained for material variances. The Board also approves interim financial statements on a quarterly basis, based on a review together with the executive management.

11. Remuneration of the Board of Directors

The remuneration of the Board is decided by the general meeting, based on a recommendation from the nomination committee. The proposal from the nomination committee is submitted to the Company's shareholders together with the notice for the AGM.

The remuneration of the Board reflects the responsibility and competence of the Directors, as well as the time spent and complexity of the business of the Group. Board members who participate in Board committees receive additional compensation for this. The remuneration is not linked to the Company's performance and does not contain any share options. However, for 2020 the remuneration is to be paid partly in cash and partly in RSUs. Detailed information on the remuneration of the Board members is specified in note 31 in the annual report.

Board members and/or companies with which they are associated should not take on other assignments than the directorship for the Company, in order to maintain independent. However, if they do, this shall be disclosed to the full board and remuneration for such additional duties will be approved by the Board.

12. Remuneration of the executive personnel

The Board has prepared a policy with key principles for remuneration of the CEO and executive management.

The components of the remuneration of senior executives includes a base salary, an annual Performance Cash Incentive or "STIP", a long-term equity-based performance incentive, or "LTIP", as well as participation in share programs and pension schemes. The total remuneration shall ensure that Magseis Fairfield attracts, motivates, retains and rewards senior executives with desired

skills and experience, as well as ensures alignment with the long-term interests of the Company's shareholders.

In 2012, Magseis established a share option program for executive management and key personnel. In 2018 the share option program was replaced with Restricted Stock Unit (RSU) and Performance Stock Unit (PSU) programs, but the share option program will roll until it is finished as per 1 March 2021. The various share programs are intended to incentivize performance and are based on quantifiable factors over which the employee in question has influence. The performance related remuneration is subject to an absolute limit.

In December 2020, the Board of Directors unanimously agreed on the separation of Annual Bonus and LTI via the change to a Short-Term Incentive Plan "STIP" which includes an annual cash incentive based on short term/annual Company and individual performance, as well as the Long-Term Incentive Plan or "LTIP", a performance-based Cash and equity incentive instrument that aligns performance with longer-term strategic goals. The RSU and PSU programs now sit under these two structured incentive plans for exercise in accordance with the plan structures and goals of these two incentive programs, both short and long term respectively. Details on the share option program as well as the STIP and LTIP programs can be found in the Guidelines for Salary and other Remuneration for Leading Personnel, and in the annual report.

The Board's statement on remuneration principles for senior executives was presented to and adopted by the AGM in 2020. The statement was presented for a consultative vote, except for the part regarding guidelines for share-based incentives which were subject to a separate vote.

13. Information and communications

Communication with shareholders, investors and analysts is a high priority for Magseis Fairfield. The Company believes that objective and timely information to the market is a prerequisite for a fair valuation of the Group, and in turn, the generation of shareholder value.

The Board has adopted an investor relations policy, to clarify roles and responsibilities related to financial reporting and regulate contact with shareholders and the investor market. The policy is based on openness and considers equal treatment

of all market participants. The CEO and the CFO are responsible for investor and shareholder relations outside general meetings. As a rule, no such communication shall be conducted within a two-week period prior to the disclosure of the interim reporting. In addition, the Board has adopted instructions pertaining to the handling of inside information, in which the company's obligations and procedures as a stock exchange listed company are explained. The instructions for handling of inside information have been updated to reflect the Market Abuse Regulation (MAR) which came into force in Norway on 1 March 2021.

Interim reports are provided on a quarterly basis, in accordance with the Oslo stock exchange's recommendation. Magseis Fairfield provides presentations in connection with the company's interim reports, to provide an overview of the operational and financial developments, market outlook and the company's prospects. All information distributed to the Company's shareholders will be provided in English and published on the Company's webpage (www.magseisfairfield.com) at the same time as it is sent to the shareholders.

14. Take-overs

Magseis Fairfield's articles of association do not contain any restrictions, limitations or defense mechanisms against take-over bids, nor have other measures been implemented to hinder the acquisition of shares in the Company.

In accordance with the Securities Trading Act and the Code, the Board has adopted guidelines for how it shall act in the event of a takeover bid. In the event of an offer, the Board shall ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. Furthermore, the Board will not seek to hinder or obstruct takeover bids for Magseis' 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 will only be entered into where the Board believes it is in the common interest of the Company and its shareholders. Any transaction that is in effect a disposal of the Company's activities should be decided by the general meeting.

Information about agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid will be publicly disclosed no later than at the same

time as the announcement that the bid will be made is published.

If an offer is made for the shares of Magseis Fairfield, the Board will make a recommendation on whether the shareholders should accept the offer or not. The Board may arrange for a valuation from an independent expert.

15. Auditor

The Company's statutory auditor is Deloitte AS. The auditor is appointed by the general meeting and is regarded as independent of the Company. The Board will from time to time evaluate the audit arrangement for the Company.

The Board requires that the auditor participates in meetings of the audit and risk committee and in meetings of the Board that deal with the annual accounts. The auditor shall present to the Board a report outlining the audit activities in the previous fiscal year and highlight the areas that caused the

most attention or discussions with management, together with a plan for the work related to the Group's audit. In connection with the annual audit, the Board also requires the auditor to review the Company's internal control procedure, including weaknesses identified and proposals for improvement. At least once per year, the Board meets with the Company's auditor without any members of the executive management present.

The Board has established guidelines for the use of the auditor by the executive management for services other than the audit, in order to prevent any potential conflicts of interest and not put the auditor's integrity and independence at risk.

The remuneration of the auditor is approved by the AGM. The Board will inform the general meeting about the fees paid to the auditor for services other than the annual audit and the details are given in notes to the annual report. For more information about remuneration to the auditor, see note 8 in the 2020 financial statements.



Magseis Fairfield ASA

Strandveien 50
N-1366 Lysaker
NORWAY

www.magseisfairfield.com