

Corporate Governance Statement of GeoSentric Oyj

Introduction

GeoSentric Oyj (the "Company") applies the Finnish Corporate Governance Code 2010 (the "Code") issued by the Securities Market Association for listed companies. The Company complies with the recommendations of the Finnish Corporate Governance Code 2010.

The Finnish Corporate Governance Code is available on the website www.cgfinland.fi. This corporate governance statement has been drawn up according to the recommendation 54 of the Finnish Corporate Governance Code. This statement is presented as a separate report from the Operating Report by the Board of Directors and is available online at Company's website, www.geosentric.com. The Company's Board of Directors has reviewed the statement in its meeting on April 28, 2012.

Deviation from the Code

Due to its small size, shareholder structure and limited resources mandated by the tight financial situation, the Company deviates in its operations from the certain Recommendations of the Code.

The Company deviates from the Recommendation 9 (Number, composition and competence of the directors), because both genders are not represented on the board. The Company has so far found no suitable female candidate.

The Company deviates from the Recommendation 14 (Number of independent directors). Currently, all the members of the Board of Directors are non-independent of the Company. This deviation has been made to ensure that the Company has a competent Board of Directors, particularly with regard to knowledge of the industry. This deviation is also due to the Company's ownership structure. The Company also deviates from Recommendations 26 (Independence of the members of the audit committee), 29 (Members of the nomination committee) and 32 (Members of the remuneration committee) due to the composition of the Board and the limited number of board members.

The Company deviates from the Recommendation 34 (Managing director's service contract) because the contract has not been made in writing. The deviation is because the directorship is as part-time and the compensation approved by the Board is not material.

The Company has no separate internal audit function and thus deviates from the Recommendation 50. The Company considers, given the size and scope of its operations, that its existing internal control and risk management policies and procedures, together with the audits performed by its external auditors on its annual financial reporting statements, are sufficient to ensure compliance.

The Board of Directors and Board Committees

Composition

In accordance with the Articles of Association, the Board consists of a minimum of three and a maximum of nine members. The Board elects the Chairman from its ranks. The term of the Board of Directors ends at the close of the first Annual General Meeting following their election.

On June 29, 2011, the Annual General Meeting elected the following three members to the Board:

- **Mr. Victor Franck**,
DOB December 21, 1958
Chairman of the Board of Directors since July 6, 2011, Member of the Board since June 29, 2011

Mr. Franck has worked as a Managing Director of Octagon Capital, Ltd., a private equity and distressed investment firm where he acted as lead counsel for the group's investment activities which has involved more than 15 transactions since 2001. Mr. Franck is an attorney, MBA and Certified Public Accountant with extensive hands-on experience working with turn-around situations. From 1991 to 2001, Mr. Franck was Corporate Counsel and Director of Tax Audits at Tenneco Inc., located in Houston, Texas. At Tenneco, Mr. Franck represented and assisted the company in numerous financial transactions. These transactions included the 1994 Initial Public Offering (IPO) of Case Corporation, which raised \$4.4 billion and created \$7 billion of additional value for shareholders and the 1995 IPO of Albright & Wilson, which raised \$820 million. Mr. Franck also represented Tenneco in its 1996 merger of its pipeline and energy division with El Paso Energy as well as the spin-off of Newport News Shipbuilding (creating \$6 billion of additional value for Tenneco shareholders). In 1999, he represented Tenneco in its sale of its containerboard operations for \$2 billion and in the spin-off of Pactiv Corporation. From 1981 to 1991, Mr. Franck was employed by the international accounting and management consulting firm of Ernst & Young and held the position of Senior Manager when he left the firm. In 1981, Mr. Franck received a Masters of Business Administration degree from Loyola University Graduate School of Business and a Juris Doctor from Loyola University Law School. Mr. Franck received a Bachelor of Business Administration degree from Loyola University in 1979. Mr. Franck became a member of the Louisiana State Bar in 1981 and of the Texas State Bar in 1992.

- **Mr. Jeffrey B. Crevoiserat,**

DOB July 29, 1958

Member of the Board since June 29, 2011

Mr. Crevoiserat has worked as a Managing Director of Octagon Capital, Ltd., a private equity and distressed investment firm where he acted as CEO for the group's investment activities which has involved more than 15 transactions since 2001. Octagon Capital currently owns a controlling interest in a portfolio of operating companies covering a broad range of industries, including specialty chemical manufacturing, chemical distribution, equipment manufacturing, specialty merchandise distribution, oil and gas production, metals and fluid recycling, and others. From 1981 to 1991, Mr. Crevoiserat was employed by the international accounting and management consulting firm of Ernst & Young at its office in New Orleans, Louisiana, and held the position of Senior Manager when he left the firm. From 1991 to 1994, Mr. Crevoiserat was employed as a Senior Manager and Executive for Grant Thornton in its Los Angeles office. Since 1994, Mr. Crevoiserat has been involved as an officer and one of the principal shareholders in Global Aener/Cology Corporation, an investment company that specializes in the acquisition and development of oil and gas interests in the southern United States and the Gulf of Mexico. Mr. Crevoiserat is a Certified Public Accountant. He received a Masters of Business Administration degree with a concentration in Finance from Tulane University in 1981, and a Bachelor of Business Administration degree with a concentration in Economics from Tulane University in 1980.

- **Mr. Mike Po, M.S.M.E/B.S.M.E**

DOB November 16, 1958

Member of the Board since June 30, 2010 and Managing Director as of July 8, 2011

Michael Po, COO and Senior Vice President, Engineering is responsible for leading cross functional operational plans and managing the overall development and engineering organizations at GyPSii, the delivery of products, and the global GyPSii Plex Data Centers. Michael recently was EVP of Operations and CTO at Kadient. Prior, he was CTO/EVP Engineering at Centive, EVP of Products and Services at eCal Corporation, CTO/EVP at Worldstreet Corp. (M&A to Thompson Financial), Director of Client Products at Netscape, VP of Product Development at InSoft. Mike has extensive experience in building world class teams and in bringing innovative game-changing products to market in both enterprise and consumer segments, along with deep experience in large networked data centers.

The Board evaluates the independence of each Board member according to the Corporate Governance Code. The evaluation of independence showed that all Board members are non-independent on the Company or the shareholders.

Duties

The Board of Directors is responsible for appropriately organizing the management and operations of the Company and for other tasks and duties stipulated in the Companies Act and in the Articles of Association. In addition, it shall promote the interests of the Company and its shareholders. The Board monitors the Company's financial performance by means of information provided by the management and by other information.

According to the working order of the Board of the Directors, the Board shall, among other things:

- approve plans and policies of the Group and monitor their implementation;
- approve Company's strategy and budget and monitor implementation;
- organize and structure the operation of the Company;
- appoint and dismiss the Managing Director and other top management and determine the terms of respective service contracts;
- appoint Committee members;
- monitor and evaluate the performance of the Board, Committees and the top management;
- review and determine the rules of procedure of the Board and Committees;
- decide on the compensation of the Managing Director and top management;
- approve major investments or series of investments and other major transactions;
- organize the proper preparation of the financial reports and approve the financial reports of the Company;
- organize the adequate control systems;
- prepare matters to be handled by the shareholders' meeting; and
- any other material or wide-ranging matters affecting the Group or the Company

Meetings

The Board of Directors shall hold the following regularly scheduled meetings each year:

1. **Meeting for adopting the Financial statements**
At the meeting for adopting the financial statements of the previous financial period, held after the end of the financial period, the Board of Directors reviews and adopts the income statements and balance sheets of the group and the parent company, together with the Board Report.
2. **Organization meeting**
At its organizing meeting held soonest possible after the Annual General Meeting, the Board of Directors elects a chairman from amongst its number for a term lasting until the conclusion of the next Annual General Meeting.
3. **Meetings approving the Interim reports**
The Board reviews and approves interim reports (1-3, 1-6 and 1-9) upon their completion and within two months from the end of the previous calendar quarter.
4. **Publication of financial results and the Annual General Meeting**
At a meeting held before the conclusion of the present financial period, the Board of Directors confirms the dates on which financial statements and interim reports will be published in the next financial period. The Board calls the Annual General Meeting in accordance with the Articles of Association with an announcement published in the Company's website 21 days prior to the meeting at the latest. The Board may similarly call an extraordinary general meeting as needed.

Other matters that are part of the Board of Directors' tasks are handled at meetings convened when needed.

In year 2011 the Board of Directors convened 41 times and attendance at the meetings was 100%. According to the resolution of Annual General Meeting held on June 29, 2011 the meeting fee for the members of the Board of Directors is EUR 1,500.00 per attended in person meeting.

Board Committees

According to resolutions of Annual General Meeting held on June 29, 2011, the meeting fee for the members of the committees is 1,500.00 EUR per committee meeting. The Board of Directors decided on its meeting on July 6, 2011 to retain all earlier established four committees. The Committees are as follows:

Audit and Finance Committee

During January 1, 2011 until July 6, 2011 the committee was composed of the following members: Michael Vucekovich (chairman), Gary Bellot and Winston Guillory. As of July 6, 2011 following members have been nominated as members of the Audit and Finance Committee: Victor Franck, Jeffrey Crevoiserat and Mike Po.

The Committee assists the Board by preparing, monitoring and reviewing matters falling within the responsibilities described in its charter. According to its charter of Committee shall have the following duties:

- approve proper procedures and policies for the financial reporting;
- monitor and supervise the reporting process of financial statements;
- monitor the statutory audit of the financial statements and consolidated financial statements;
- evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company and its main subsidiaries;
- prepare the proposal for resolution on the election of the auditor of the Company and its subsidiaries;
- monitor the efficiency of the Company's internal control, internal audit and risk management systems;
- review the description of the main features of the internal control, internal audit and risk management systems pertaining to the financial reporting process, included in the Company's corporate governance statement; and
- evaluate the compliance with laws and regulations.

The summary of the charter is presented in the Company's website www.geosentric.com.

In year 2011 the Audit and Finance Committee convened once and attendance at the meetings was 100 %.

Corporate Governance and Nominations Committee

During January 1, 2011 until July 6, 2011 the committee was composed of the following members: Gary Bellot and Hans van der Velde. As of July 6, 2011 following members have been nominated as members of the Committee: Victor Franck, Jeffrey Crevoiserat and Mike Po.

The Committee assists the Board by preparing matters falling within the responsibilities described in its charter. Accordingly the main duties of the Committee are as follows:

- analyze the qualifications of director candidates and evaluate the independency of the director candidates and directors on continuous basis;
- prepare annual proposal for the number of directors to be appointed for the next term;
- prepare annual proposal for the appointment of directors to be proposed to the general meeting of shareholders;
- prepare proposal to the for the fees of the directors; and
- review the information disclosed on financial reports upon matters within its duties.

The summary of the charter is presented in the Company's website www.geosentric.com.

In year 2011 the Corporate Governance and Nominations Committee did not convene but the task were handled in the Board meetings.

Compensation Committee

During January 1, 2011 until July 6, 2011 the committee was composed of the following members: Michael Vucekovich (chairman), Hans van der Velde and Martin McNair (Board Observer). As of July 6, 2011 following members have been nominated as members of the Committee: Victor Franck, Jeffrey Crevoiserat and Mike Po.

The Compensation Committee assists the Board by preparing matters falling within the responsibilities described in its charter. Accordingly the main duties of the Compensation Committee are as follows:

- establish remuneration policy of GeoSentric Group;
- recommend and evaluate executive nominations and compensations taking into account possible prior evaluations of such executives;
- evaluate the performance of the executives; and
- monitor and review the remuneration policy, including the incentive programs, and evaluates the achievement of the initial goals.

The summary of the charter is presented in the Company's website www.geosentric.com.

In year 2011 the Compensation Committee did not convene, but the task were handled in the Board meetings..

Strategic Options

During January 1, 2011 until July 6, 2011 the committee was composed of the following members: Gary Bellot (chairman), Michael Vucekovich and Martin McNair (Board Observer). As of July 6, 2011 following members have been nominated as members of the Committee: Victor Franck, Jeffrey Crevoiserat and Mike Po.

The Committee assists the Board by reviewing and analyzing financial matters and assisting the Board in long-range strategic planning. Accordingly the main duties of the Committee are as follows:

- review and evaluate Company's development and implementation of the business plan and strategy;
- observe, evaluate and review material transactions, investments and business opportunities which would support implementation of Company's business plan and strategy; and
- support the Board and the management in the development of Company's business plan and strategy.

The summary of the charter is presented in the Company's website www.geosentric.com.

In year 2011 the Strategic Options Committee did not convene.

Managing Director

As of January 1, 2011, Winston Guillory became Managing Director. Mr Mike Po was elected as the Managing Director on July 6, 2011. The Managing Director is in charge of the day-to-day management of GeoSentric Oyj in the supervision of the Chairman and in accordance with the instructions and orders issued by the Board.

Internal control and risk management in the financial reporting process

Risk management at GeoSentric Group is part of the group's strategy and operational management. Risk management aims to systematically and comprehensively identify and create awareness of the risks to which the Company's operations, assets and personnel are exposed, and minimize any damage.

The purpose of internal control and risk management is to ensure that the operations of the Group are both efficient and productive and that applicable regulations and adopted operating principles are followed, and related risks are acknowledged and managed. Additionally, it is to ensure that the financial reporting and management of the information is reliable, comprehensive, timely, accurate, comparable and transparent. The Company is committed to provide the market participants with equal access to important information that may affect investment decisions and/or influence the value of the Company's securities, and by regular monitoring by the management, this is secured.

The Board is responsible for the principles of internal control and risk management policy at the group level. The Board has also approved a separate disclosure policy which defines the Company's procedures in disclosing information such as roles and responsibilities in matters relating to disclosure and investor relations in order to ensure that the information is prepared and disclosed according to applicable laws and rules.

The Group has no separate function for internal control and risk management but aims to ensure proper risk management at all organization levels. Risk management and internal control is an integrated part of the management system and all operations of the Group and is incorporated into business operation and corporate support processes and decision-making. Each function is involved and responsible for managing the risks associated with their operations, monitoring activities, and contributes to overall work in this area.

The functioning and effectiveness of risk management and internal control processes is assessed at all levels as a part of the normal monitoring of operations. The Company's management reporting system is developed, enabling the management to monitor the progress of the business and financial performance against the business plan and budget on a continuous basis. The internal functions cooperate with Company's top management, which enables free and instant flow of information and ability to react quickly to any disclosure requirements. The management monitors the execution of risk management and the effectiveness of internal controls and reports to the Audit and Finance Committee and to the Board. Further, the Audit and Finance Committee is responsible for overall monitoring and supervising the reporting process of financial reports and the efficiency of the Company's internal control and risk management systems.