



Til Aksjonærene i PGS ASA

Our ref.: PU

Oslo 23. mars 2020

**PGS ASA ORDINÆRE GENERALFORSAMLING 22. april 2020 – KL. 15.00**

Vedlagt oversendes:

- Innkalling
- Fullmaktsskjema

Årsrapporten for 2019 og de øvrige vedleggene til innkallingen vil bli gjort tilgjengelig på [www.pgs.com](http://www.pgs.com). Papirutgaven av disse blir ikke automatisk sendt ut til den enkelte aksjonær, men vil imidlertid bli tilsendt ved forespørsel til [ir@pgs.com](mailto:ir@pgs.com).

Med vennlig hilsen  
for PGS ASA

A handwritten signature in black ink, appearing to read 'Walter Qvam'.

Walter Qvam  
Styreformann

**VEDLEGG**



## INNKALLING TIL

### ORDINÆR GENERALFORSAMLING

Det innkalles herved til ordinær generalforsamling for 2020 i PGS ASA ("PGS" eller "Selskapet"). Møtet vil bli avholdt i PGS hovedkontor, Lilleakerveien 4C, 0216 Oslo, den

**22. april 2020 kl. 15.00**

#### **VIKTIG BESKJED:**

**På grunn av koronavirusutbruddet, anbefales aksjonærer å ikke møte fysisk på generalforsamlingen. I stedet inviteres aksjonærer til å avgi forhåndsstemme elektronisk eller gi fullmakt til styreleder med eller uten stemmeinstruks. Etter planen vil styreleder, administrerende direktør og juridisk direktør i PGS være tilstede på generalforsamlingen. For ytterligere detaljer for hvordan avgi forhåndsstemme elektronisk eller gi fullmakt, vennligst se slutten på dette dokumentet.**

Vedleggene til innkallingen følger ikke med papirversjonen av innkallingen, men er gjort tilgjengelige på [www.pgs.com](http://www.pgs.com).

Selskapets styre har besluttet å innkalle til ordinær generalforsamling for å stemme over sakene beskrevet nedenfor.

Generalforsamlingen vil bli åpnet av styreleder, og i henhold til vedtektenes § 9 vil styreleder også lede generalforsamlingen.

**SAK 1            GODKJENNELSE AV INNKALLING OG AGENDA**

**SAK 2            VALG AV PERSON TIL Å MEDUNDERTEGNE PROTOKOLLEN**

Det foreslås at det velges en person blant de tilstedeværende på generalforsamlingen til å medundertegne protokollen.

**SAK 3            GODKJENNELSE AV ÅRSBERETNING OG ÅRSREGNSKAP FOR PGS ASA OG KONSERNET FOR 2019**

Årsberetning og årsregnskap for PGS ASA og konsernet for 2019 er fremlagt som Vedlegg I.

Forslag til vedtak:

*Generalforsamlingen godkjenner årsberetning og årsregnskap for 2019 for PGS ASA og konsernet.*



#### **SAK 4                    GODKJENNELSE AV REVISJONSHONORAR FOR 2019**

Revisjonshonoraret for PGS ASA for 2019 er på kr. 4,7 millioner. Dette beløpet inkluderer ikke honorar i tilknytning til revisjon av Selskapets datterselskaper, revisjon av Selskapets konsoliderte regnskaper eller for andre utførte tjenester.

Forslag til vedtak:

*Generalforsamlingen godkjenner revisjonshonoraret for 2019.*

#### **SAK 5                    VALG AV STYREMEDLEMMER**

Forslagene til valg av styremedlemmer er basert på anbefalinger i Valgkomitéens rapport, se Vedlegg II til innkallingen og selskapets vedtekter § 6 a). Styremedlemmenes tjenesteperiode er det tidligste tidspunktet av ett år eller frem til neste ordinære generalforsamling.

##### **Sak 5.1                Walter Qvam (styreleder)**

Forslag til vedtak:

*Walter Qvam blir gjenvalgt som styreleder for en ny tjenesteperiode fra og med denne dato og til og med det tidligste tidspunktet av ett år fra denne dato eller frem til neste ordinære generalforsamling i 2021.*

##### **Sak 5.2                Anne Grethe Dalane**

Forslag til vedtak:

*Anne Grethe Dalane blir gjenvalgt som styremedlem for en ny tjenesteperiode fra og med denne dato og til og med det tidligste tidspunktet av ett år fra denne dato eller frem til neste ordinære generalforsamling i 2021.*

##### **Sak 5.3                Richard Herbert**

Forslag til vedtak:

*Richard Herbert blir gjenvalgt som styremedlem for en ny tjenesteperiode fra og med denne dato og til og med det tidligste tidspunktet av ett år fra denne dato eller frem til neste ordinære generalforsamling i 2021.*

##### **Sak 5.4                Marianne Kah**

Forslag til vedtak:

*Marianne Kah blir gjenvalgt som styremedlem for en ny tjenesteperiode fra og med denne dato og til og med det tidligste tidspunktet av ett år fra denne dato eller frem til neste ordinære generalforsamling i 2021.*



**Sak 5.5 Trond Brandsrud**

Forslag til vedtak:

*Trond Brandsrud blir gjenvalgt som styremedlem for en ny tjenesteperiode fra og med denne dato og til og med det tidligste tidspunktet av ett år fra denne dato eller frem til neste ordinære generalforsamling i 2021.*

**SAK 6 VALGKOMITÉ – VALG AV MEDLEMMER**

Forslaget til valg av Valgkomitéen er basert på anbefalinger i Valgkomitéens rapport, se Vedlegg II til innkallingen samt Selskapets vedtekter § 6 b). Medlemmene av Valgkomitéens tjenesteperiode er etter Valgkomitéinstruksen to år, med mindre generalforsamlingen beslutter en kortere periode. Forslaget er å beslutte en kortere tjenesteperiode som varer frem til neste ordinære generalforsamling.

**Sak 6.1 Harald Norvik (leder)**

Forslag til vedtak:

*Harald Norvik blir gjenvalgt som leder av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2021.*

**Sak 6.2 Terje Valebjørg**

Forslag til vedtak:

*Terje Valebjørg blir gjenvalgt som medlem av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2021.*

**Sak 6.3 Alexandra Herger**

Forslag til vedtak:

*Alexandra Herger blir gjenvalgt som medlem av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2021.*

**Sak 6.4 Ole Jakob Hundstad**

Forslag til vedtak:

*Ole Jakob Hundstad blir gjenvalgt som medlem av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2021.*

**SAK 7                    GODKJENNELSE AV HONORARER FOR STYREMEDLEMMER OG MEDLEMMER AV VALGKOMITÉEN**

**Sak 7.1                Forslag om å godkjenne honorarer for styremedlemmene og medlemmene av Valgkomitéen for perioden fra 24. april 2019 til generalforsamlingen 2020**

I overensstemmelse med vedtektenes § 6 c) fremlegger Valgkomitéen et forslag om å godkjenne honorarene til styremedlemmene og medlemmene av Valgkomitéen for perioden fra og med 24. april 2019 til den ordinære generalforsamling i 2020, se Vedlegg III til innkallingen.

Honorarene for styremedlemmene og for medlemmene av Valgkomitéen er fastsatt i henhold til de prinsippene som ble vedtatt av den ordinære generalforsamlingen i 2019, se Vedlegg IV til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner honoraret til hvert av styremedlemmene og til hvert av medlemmene i Valgkomitéen for perioden fra og med 24. april 2019 til den ordinære generalforsamlingen i 2020.*

**Sak 7.2                Forslag om å godkjenne prinsippene for fastsettelse av styremedlemmers honorar for perioden 22. april 2020 til generalforsamlingen 2021**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for styremedlemmenes honorarer for perioden fra og med 22. april 2020 til generalforsamlingen 2021, se Vedlegg V til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av styremedlemmers honorar for perioden fra og med 22. april 2020 frem til generalforsamlingen 2021.*

**Sak 7.3                Forslag om å godkjenne prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer for perioden 22. april 2020 til generalforsamlingen 2021**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for Valgkomitéens medlemmers honorarer for perioden fra og med 22. april 2020 frem til generalforsamlingen 2021, Vedlegg V til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer for perioden fra og med 22. april 2020 til generalforsamlingen 2021.*

**SAK 8****FULLMAKT TIL Å KJØPE EGNE AKSJER**

Generalforsamlingen i Selskapet har årlig gitt styret fullmakt til å erverve egne aksjer. Styret foreslår at denne fullmakten fornyes.

Hensikten med en slik tilbakekjøpsfullmakt er å tillate tilpasninger i Selskapets kapitalstruktur. Det er videre styrets oppfatning at en beholdning av egne aksjer vil gi Selskapet fleksibilitet ved oppfyllelse av aksjeinsentivprogrammer for ansatte og til finansiering av mulige oppkjøp og andre mulige transaksjoner foretatt av Selskapet.

Forslag til vedtak:

- (i) Styret gis fullmakt til å kjøpe aksjer i Selskapet på vegne av Selskapet.*
- (ii) Aksjene må kjøpes til alminnelige markedsbetingelser i et regulert marked hvor aksjene omsettes.*
- (iii) Aksjene skal avhendes enten som en del av oppfyllelsen av insentivprogrammer for ansatte, som en del av vederlaget ved oppkjøp som foretas av Selskapet, som en del av vederlaget i fusjoner, fisjoner eller oppkjøp som involverer Selskapet, ved at deler av eller alle aksjene slettes, for å innhente midler til spesifikke investeringer, i den hensikt å nedbetale lån (inklusive konvertible lån) eller styrke Selskapets kapitalgrunnlag. Styret står fritt til å velge hensiktsmessige avhendingsmetoder for disse formål.*
- (iv) Den maksimale pålydende verdi av aksjene som totalt kan erverves i henhold til denne fullmakt er NOK 116 162 098. Erverv av egne aksjer må ikke under noen omstendighet finne sted i et slikt omfang at antallet egne aksjer utgjør totalt mer enn 10% av aksjekapitalen. Minste beløp som kan betales for hver aksje som kjøpes i henhold til denne fullmakt er NOK 3, og det maksimale beløp er NOK 150.*
- (v) Denne fullmakten er gyldig fra registrering i Foretaksregisteret og skal være gyldig til 30. juni 2021.*
- (vi) Fullmakten til å erverve egne aksjer, innvilget den 24. april 2019, tilbakekalles fra det tidspunkt fullmakten i dette punkt 8 trer i kraft.*



**SAK 9                   ERKLÆRING FRA STYRET OM PRINSIPPER FOR FASTSETTELSE AV LØNN OG ANNEN GODTGJØRELSE TIL LEDENDE ANSATTE**

I samsvar med allmennaksjeloven § 6-16a har styret avgitt en erklæring om prinsipper for fastsettelse av lønn og annen godtgjørelse til ledende ansatte i Selskapet. Erklæringen følger som Vedlegg VI til innkallingen, og er fremlagt for rådgivende avstemming i generalforsamlingen. Prinsippene i erklæringen om tildeling av Ytelsesbaserte Aksjeenheter til ledende ansatte i Selskapet er imidlertid fremlagt for generalforsamlingens godkjenning og er bindende for styret

**Sak 9.1               Forslag om å godkjenne de veiledende prinsipper i Styrets erklæring**

Forslag til vedtak:

*Generalforsamlingen godkjenner de veiledende prinsipper av Styrets erklæring i samsvar med allmennaksjeloven § 6-16a.*

**Sak 9.2               Forslag om å godkjenne de bindende prinsipper i Styrets erklæring**

Forslag til vedtak:

*Generalforsamlingen godkjenner de bindende prinsipper i Styrets erklæring i samsvar med allmennaksjeloven § 6-16a.*

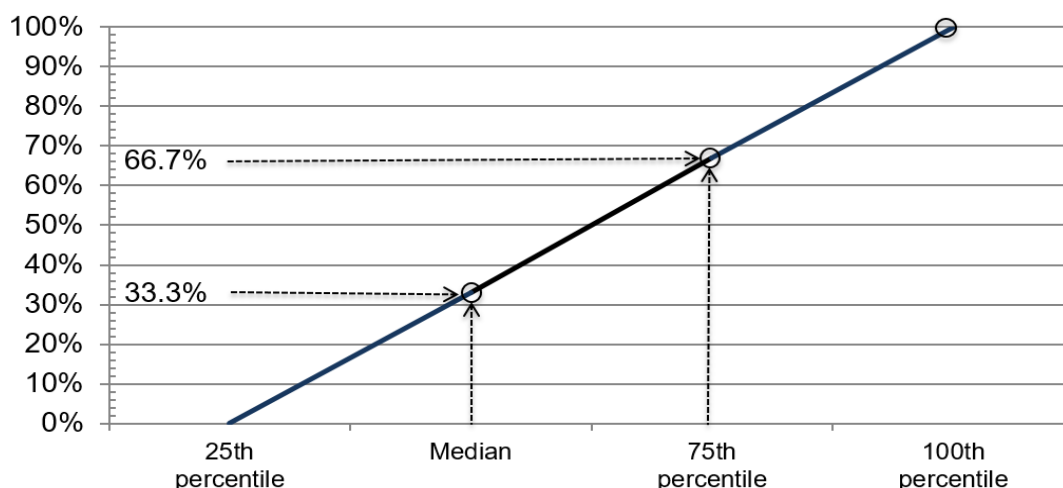
**SAK 10               GODKJENNELSE AV LANGSIKTIG INSENTIVPROGRAM FOR ANSATTE**

Styret foreslår at generalforsamlingen godkjenner et langsiktig insentivprogram («Insentivprogrammet») for ansatte for perioden fra 22. april 2020. Det vil ikke bli foretatt tildelinger under 2020 Insentivprogrammet etter 22. april 2023. Det foreslåtte 2020 Insentivprogrammet er basert på programmet som ble godkjent på 2019 generalforsamlingen, hvor Selskapet kun kan gi ytelsesbaserte aksjeenheter («Ytelsesbaserte Aksjeenheter») til ansatte.

Enhver tildelt Ytelsesbaserte Aksjeenhet vil, forutsatt at deltakeren i Insentivprogrammet fortsetter å være ansatt i Selskapet (eller et datterselskap), bli gjort opp tre år etter de er tildelt og på de nedenstående tilleggsvilkår:

Oppgjør av 75% av de Ytelsesbaserte Aksjeeenheter vil forutsette at Selskapet har oppnådd en aksjeavkastning fra tildelingstidspunktet til oppgjørstidspunktet høyere enn de laveste 25% i en gruppe av relevante selskaper («Sammenligningsgruppen»). For avkastning høyere enn de laveste 25% i Sammenligningsgruppen, vil disse Ytelsesbaserte Aksjeeenheterne gjøres opp i henhold til følgende figur:

### Aksjeavkastning



Vertikalaksen angir prosentandelen for Ytelsesbaserte Aksjeeenheter som gjøres opp som en funksjon av PGS' aksjeavkastning målt mot Sammenligningsgruppen. Horizontalaksen angir Selskapets aksjeavkastning sammenlignet med Sammenligningsgruppen.

Oppgjør av 25% av de Ytelsesbaserte Aksjeeenheterne vil forutsette at Selskapet når et forhåndsbestemt mål (definert som et intervall) for avkastning på sysselsatt kapital («ROCE») over en periode på de tre foregående hele år forut for oppgjørstidspunktet. Avkastning på sysselsatt kapital er definert som Segment EBIT (uten å ekskludere gevinst eller tap fra salg av eiendeler, nedskrivninger eller andre driftsinntekter eller kostnader) delt på gjennomsnittlig netto sysselsatt kapital (hvor netto sysselsatt kapital er summen av egenkapital og netto rentebærende gjeld). Intervallet er mellom 10% og 15%, hvor en avkastning på 10% eller mindre vil tilsi at ingen av disse Ytelsesbaserte Aksjeeenheterne bli gjort opp mens en avkastning på 15% eller mer vil resultere i 100% oppgjør av disse Ytelsesbaserte Aksjeeenheterne. Måloppnåelsen er lineær fra 0% til 100% oppgjør av disse Ytelsesbaserte Aksjeeenheterne innenfor dette intervallet. Måloppnåelsen vil bli kalkulert hvert år i måleperioden og resultatet for hvert år i den treårige måleperioden vil bli kombinert.

En mer detaljert beskrivelse av vilkårene for oppgjør av de Ytelsesbaserte Aksjeeenheterne er gitt i det fullstendige dokumentet for 2020 Insentivprogrammet inkludert i Vedlegg VII til innkallingen.

Ved oppgjøret vil deltakeren motta et antall aksjer i Selskapet som tilsvarer antall tildelte og oppgjorte Ytelsesbaserte Aksjeeenheter. De Ytelsesbaserte Aksjeeenheterne som ikke blir gjort opp bortfaller. Overlevering av aksjer vil skje fra Selskapets beholdning av egne aksjer eller, hvis det ikke finnes nok egne aksjer, ved en kontantutbetaling av samme verdi. Dette vil derfor ikke innebære noen utvanningseffekt overfor Selskapets aksjonærer.



I henhold til det foreslåtte Insentivprogrammet for 2020, skal styret foreslå det maksimale antall Ytelsesbaserte Aksjeenheter som kan utstedes. Styret foreslår at det maksimale antall Ytelsesbaserte Aksjeenheter som kan utstedes under Insentivprogrammet er 2 400 000. Følgelig er det maksimale antall aksjer som kan tildeles deltakerne 2 400 000 aksjer. Ingen deltagere i Insentivprogrammet for 2020 (inkludert administrerende direktør) kan motta mer enn 7% av det totale antall aksjer tildelt under Insentivprogrammet.

Hovedelementene i den totale kompensasjonen til ledergruppen og andre sentrale ansatte i Selskapet består normalt av grunnlønn, en årlig prestasjonsbasert bonusutbetaling og et aksjeinsentivprogram. For 2017 besluttet styret at det ikke skal utbetales årlig prestasjonsbonus pga. det utfordrende markedet Selskapet opererer i. I 2018 ble imidlertid det årlige prestasjonsbaserte bonusutbetalingsprogram re-introductorert med utbetaling begrenset til 50% av tidligere nivåer. I 2019 ble det blant annet som følge av et forbedret marked introdusert et fullt prestasjonsbasert bonusutbetalingsprogram. Gitt det forbedrede markedet og de positive effekter av Selskapets reorganisering og øvrige tiltak samt bedret finansielle ytelse, foreslår styret også for 2020 et fullt prestasjonsbasert bonusutbetalingsprogram.

Styret er av den oppfatning at Insentivprogrammet for 2020 for nøkkelpersoner i Selskapet, hvor Ytelsesbaserte Aksjeenheter kun gjøres opp der Selskapet over tid har levert god aksjeavkastning i forhold til Sammenligningsgruppen og hvor avkastningen på sysselsatt kapital møter fastsatte mål, er i samsvar med langsiktige interessene til Selskapet og aksjonærene. Videre, i tillegg til å insentivere ytelse og økte verdier for aksjonærene, vil programmet ha en rekrutteringseffekt samt at det er egnet insentiv for at talentfulle ansatte forblir i Selskapet.

De fullstendige vilkår for Insentivprogrammet for 2020 fremgår av Vedlegg VII til innkallingen.

Den 21. juni 2020, vil totalt 368 060 Aksjeenheter tildelt under 2017 Insentivprogrammet bli gjort opp, og 697 090 Ytelsesbaserte Aksjeenheter vil enten bli gjort eller bortfalle. Etter godkjenning av det foreslåtte Insentivprogrammet for 2020 og oppgjør av det ovennevnte 2017 Insentivprogrammet, vil totalt antall utestående Ytelsesbaserte Aksjeenheter tildelt ansatte være 6 344 550, som tilsvarer ca. 1,64% av Selskapets totale aksjekapital.

Generalforsamlingen oppfordres til å godkjenne Insentivprogrammet for 2020.

Forslag til vedtak:

*Generalforsamlingen godkjenner det langsiktige Insentivprogrammet for 2020.*

## SAK 11

### **FORSLAG OM Å GI STYRET FULLMAKT TIL Å FORHØYE SELSKAPETS AKSJEKAPITAL**

Generalforsamlingen i Selskapet har årlig tildelt styret fullmakt til å utstede nye aksjer. Styret foreslår at fullmakten som ble gitt i 2019 fornyes.

Styret er av den oppfatning at den begrensede, generelle fullmakten er nødvendig for å gi fleksibilitet i tilfelle av mulige oppkjøp og andre transaksjoner og for oppgjør av slike, og at en slik fullmakt derfor vil være i Selskapets interesse. Videre foreslås det at styret gis fullmakt til å fravike eksisterende aksjonærs fortrinnsrett for å kunne tilrettelegge for at nye aksjonærer tegner seg for aksjer.

Styret har videre foreslått å begrense den generelle fullmakten i sak 11, slik at antall aksjer som kan utstedes i henhold til denne fullmakten og fullmakten i sak 12 til å utstede konvertible lån, samlet ikke kan overstige 10% av Selskapets aksjekapital.

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Styret gis fullmakt til å forhøye aksjekapitalen i Selskapet med totalt NOK 116 162 098 gjennom én eller flere forhøyelser av aksjekapitalen. Imidlertid er fullmakten begrenset slik at antall aksjer som kan utstedes ved denne fullmakten og fullmakten til å utstede konvertible obligasjoner, som angitt i sak 12 i protokollen fra ordinær generalforsamling avholdt 22. april 2020, samlet ikke kan overstige 10% av Selskapets aksjekapital på tidspunktet for beslutningen om å utstede nye aksjer. Styret har videre fullmakt til å fastsette prisen og vilkårene for slike tilbud og tegninger, inkludert, men ikke begrenset til, hvorvidt dette skal skje i det norske og/eller internasjonale marked, hvorvidt rettet mot bestemte investorer eller gjøres offentlig, og hvorvidt fulltegnet eller ikke.*
- (ii) Fullmakten omfatter retten til å forhøye Selskapets aksjekapital ved å tillate tingsinnskudd, og retten til å pådra Selskapet særlige forpliktelser.*
- (iii) Fullmakten skal anvendes i forbindelse med mulige oppkjøp av selskaper eller virksomhet innenfor olje- og energisektoren, inkludert oljeservicesektoren, oppgjør for forpliktelser (inkludert konvertible lån), finansiering av vesentlige investeringer, tilbakekjøp eller nedbetaling av gjeld eller til å innhente midler for å styrke Selskapets kapitalbase.*
- (iv) Styret har videre fullmakt til å sette til side aksjeeiernes fortrinnsrett etter allmennaksjeloven § 10-4. Bakgrunnen for slik beslutning må begrunnes konkret av styret, og må være basert på hva som er i Selskapets beste interesse grunnet strategiske fordeler eller behov for kapitalinnskudd.*
- (v) Fullmakten omfatter vedtak om å fusjonere, jfr. allmennaksjeloven § 13-5.*
- (vi) Fullmakten skal gjelde fra og med den dag den blir registrert i Foretaksregisteret, og skal være gyldig til 30. juni 2021.*
- (vii) Fullmakten til å utstede nye aksjer som ble innvilget på generalforsamlingen 24. april 2019 tilbakekalles med virkning fra det tidspunkt fullmakten gitt i dette punkt 11 trer i kraft.*

**FORSLAG OM Å GI STYRET FULLMAKT TIL Å UTSTEDE KONVERTIBLE LÅN**

Selskapets generalforsamling har tidligere tildelt Styret en årlig fullmakt til å utstede konvertible lån. Styret overveier kontinuerlig muligheter for å videreutvikle Selskapet i samsvar med Selskapets strategi. En sentral del av dette er å identifisere og tilrettelegge for den riktige finansielle strukturen for Selskapet. For fortsatt å gi styret tilstrekkelig fleksibilitet til å kunne implementere en kostnadseffektiv og fleksibel finansiell struktur er det ønskelig at styret gis ny fullmakt til å beslutte og å oppta konvertible lån. Videre foreslås det at styret gis fullmakt til å fravike eksisterende aksjonærs fortrinnsrett for å kunne tilrettelegge for at nye investorer tegner seg for lånet. Styret har imidlertid foreslått å begrense fullmakten slik at antall aksjer som utstedes i henhold til konvertible lån under denne fullmakten og fullmakten i pkt. 11 til å utstede aksjer, ikke samlet kan overstige 10% av Selskapets aksjekapital.

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Selskapet kan oppta nye konvertible lån på til sammen opptil NOK 3 500 000 000 (eller tilsvarende i annen valuta). Styret gis fullmakt til å fremforhandle og inngå konvertible låneavtaler innenfor begrensningene og i samsvar med betingelsene i denne fullmakten.*
- (ii) Selskapets aksjekapital kan forhøyes med totalt opptil NOK 116 162 098 som en følge av at lån nevnt i underpunkt (i) over konverteres til egenkapital. Fullmakten er imidlertid begrenset slik at antall aksjer som kan utstedes under denne fullmakten og den generelle fullmakten til å utstede aksjer, slik som det fremgår av pkt. 11 i protokollen fra ordinær generalforsamling avholdt 22. april 2020, samlet ikke kan overstige 10% av Selskapets aksjekapital på tidspunktet for beslutning om å utstede konvertible obligasjoner.*
- (iii) Aksjeeiernes fortrinnsrett til å tegne seg for lånet kan settes til side. Slik beslutning må begrunnes konkret av styret, og må være basert på å være i Selskapets interesse grunnet strategiske fordeler eller behov for kapitalinnskudd.*
- (iv) Fullmakten til å utstede nye konvertible lån skal gjelde fra og med den dag den blir registrert i Foretaksregisteret, og skal være gyldig til 30. juni 2021. Fullmakten til å forhøye aksjekapitalen i samsvar med underpunkt (ii) er gyldig så lenge Selskapet er forpliktet til slik konvertering etter låneavtalene.*
- (v) Fullmakten til å utstede konvertible lån som ble innvilget den 24. april 2019, tilbakekalles når fullmakten gitt i dette punkt 12 trer i kraft.*



#### **SAK 13            SKADESLØSHOLDELSE AV STYREMEDLEMMENE OG ADMINISTRERENDE DIREKTØR**

Det har vært Selskapets praksis at den ordinære generalforsamlingen treffer et vedtak om at styremedlemmene og daglig leder holdes skadesløse i forhold til ansvar og krav rettet mot dem som følge av deres arbeid for Selskapet. På Selskapets ekstraordinære generalforsamling avholdt den 13. desember 2006, ble en generell skadesløsholdelsesavtale for styret godkjent.

Forslag til vedtak:

*Generalforsamlingen godkjenner skadesløsholdelse for styremedlemmene og administrerende direktør i perioden fra og med 24. april 2019 til 22. april 2020.*

#### **SAK 14            UTTALELSE OM GOD EIERSTYRING OG SELSKAPSLEDELSE**

Uttalelse om god eierstyring og selskapsledelse er et eget punkt på agendaen for ordinær generalforsamling. Uttalelsen er også referert til i styrets redegjørelse for 2019, og tatt inn i årsberetningen hvor også årsregnskapet inngår, samt vedlagt separat til denne innkallingen som Vedlegg VIII.

Dette er et separat punkt som det ikke skal stemmes over ettersom uttalelsen om god eierstyring og selskapsledelse kun er gjenstand for diskusjon og ikke separat godkjennelse fra aksjonærenes side.

\* \* \*

På Selskapets ordinære generalforsamling har hver aksje én stemme. Det er i alt 387 206 996 aksjer i Selskapet. En aksjonær med aksjer registrert gjennom en forvalter har stemmerett tilsvarende det antall aksjer som er omfattet av forvaltningsoppdraget, forutsatt at eieren av aksjen innen to dager før den ordinære generalforsamlingen oppgir til Selskapet sitt navn og adresse sammen med en bekreftelse fra forvalteren om at han er den reelle eier av aksjene som oppbevares av forvalteren.

Aksjonærer som ønsker å ta del i den ordinære generalforsamlingen må gi varsel om dette ikke senere enn 20. april 2020, innen 12.00. Påmelding foretas elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via VPS Investortjenester. Forhåndsstemme kan kun foretas elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) samt via VPS Investortjenester. For å få tilgang til elektronisk påmelding og forhåndsstemming via selskapets hjemmeside, må pinkode og referansenummer oppgis. Varsel kan alternativt sendes på e-post: [genf@dnb.no](mailto:genf@dnb.no) eller med post til postadresse DNB Bank ASA, Verdipapirservice, postboks 1600 Sentrum, 0021 Oslo. Dersom aksjonærer selv ikke kan møte på generalforsamlingen, kan fullmakt gis til en annen person, se vedlagte påmeldings- og fullmaktsskjema.

**Oslo, 23. mars 2020**

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Walter Qvam  
Styreleder



Oversikt over vedlegg til denne innkallingen som er gjort tilgjengelige på [www.pgs.com](http://www.pgs.com):

- Vedlegg I – Årsregnskap og årsberetning
- Vedlegg II – Valgkomitéens rapport
- Vedlegg III – Honorarer for styremedlemmer og Valgkomitémedlemmer for perioden fra 24. april 2019 frem til generalforsamlingen i 2020
- Vedlegg IV – Prinsipper for fastsettelse av styremedlemmenes og Valgkomitémedlemmenes honorar for perioden fra 24.april 2019 frem til generalforsamlingen i 2020
- Vedlegg V – Prinsipper for fastsettelse av styremedlemmer og Valgkomitémedlemmenes honorarer for perioden fra 22. april 2020 frem til generalforsamlingen 2021
- Vedlegg VI – Erklæring om fastsettelse av lønn og annen godtgjørelse for ledende ansatte
- Vedlegg VII – Langsiktig 2020 Insentivprogram
- Vedlegg VIII – Uttalelse om god eierstyring og selskapsledelse



Ref.nr.:

Pinkode:

### Innkalling til ordinær generalforsamling

Ordinær generalforsamling i PGS ASA avholdes 22. april 2020 kl 15.00 i selskapets hovedkontor, Lilleakerveien 4c, 0216 Oslo

### Forhåndsstemme

Det kan forhåndsstemmes på denne generalforsamlingen. Frist for registrering av forhåndsstemmer er 20. april 2020 kl. 12.00. Forhåndsstemme må gjøres elektronisk, via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) (bruk overnevnte pin og referansenummer), eller Investortjenester. I Investortjenester velg *Hendelser* og *Generalforsamling*.

### Påmelding

Undertegnede vil delta på ordinær generalforsamling den 22. april 2020 og avgi stemme for:

\_\_\_\_\_ egne aksjer

**Påmelding gjøres via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester.** For påmelding via selskapets hjemmeside må overnevnte pinkode og referansenummer benyttes. I Investortjenester velg *Hendelser* og *Generalforsamling*.

Alternativt kan signert blankett sendes til [genf@dnb.no](mailto:genf@dnb.no), eller per post til DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo. Påmelding må være mottatt senest **20. april 2020 kl. 12.00**.

Dersom aksjeeier er et foretak, oppgi navn på personen som vil møte for foretaket: \_\_\_\_\_

Sted	Dato	Aksjeeiers underskrift
------	------	------------------------

**Fullmakt uten stemmeinstruks** for ordinær generalforsamling i PGS ASA  
*Dersom du selv ikke kan møte på generalforsamlingen, kan du gi fullmakt til en annen person.*

Ref.nr.:

Pinkode:

**Fullmakt gis elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester.** For fullmakt via selskapets hjemmeside må overnevnte pinkode og referansenummer benyttes. I Investortjenester velg *Hendelser* og *Generalforsamling*.

Alternativt kan signert blankett sendes til [genf@dnb.no](mailto:genf@dnb.no), eller per post til DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo. Fullmakt må være mottatt senest **20. april 2020 kl. 12.00**.

Om det ikke oppgis navn på fullmektigen, vil fullmakten anses gitt styrets leder, eller den han eller hun bemyndiger.

**Undertegnede:** \_\_\_\_\_  
gir herved (sett kryss)

☐ Styrets leder (eller den han eller hun bemyndiger), eller

☐ \_\_\_\_\_  
(fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgi stemme på ordinær generalforsamling 22. april 2020 i PGS ASA for mine/våre aksjer.

Sted	Dato	Aksjeeiers underskrift ( <i>Undertegnes kun ved fullmakt</i> )
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Angående møte- og stemmerett vises til Allmennaksjeloven, især lovens kapittel 5. Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.



## Fullmakt med stemmeinstruks for ordinær generalforsamling i PGS ASA

Dersom du ikke selv kan møte på generalforsamling, kan du benytte dette fullmaktsskjemaet for å gi stemmeinstruks til styrets leder eller den han eller hun bemyndiger. (Det er også mulig å avgi forhåndsstemmer elektronisk, se eget punkt ovenfor.) Instruks til andre enn styrets leder, avtales direkte med fullmektig.

Fullmakter med stemmeinstruks kan ikke registreres elektronisk, og må sendes til [genf@dnb.no](mailto:genf@dnb.no) (skannet blankett), eller post til DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo. Blanketten må være mottatt senest **20. april 2020 kl. 12.00**.

Blanketten må være datert og signert for å være gyldig.

Undertegnede: \_\_\_\_\_

Ref.nr.: \_\_\_\_\_

gir herved styrets leder (eller den han eller hun bemyndiger) fullmakt til å møte og avgi stemme på ordinær generalforsamling 22. april. 2020 i PGS ASA for mine/våre aksjer.

Stemmegivningen skal skje i henhold til instruksjon nedenfor. Dersom det ikke krysses av i rubrikken, vil dette anses som en instruks om å stemme i tråd med styrets og valgkomitéens anbefalinger. Dersom det blir fremmet forslag i tillegg til, eller som erstatning for forslaget i innkallingen, avgjør fullmektigen stemmegivningen. Dersom det er tvil om forståelsen av instruksene, vil fullmektigen kunne avstå fra å stemme.

Agenda ordinær generalforsamling 2020	For	Mot	Avstå
1. GODKJENNELSE AV INNKALLING OG AGENDA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. VALG AV PERSON TIL Å MEDUNDERTEGNE PROTOKOLLEN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. GODKJENNELSE AV ÅRSBERETNING OG ÅRSREGNSKAP FOR PGS ASA OG KONSERNET FOR 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. GODKJENNELSE AV REVISJONSHONORAR FOR 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. VALG AV STYREMEDLEMMER			
5.1. Walter Qvam (Styreleder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2. Anne Grethe Dalane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3. Richard Herbert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4. Marianne Kah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5. Trond Brandsrud	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. VALGKOMITÉ – VALG AV MEDLEMMER			
6.1. Harald Norvik (Leder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2. Terje Valebjørg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3. Alexandra Heger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4. Ole Jakob Hundstad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. GODKJENNELSE AV HONORARER FOR STYREMEDLEMMER OG MEDLEMMER AV VALGKOMITÉEN			
7.1. Forslag om å godkjenne honorarer for styremedlemmene og medlemmene av Valgkomitéen for perioden fra 24. april 2019 til generalforsamlingen 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2. Forslag om å godkjenne prinsippene for fastsettelse av styremedlemmers honorar for perioden 22. april 2020 til generalforsamlingen 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3. Forslag om å godkjenne prinsippene for fastsettelse av Valgkomitémedlemmers honorar for perioden 22. april 2020 til generalforsamlingen 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. FULLMAKT TIL Å KJØPE EGNE AKSJER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. ERKLÆRING FRA STYRET OM PRINSIPPER FOR FASTSETTELSE AV LØNN OG ANNEN GODTGJØRELSE TIL LEDENDE ANSATTE			
9.1 Forslag om å godkjenne de veiledende deler av Styrets erklæring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.2 Forslag om å godkjenne de bindende prinsipper i Styrets erklæring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. GODKJENNELSE AV LANGSIKTIG INSENTIVPROGRAM FOR ANSATTE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. FORSLAG OM Å GI STYRET FULLMAKT TIL Å FORHØYE SELSKAPETS AKSJEKAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. FORSLAG OM Å GI STYRET FULLMAKT TIL Å UTSTEDE KONVERTIBLE LÅN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. SKADESLØSHOLDELSE AV STYREMEDLEMMENE OG ADMINISTRERENDE DIREKTØR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. UTTALELSE OM GOD EIERSTYRING OG SELSKAPSLÆDELSE			

Sted \_\_\_\_\_ Dato \_\_\_\_\_ Aksjeeiers underskrift (undertegnes kun ved fullmakt med stemmeinstruks)

Angående møte- og stemmerett vises til Allmennaksjeloven, især lovens kapittel 5. Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.



## Generalforsamling 2020

### Ønsker du å motta innkalling til Generalforsamling og andre VPS meldinger elektronisk?

For å spare miljøet og kostnader for selskapene du eier aksjer i, kan du velge å motta innkallinger og annen informasjon elektronisk istedenfor i posten.

Følg punktene under:

- Pålogging gjennom din bank eller med Bank ID på [vps.no](https://vps.no) – Investor- Logg inn Investortjenester
- Trykk på ditt navn øverst til høyre
- Velg «Investoropplysninger»

Endre

- Trykk på blå endre knapp
- Sjekk at din e-post adresse er korrekt. Du kan selv endre denne samtidig
- Velg JA til Elektroniske selskapsmeldinger /Investormelding på alle punkter under

#### Elektroniske selskapsmeldinger \*

Jeg ønsker å motta meldinger, innkallinger og informasjon elektronisk, Fond

Ja Nei

Jeg ønsker å motta meldinger, innkallinger og informasjon elektronisk, Aksjer

Ja Nei

#### Elektroniske investormeldinger

Jeg vil ha alle investormeldinger fra VPS elektronisk.

Ja Nei

- Du vil motta en e-post, som sier at du har en melding i investortjenester, når VPS meldinger / innkallingen er sendt
- Logg deg inn på samme sted og hent VPS melding/ innkallingen i Postkassen øverst til høyre
- Påmelding, fullmakt eller forhåndsstemmer (for de selskap som har dette) må gjøres i investortjenester under *Hendelser – Generalforsamling*
- Kontakte din VPS kontofører om du har spørsmål eller problemer med å sette opp dette



## Nomination Committee Report to the 2020 AGM

### *Introduction*

The Nomination Committee (the “Committee”) in PGS ASA (“PGS” or the “Company”) was established at the Annual General Meeting (“AGM”) on 8 June 2005. The current Committee consists of Harald Norvik (Chairperson), Terje Valebjørg, Alexandra Herger and Ole Jakob Hundstad. None of the members of the Committee are employees of PGS or members of the PGS Board of Directors (the “Board”).

The Committee held five meetings in 2019.

The main duties of the Committee are to propose nominees for election at the AGM as members and chairperson to the Board and the Committee itself, and to propose the fees to be paid to the members of the Board and the Committee.

The duties of the Committee are further regulated in the Nomination Committee Mandate and Charter. The current Charter is available on [www.pgs.com](http://www.pgs.com).

The Board and Committee also send out a letter to the 30 largest shareholders once a year inviting them to join in on a dialog on corporate governance and corporate responsibility matters. The letter is also posted on [www.pgs.com](http://www.pgs.com) and any shareholder may initiate communication with the Company on these matters. During 2019, one meeting was conducted with shareholders under this initiative.

### *Nominees to the Board of Directors*

The Committee has in preparation of its work on proposing nominees for election as members and chairperson to the Board interviewed existing members of the Board as well as the President & CEO. For the 2020 AGM, the Committee emphasizes the importance of PGS’ need for a balance of experience and expertise among the members to the Board, which will provide knowledge of the strategic, international, financial, technological and management issues which face PGS and its’ management.

PGS currently meets the requirements for both male and female directors and residency laid out in the Public Limited Companies Act Sections 6-11 a (1) and 6-11(1). The same will apply if the Board proposed by the Committee is adopted by the AGM.

The proposal is to re-elect for a term ending on the earlier of one year from the 2020 AGM or the 2021 AGM Mr. Walter Qvam as Chairperson (appointed as Director in 2013), and the Directors Ms. Anne Grethe Dalane (appointed as Director in 2013), Mr. Richard Herbert (appointed as Director in 2017), Ms. Marianne Kah (appointed as Director in 2018), and Mr. Trond Brandsrud (appointed as Director in 2019). Information about the Directors’ participation in Board meetings can be found in the Corporate Governance Report, cf. Appendix VIII to the Calling Notice.

The Committee considers the proposed re-electives, to be independent from the Company's management, major business relations, and major shareholders (owning shares in the Company of more than 10%).

The Committee is of the opinion that the proposed Board will have the competence necessary to establish an Audit Committee in accordance with competency requirements of the Public Limited Companies Act § 6-42.

Details of the existing - and proposed - Director's experience and expertise can be found on <https://www.pgs.com/about-us/board-and-executive-team/board-of-directors/>.

The Committee has put considerable effort in assessing the needs of the Board. The Committee believes that both the existing and proposed Board – taking into consideration both shareholder elected and employee elected Directors – will provide the necessary industry knowledge, technical competence and corporate experience needed for PGS' corporate governance.

### ***Nominees for the Nomination Committee***

The Committee has carefully considered whether to propose new members to the Committee on the 2020 AGM. In this work, the Committee has specifically evaluated PGS' need for a Committee which has knowledge of the strategic, international, financial, technological and management issues which face PGS in order to identify qualified and suitable nominees to the Board. The Committee also emphasize the importance of both male and female members and both Norwegian and international members to the Committee.

The Committee proposes that Mr. Harald Norvik (appointed as Chairperson in 2017) is re-elected as Chairperson, and that Committee members Mr. Terje Valebjørg (appointed as member in 2016), Ms. Alexandra Herger (appointed as member in 2019) and Mr. Ole Jakob Hundstad (appointed as member in 2019) are re-elected as members for a term ending on the earlier of one year from the 2020 AGM or the 2021 AGM.

The Committee considers the proposed re-electives, to be independent from the Company's management, major business relations and major shareholders (owning shares in the Company of more than 10%) however noting that Mr. Hundstad is employed with the Government Pension Fund Norway (Folketrygdfondet) who owns shares in the Company but less than 10%.

Details of existing - and proposed - Committee members experience and expertise can be found on <https://www.pgs.com/about-us/corporate-governance/nomination-committee/>.

### ***Remuneration of the Board of Directors***

The Committee has reviewed remuneration practice for both shareholder and employee elected Directors in both international and Norwegian peer companies in order to establish a recommendation to the AGM. The Committee has also taken into account the results of the latest Board Remuneration Survey issued by the Norwegian Institute of Directors. Based on this, the Committee propose to keep the principles and levels for remuneration to the shareholder

and employee elected Directors for the period 2020 AGM-2021 AGM at the same level as it was approved by the AGM for the period 2019 AGM-2020 AGM.

The remuneration scheme for the shareholder and employee elected Directors thus proposed for the period 2020 AGM-2021 AGM is presented in Appendix V to the Calling Notice.

The remuneration payable to the Directors for the previous period 2019 AGM-2020 AGM is set forth in Appendix III to the Calling Notice. This remuneration is calculated in accordance with the principles for Director remuneration that were adopted by the 2019 AGM, see Appendix IV to the Calling Notice.

According to the Norwegian Code of Practice for Corporate Governance, the Directors should be requested to own shares in the Company. The Committee recommended at the 2018 AGM that the shareholder elected Directors over a three-year period themselves acquire shares in the Company in an amount at least equal to 25% of the proposed annual fixed board member fee. Whilst noting that certain Directors may be prevented from acquiring shares due to other roles and positions, the Committee will take into account Director shareholding in the Company when proposing Directors for re-election. The Committee notes that the current shareholder elected Directors that are able to acquire shares have accommodated this recommendation.

### ***Remuneration of the Nomination Committee members***

The Committee has reviewed remuneration practice for nomination committee members in both international and Norwegian peer companies in order to establish a recommendation to the 2020 AGM, and has also taken into account the results of the Board Remuneration Survey issued by the Norwegian Institute of Directors. Based on this, the Committee propose to keep the principles and levels for remuneration to the Committee members for the period 2020 AGM-2021 AGM at the same level as it was approved by the AGM for the period 2019 AGM-2020 AGM.

The principles for and levels of Committee member fees for the period 2020 AGM-2021 AGM proposed by the Committee are seen in Appendix V to the Calling Notice.

The fees payable to the Committee members for the period 2019 AGM-2020 AGM are set forth in Appendix III to the Calling Notice. These numbers are calculated on basis of the principles for remuneration that were adopted by the 2019 AGM, see Appendix IV to the Calling Notice.

\* \* \*

Shareholders who wish to propose new Board members or new members of the Nomination Committee may do so by submitting a candidate's name to PGS' investor relations staff via the Company's website: [www.pgs.com](http://www.pgs.com) by following the link, "Nominate a Board Member." The deadline for submissions each year is January 31. Alternatively, candidates can be proposed by letter to PGS attn. General Counsel or via email to: [ir@pgs.com](mailto:ir@pgs.com).

FEES FOR BOARD MEMBERS and NOMINATION COMMITTEE MEMBERS  
24 April 2019 - 22 April 2020

Appendix III

			2Q 2019	3Q 2019	4Q 2019	1Q 2020	TOTAL
Qvam, Walter	Chairperson + Chairperson Remuneration Committee	USD	27,750	30,750	27,750	30,750	<b>117,000</b>
Dalane, Anne Grethe	Director + Chairperson Audit Committee	USD	18,500	21,500	18,500	21,500	<b>80,000</b>
Herbert, Richard	Director + Member Audit Committee	USD	26,250	21,750	26,250	21,750	<b>96,000</b>
Kah, Marianne	Director + Member Audit Committee	USD	26,250	21,750	26,250	21,750	<b>96,000</b>
Trond Brandsrud	Director + Member Remuneration Committee	USD	12,561	19,875	16,875	19,875	<b>69,186</b>
Borge, Morten	Director + Member Remuneration Committee	USD	4,309	-	-	-	<b>4,309</b>
			<b>115,620</b>	<b>115,625</b>	<b>115,625</b>	<b>115,625</b>	<b>462,495</b>

			2Q 2019	3Q 2019	4Q 2019	1Q 2020	TOTAL
Norvik, Harald	Chairperson Nomination Committee	USD	2,625	2,625	2,625	2,625	<b>10,500</b>
Valebjørg, Terje	Member Nomination Committee	USD	2,000	2,000	2,000	2,000	<b>8,000</b>
Herger, Alexandra	Member Nomination Committee	USD	1,489	2,000	6,500	2,000	<b>11,989</b>
Hundstad, Ole Jakob	Member Nomination Committee	USD	1,489	2,000	2,000	2,000	<b>7,489</b>
Devine, C. Maury	Member Nomination Committee	USD	511	-	-	-	<b>511</b>
			<b>8,114</b>	<b>8,625</b>	<b>13,125</b>	<b>8,625</b>	<b>38,489</b>

**PRINCIPLES FOR SHAREHOLDER ELECTED BOARD MEMBERS' FEES**  
**For the period from 24 April 2019 to the annual general meeting 2020**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Travel Time Allowance for each meeting
<b>All Members</b>	\$60,000	\$9,000	\$7,500	- Intercontinental travel: \$4,500 - Regional travel (e.g. within US or Europe): \$3,000 - Travel within same nation/state (e.g. within Norway or Texas): \$500 - Travel within same city: \$0
<b>Committee Chairperson</b>		Additional \$5,000	Additional \$3,500	
<b>Board Chairperson</b>	\$100,000			As for other members

Further, any costs incurred by the shareholder elected Board Members in relation to their participation as a member of the Board or any of the committees, will be reimbursed by the Company. All fees and costs will be paid on a quarterly basis in arrears.

**PRINCIPLES FOR EMPLOYEE ELECTED BOARD MEMBERS' FEES**  
**For the period from 24 April 2019 to the annual general meeting 2020**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Travel Time Allowance for each meeting
<b>All Members</b>	NOK 100,000	N/A	N/A	N/A

The employee elected Board Members shall otherwise be subject to applicable Company policy for compensation, including policy on compensation to employees of travel related costs. All fees will be paid on a monthly basis in arrears.

**PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES**  
**For the period 24 April 2019 to the annual general meeting 2020**

	Nomination Committee Fee	Travel Time Allowance for each meeting
<b>All Members</b>	\$8,000	- Intercontinental travel: \$4,500 - Regional travel (e.g. within US or Europe): \$3,000 - Travel within same nation/state (e.g. within Norway or Texas): \$500 - Travel within same city: \$0
<b>Chairperson</b>	Additional \$2,500	

Further, any costs incurred by the Nomination Committee Members in relation to their participation as a member of the Nomination Committee, will be reimbursed by the Company. All fees and costs will be paid on a quarterly basis in arrears.

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**PRINCIPLES FOR SHAREHOLDER ELECTED BOARD MEMBERS' FEES**  
**For the period from 22 April 2020 to the annual general meeting 2021**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Travel Time Allowance for each meeting
<b>All Members</b>	\$60,000	\$9,000	\$7,500	- Intercontinental travel: \$4,500 - Regional travel (e.g. within US or Europe): \$3,000 - Travel within same nation/state (e.g. within Norway or Texas): \$500 - Travel within same city: \$0
<b>Committee Chairperson</b>		Additional \$5,000	Additional \$3,500	
<b>Board Chairperson</b>	\$100,000			As for other members

Further, any costs incurred by the shareholder elected Board Members in relation to their participation as a member of the Board or any of the committees, will be reimbursed by the Company. All fees and costs will be paid on a quarterly basis in arrears.

**PRINCIPLES FOR EMPLOYEE ELECTED BOARD MEMBERS' FEES**  
**For the period from 22 April 2020 to the annual general meeting 2021**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Travel Time Allowance for each meeting
<b>All Members</b>	NOK 100,000	N/A	N/A	N/A

The employee elected Board Members shall otherwise be subject to applicable Company policy for compensation, including policy on compensation to employees of travel related costs. All fees will be paid on a monthly basis in arrears.

**PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES**  
**For the period 22 April 2020 to the annual general meeting 2021**

	Nomination Committee Fee	Travel Time Allowance for each meeting
<b>All Members</b>	\$8,000	- Intercontinental travel: \$4,500 - Regional travel (e.g. within US or Europe): \$3,000 - Travel within same nation/state (e.g. within Norway or Texas): \$500 - Travel within same city: \$0
<b>Chairperson</b>	Additional \$2,500	

Further, any costs incurred by the Nomination Committee Members in relation to their participation as a member of the Nomination Committee, will be reimbursed by the Company. All fees and costs will be paid on a quarterly basis in arrears.

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## **Statement from the Board of Directors regarding remuneration principles for Senior Executives**

### **1. Introduction**

PGS ASA and its subsidiaries (“PGS” or the “Company”) is an international company operating in the global geophysical industry. Our operations are conducted world-wide and our employment base is and needs to be largely international. The total compensation package for our President & CEO (the “CEO”) CEO and other executive officers shall therefore be competitive both within the Norwegian labor market and internationally. Both the level of total compensation and the structure of the compensation package for our CEO and executive officers shall be such that it may attract and retain highly qualified international leaders. This will require the use of several different instruments and measures also meant to provide incentives for enhanced performance and to ensure common goals and interest between the shareholders and management.

In accordance with Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors of PGS (the “Board”) has prepared a statement related to the determination of salary and other benefits for our CEO and executive officers for the coming fiscal year. The guiding principles set out in Item 2 below will be presented to the shareholders for their advisory vote at the 2020 Annual General Meeting (“AGM”). The binding principles contained in Item 3 below on award of Performance based Restricted Stock Units (“PRSUs”) will be presented to the AGM for approval and is binding for the Board.

Since the 2019 AGM, the Board has followed the guiding principles then approved by the AGM with respect to remuneration of the CEO and the executive officers.

### **2. Guiding principles**

The current remuneration package for our CEO and executive officers includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits. Other benefits include car allowance, newspaper subscription, mobile phone, internet and similar benefits. The fixed elements also include a defined contribution pension scheme.

The CEO and one executive officer have an early retirement plan allowing for termination of employment without cause when the CEO or the executive officer reach the age of 62. Full early retirement benefits are defined as 60% of the last base salary beginning in the year of retirement. The CEO is eligible for 85% of full benefits if he retires at the age of 62 and full benefits if he retires at the age of 65. The executive officer is eligible for full benefits if he retires at the age of 62. The early retirement benefits cease when the CEO and executive officer reach the age of 67.

The variable elements currently consist of participation in a short-term performance bonus scheme and a long-term performance based PRSU program. The PRSU program is addressed in Section 3 below.

Participation in the short-term performance bonus scheme and the target levels and the maximum levels of the annual performance bonus under this scheme are determined annually. Normally payment under such bonus scheme is based partly on achievements of agreed financial key performance indicators (“KPIs”) for the group and partly on achievements of agreed operational, financial and organizational KPIs included in a personal performance contract. For the CEO, any performance bonus pay-out is under this scheme capped to 150% of his annual base salary. For the executive officers, any performance bonus pay-out is under this scheme capped to 100% of their annual base salary.

This statement deals primarily with the remuneration of our CEO and executive officers. However, the remuneration principles described are to a large extent applicable to a broad group of key employees within the Company. Enhanced performance by the management groups is not achieved by our CEO and executive officers alone but is rather dependent on a large number of managers and key employees throughout the Company. Therefore, a large number of managers and key employees are normally included in performance based remuneration schemes, which contain all or some of the mentioned short- and long-term elements. In addition, all other employees may traditionally receive up to a maximum of one month salary in annual bonus.

A specific peer group of comparable companies and an executive remuneration philosophy has been adopted for determining total executive compensation. As per 31 December 2019, the peer group consisted of 20 companies primarily from Norway and Europe. All companies are of comparable size and have international operations in the oil & gas and oil service sector. An external advisor to the Company collects and combines relevant information related to the peer group companies. This is used by the Board's Remuneration and Corporate Governance Committee ("Remco") and the Board itself to benchmark total executive remuneration. The executive remuneration philosophy document includes certain guidelines on how the CEO and executive officers should compare to the peer group. These tools are amongst others used by Remco and the Board to decide on an appropriate remuneration structure and to set appropriate total remuneration for the CEO and executive officers.

Remuneration to the CEO and other executive officers are evaluated regularly by Remco and the Board. Remco annually reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short- and long-term compensation. Remco has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of total executive compensation. Remco normally engages an external advisor for this work.

### **3. Binding principles**

The AGMs from the year of 2013 including the year of 2019 authorized a PRSU program in order to ensure continued long-term incentives which were linked to the development of the Company's share price. The Board will propose to the 2020 AGM a Long Term Incentive Plan ("LTI Plan") that for all eligible employees will consist solely of PRSUs. The LTI Plan will exclude granting Restricted Stock Units that are not performance related. Settlement of the PRSUs and subsequent transfer of shares to the eligible employee will take place three years later subject to; (i) Total Shareholder Return ("TSR") achievements compared to a comparator group that as of December 31, 2019 comprise 22 relevant companies adjusted for dividends for the said period, and (ii) the Company's Return On Capital Employed ("ROCE") compared to a goal for the said period. Settlement of the PRSUs and subsequent transfer of shares in the Company to the eligible employee will take place three years after the grant subject principally to continued employment by the Company. Further details of the LTI Plan - including goals, terms and conditions - are set out in Appendix VII to the 2020 AGM Calling Notice. The full LTI Plan will be presented to the 2020 AGM for approval

The Board will propose for approval by the 2020 AGM a pool of 2,400,000 PRSUs which may be granted to eligible employees in 2020. No participant in the LTI Plan (including the CEO) may receive more than 7% of the total PRSU pool. The Board will not distribute any other share based incentives than the LTI Plan to the CEO or executive officers during 2020.



**22 April 2020**

**PGS ASA 2020 Long Term Incentive Plan**

**1 Plan.** The PGS ASA 2020 Long Term Incentive Plan was adopted by PGS ASA to reward certain corporate officers and employees of the Company and its Subsidiaries by enabling them to receive Shares of the Company.

**2 Objectives.** The purpose of the Plan is to further align the interests of the Company, its Subsidiaries and its shareholders by providing long-term incentives in the form of Awards to employees who can contribute materially to the success and profitability of the Company and its Subsidiaries. Such Awards will recognize and reward outstanding performances and individual contributions and give Participants in the Plan an interest in the Company parallel to that of the shareholders, thus enhancing the proprietary and personal interest of such Participants in the Company's continued success and long term progress. This Plan will also enhance the Company and its Subsidiaries' ability to attract and retain key employees.

**3 Definitions.** As used herein, the terms set forth below shall have the following respective meanings:

"Award" means the grant of PRSUs to an Employee pursuant to such applicable terms, conditions, and limitations as may be established in order to fulfill the objectives of the Plan.

"Award Agreement" means one or more agreements between the Company and an Employee setting forth the terms, conditions and limitations applicable to an Award.

"Board" means the Board of Directors of the Company.

"Change of Control" shall be deemed to have occurred if: (a) a tender offer is made and consummated for the ownership of 25% or more of the outstanding voting securities of the Company; (b) a company, person or group of companies or persons otherwise comes into control of more than 25% of the outstanding voting securities of the Company; (b) the Company is merged or consolidated with another corporation and as a result of such merger or consolidation less than 51% of the outstanding voting securities of the surviving or resulting corporation are owned in the aggregate by the persons or entities who were shareholders of the Company immediately prior to such merger or consolidation; or (c) the Company sells substantially all of its assets to another corporation, partnership or other entity that is not a wholly owned subsidiary of the Company.

"Committee" means the committee of the Board designated by the Board to administer certain portions of the Plan or, if no such committee is designated, the Board. The Committee may consist of Directors of the Board and/or of the personnel from the Company management.

"Company" means PGS ASA.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Employee" means (1) an employee of the Company or any of its Subsidiaries or (2) an individual who has agreed to become an employee of the Company or any of its Subsidiaries and is expected to become such an employee within six months following the applicable Grant Date.

“Fair Market Value” of a Share means, as of a particular date, (i) if the Company at that point is listed on the Oslo Stock Exchange, the average trading price of the Shares on Oslo Stock Exchange that particular date, (ii) if the Company at that point is not listed on the Oslo Stock Exchange, but is listed on another stock exchange, the average trading price of the Shares on such other stock exchange that particular date, or (iii) if the Shares are not publicly traded, the most recent value determined by an independent appraiser appointed by the Company for such purpose.

“Good Leaver” is defined in Article 9(b).

“Grant Date” means the date an Award is granted to a Participant pursuant to the Plan.

“Participant” means an Employee to whom an Award has been granted under this Plan.

“Plan” is defined in Article 1.

“PRSU” means a performance related restricted stock unit, each of which entitles the Participant to receive one Share, subject to the terms and conditions of the Plan and the Award Agreement.

“ROCE” means Return On Capital Employed. This is a financial ratio defined as Segment EBIT (without exclusion of gains or losses from sale of assets, impairments or other charges) divided by the average Net Capital Employed for the same period. Net Capital Employed is the sum of shareholders’ equity and net interest bearing debt.

“Settlement Date” means, subject to Article 19, the third anniversary of the Grant Date, and if the applicable Settlement Date falls on a Saturday, Sunday or public holiday in Norway, the Settlement Date shall be the first day thereafter where banks in Norway are generally open for business.

“Shares” means the ordinary shares of the Company.

“Subsidiary” means (i) in the case of a corporation, any corporation of which the Company directly or indirectly owns shares representing 50% or more of the combined voting power of the shares of all classes or series of share capital of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation, (ii) in the case of a partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns 50% or more of the voting, capital or profits interests (whether in the form of partnership interests, membership interests or otherwise), (iii) any other corporation, partnership or other entity that is a “subsidiary” of the Company within the meaning of Rule 405 promulgated by the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, and (iv) any other corporation, partnership or other entity that is a “subsidiary” of the Company within the meaning of the Norwegian Public Limited Liability Companies Act Section 1-3 second paragraph.

“TSR” means total shareholder return (share price differential and dividend) from the Grant Date until the Settlement date.

“LTI Comparator Group” means a group of relevant companies included in a comparator group as listed in Appendix 1 hereto with the purpose of identifying average TSR of these companies at the Settlement Date.

“Securities Account” means an account registered in the name of the Participant, such as with the

Norwegian Central Securities Depository, Verdipapirsentralen ASA.

4. *Eligibility.* All Employees who are management or key personnel are eligible for the grant of Awards under this Plan at the discretion of the Committee.

5. *Shares Available for Awards.*

(a) Subject to the provisions of Article 16, no Award shall be granted if it shall result in the aggregate number of Shares to be received by Participants under the Plan plus the number of Shares covered by or subject to Awards then outstanding under this Plan (after giving effect to the grant of the Award in question) is exceeding 2,400,000.

(b) The number of Shares that are the subject of Awards under this Plan that are forfeited or terminated shall again immediately become available for Awards hereunder. The Committee may from time to time adopt and observe such rules and procedures concerning the counting of Shares against the Plan maximum or any sublimit as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national stock exchange on which the Shares are listed, any applicable regulatory requirement or any tax qualification requirement. The Board and the appropriate officers of the Company are authorized to take from time to time whatever actions are necessary, and to file any required documents with governmental authorities, stock exchanges and transaction reporting systems to ensure that Shares are available for delivery pursuant to Awards.

(c) The rights provided for by an Award Agreement, the grant and settlement of the PRSUs, and the PRSUs themselves, are at all times conditional on (i) the Board having the necessary authorization to fulfill the delivery of the Shares under the PRSUs, and (ii) the Company holding a sufficient number of Shares as treasury shares at the relevant Settlement Date. In the event these conditions are not met, any PRSUs awarded and settled under the Plan shall be settled by a cash bonus payment equal to the Fair Market Value per Share on the date of settlement multiplied by the number of Shares subject to the Award.

6. *Administration.*

(a) This Plan shall be administered by the Committee, except as otherwise provided herein.

(b) Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper and which are either (i) not materially adverse to the Participant to whom such Award was granted, (ii) consented to by such Participant, or (iii) made pursuant to the adjustment provisions in Article 16. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to further the Plan purposes.

(c) No member of the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Article 7 shall be liable for anything done or omitted to be done by him or her, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

7. *Delegation of Authority.* The Board or the Committee may authorize a committee of one or more members of the Board to grant individual Awards pursuant to this Plan. The Committee may delegate to the President & CEO or to other employees of the Company or its Subsidiaries its administrative duties under this Plan (excluding its granting authority) pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third-party administrator to carry out administrative functions under the Plan. The Board shall itself determine any Award to the President & CEO and shall not delegate this or any authority under this Plan related to the Award to the President & CEO.

8. *Awards.*

(a) The Committee (or other committee to whom such authority is delegated under Article 7) shall designate from time to time the Employees who are to be the Participants. Any Award shall be granted in the Committee's discretion based on amongst other considerations the position in the Company and a review on the individual Participant's performance prior to award.

(b) The Committee shall decide how many PRSUs each Participant shall receive.

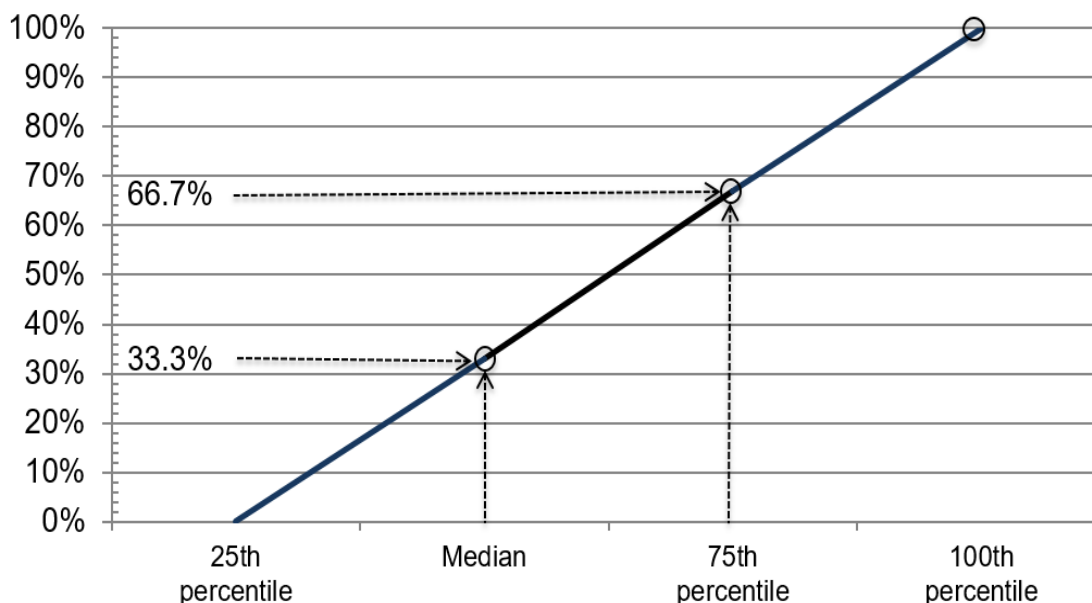
(c) Each Award may, in the discretion of the Committee, be embodied in an Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Participant to whom the Award is granted and signed for and on behalf of the Company. Awards may be granted singly, in combination or in tandem. Awards may also be granted in combination or in tandem with, in replacement of, or as alternatives to, grants or rights under this Plan or any other employee plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. All or part of an Award may be subject to conditions established by the Committee.

9. *PRSU Terms*

(a) An Award shall be in the form of PRSUs, subject to the terms and conditions of the Plan and the Award Agreement. Unless otherwise provided by the Committee or this Article 9, the following terms shall apply to all PRSUs:

(i) *Settlement of 75% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Article 19, 75% of the PRSUs (the "TSR PRSUs") will be settled at the applicable Settlement Date as follows: All of the TSR PRSUs will automatically settle if the Company has delivered a TSR at the 100<sup>th</sup> percentile of the LTI Comparator Group. None of the TSR PRSUs will settle if the Company has delivered a TSR in the lower quartile of the LTI Comparator Group. If the Company has delivered a TSR at the Median of the LTI Comparator Group, 33.3% of the TSR PRSUs will settle. The settlement of TSR PRSUs as a function of TSR performance is illustrated in the chart below:

## TSR Performance



Percentages of awarded PRSUs that will vest as a function of PGS' TSR performance measured against the LTI Comparator Group on the vertical axis. Examples of TSR performance against the LTI Comparator Group on the horizontal axis.

(ii) *Settlement of 25% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Article 19, 25% of the PRSUs awarded (the "ROCE PRSUs") will automatically settle at the applicable Settlement Date subject to the Company's achievement of ROCE in the three full financial years prior to Settlement Date. The performance range is between 10% and 15%, where for a ROCE of 10% or less, none of the ROCE PRSUs will settle, while a ROCE of 15% or above will result in 100% settlement of the ROCE PRSUs. Achievements are linear from 0% to 100% settlement of the ROCE PRSUs within the performance range. The performance will be calculated each year, where each year's result will be combined for the three year measure period.

Following settlement, and subject to Article 5, last sub-paragraph and the further terms and conditions of the Plan and the Award Agreement, a number of Shares equal to the number of PRSUs settled will be delivered by the Company to the Participant's Securities Account as soon as practicable. Any delivery of Shares is conditional upon the Participant having registered a Securities Account and notified the Committee of the account details. Until the date that Shares are registered with a Participant's Securities Account, the Participant shall have no rights as a shareholder pursuant to the Plan or any Award Agreement. From the date when the Shares are registered with the Participant's Securities Account, the Participant will have the right to receive dividends thereafter declared with respect to such Shares and to exercise other shareholder rights. PRSUs which do not settle on the Settlement Date are terminated and become null and void.

(b) *Termination of Employment:* A "Good Leaver" is someone who leaves due to retirement at the normal retirement age or early retirement with Company (or a Subsidiary), consent, incapacity, serious ill health, death, or someone determined a Good Leaver by the Committee. For a Good Leaver, all PRSUs continue with full effect and will automatically be settled at the applicable Settlement Date pursuant to the terms and conditions of the Plan and the Award Agreement. In the event of the death of the Employee, all PRSUs shall be settled in cash as full and final settlement of all PRSUs within 60 days after the time of death. If more than one heir (whether by will, statute or otherwise) of the Employee

claims the cash payment, the Committee can require as a condition for making the cash payment that the heirs within 30 days from written notice from the Committee agree among themselves who shall have the right to the cash payment, and if no such confirmation has been received in writing by the Committee within the 30 day deadline, the PRSUs will terminate without any cash payment taking place and without any further liability or obligations for the Company (or any Subsidiary). For an Employee who is not a Good Leaver, all PRSUs outstanding at the time the Employee resigns, gives or receives a notice of termination with the Company (or a Subsidiary) will terminate immediately without any further liability or obligations for the Company (or a Subsidiary). For the avoidance of doubt, a transfer of employment between the Company and a Subsidiary or between Subsidiaries shall not be considered a termination of employment for the purposes of this Plan.

*10. Change of Control.* Notwithstanding any other provisions of the Plan, including Articles 7 and 8 hereof, unless otherwise expressly provided in the applicable Award Agreement, in the event of the occurrence of a Change of Control, each PRSU granted under this Plan to the Participant shall be immediately settled in full; provided, however, that with respect to a Participant subject to United States taxation, no Change of Control shall be deemed to have occurred unless such event also constitutes an event specified in Code Section 409A(2)(A)(v) and the Treasury Regulations promulgated thereunder.

*11. Participants in Different Jurisdictions.* The Committee may grant Awards to persons in a particular country under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions and, to that end, may establish sub-plans, modified PRSU settlement procedures and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder and no Awards shall be granted, that would violate any securities law, any governing statute, or any other applicable law.

*12. Securities Law regulations.*

*(a)* As the Company is a public company and is listed on the Oslo Stock Exchange, there are certain laws, rules and regulations that apply for subscription, sale and purchase of the Company's securities (including Shares and other financial instruments in the Company), including but not limited to insider trading rules and notification obligations. Each Participant is obliged, and is personally responsible, to make him- or herself familiar with such rules and to abide by the same.

*(b)* Furthermore, the Company has rules (which might be amended from time to time in the Company's sole discretion) for its employees and employees of its Subsidiaries trading in its securities, and each Participant is also obliged, and is personally responsible, to make him- or herself familiar with such Company rules and to abide by the same.

*(c)* The Committee may adopt additional rules and procedures regarding the settlement of PRSUs from time to time, provided that such rules and procedures are not inconsistent with the provisions of this Plan.

*13. Taxes.* The Participant shall be fully liable for any and all tax liabilities imposed upon the Participant pursuant to an Award and any and all rights conferred to the Participant under an Award Agreement, including but not limited to, taxes imposed by the settlement of PRSUs and delivery of Shares or payment of cash. The Company will declare any Award and any delivery of Shares or payment of cash on the basis of an Award Agreement to the Norwegian and/or other relevant tax authorities in accordance with applicable laws at all times. The Company or its designated third-party administrator shall have the right to deduct applicable taxes (including withholding taxes) from any Award payment and withhold, at the time of delivery of cash or Shares under this Plan, an appropriate amount of cash or number of Shares or a combination thereof for payment of taxes (including withholding taxes) or other amounts required

by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes.

14. *Amendment, Modification, Suspension, or Termination of the Plan.* The Board may amend, modify, suspend, or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect in any material respect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the shareholders of the Company to the extent such approval is required by applicable legal requirements or the applicable requirements of the securities exchange on which the Shares are listed.

15. *Assignability.* Unless otherwise determined by the Committee and provided in the Award Agreement or the terms of the Award, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will or by the laws of descent and distribution. The Committee may prescribe and include in applicable Award Agreements or the terms of the Award other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Article 15 shall be null and void.

16. *Adjustments.*

(a) The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the share capital of the Company or its business or any merger, demerger or consolidation of the Company, or any issue of Shares, bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the existing Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

(b) In the event of any subdivision or consolidation of outstanding Shares or a Share split, any other recapitalization or capital reorganization of the Company, any consolidation, merger or demerger of the Company with another corporation or entity (which do not qualify as a Change of Control), the adoption by the Company of any plan of exchange affecting the Shares, then the number of PRSUs covered by the Awards shall be proportionately adjusted by the Company as appropriate to reflect such transaction; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the PRSUs and to preserve, without increasing, the value of such PRSUs.

17. *Restrictions.* No Shares or other form of payment shall be delivered with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such delivery will be in compliance with applicable law. Shares delivered under this Plan may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the applicable securities regulatory authority, any securities exchange or transaction reporting system upon which the Shares are then listed or to which it is admitted for quotation and any applicable law. The Committee may cause a legend or legends to be placed or coded upon the Shares to make appropriate reference to any such restrictions.

18. *Right to Employment.* Nothing in this Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or its Subsidiaries to terminate any Participant's employment or other service relationship at any time, or confer upon any Participant any right to continue in the capacity in

which he or she is employed or otherwise serves the Company or its Subsidiaries.

19. *Postponement of the Settlement Date.* If, due to securities law restrictions, the Committee in its discretion finds it appropriate, the Committee may elect to postpone the applicable Settlement Date. The Settlement Date may, however, only be postponed for as long as the securities law restrictions apply.

20. *Governing Law and Disputes.* This Plan and all determinations made and actions taken pursuant hereto shall be governed by and construed in accordance with the laws of Norway. Any disputes arising out of or in connection with this Plan and any Award shall be settled by the ordinary courts in Norway with Asker og Bærum Tingrett as the legal venue.

21. *Section 409A.*

(a) Awards made under this Plan are intended to comply with or be exempt from Code Section 409A, and ambiguous provisions hereof, if any, shall be construed and interpreted in a manner consistent with such intent. No payment, benefit or consideration shall be substituted for an Award if such action would result in the imposition of taxes under Code Section 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an additional tax under Code Section 409A, that Plan provision or Award shall be reformed, to the extent permissible under Code Section 409A, to avoid imposition of the additional tax, and no such action shall be deemed to adversely affect the Participant's rights to an Award.

(b) If the Participant is identified by the Company as a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) on the date on which the Participant has a "separation from service" (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Code Section 409A shall be paid or settled on the earliest of (1) the first business day following the expiration of six months from the Participant's separation from service, (2) the date of the Participant's death, or (3) such earlier date as complies with the requirements of Code Section 409A.

22. *Effectiveness and Term.* The Plan is effective as of 22 April 2020. No Award shall be made under the Plan after 22 April 2023.



**APPENDIX 1 – LTI COMPARATOR GROUP**

<b>Company</b>	<b>Country</b>
Akastor ASA	NO
Aker Solutions ASA	NO
BW Offshore Limited	NO
CGG SA	FR
Fugro N.V.	NL
Hunting PLC	GB
ION Geophysical Corp	US
Kværner ASA	NO
Magseis Fairfield ASA	NO
Northern Drilling Limited	NO
Odfjell Drilling Limited	NO
Petrofac Limited	GB
Polarcus Ltd	UAE
Prosafe SE	CY/NO
Saipem SpA	IT
SBM Offshore N.V.	NL
SeaBird Exploration PLC	NO
Subsea 7 SA	NO
TechnipFMC PLC	FR
TGS-NOpec Geophysical Company ASA	NO
Wood Group (John) PLC	GB

Upon changes in the above LTI Comparator Group during the period from Grant Date to Settlement Date (such as but not limited to bankruptcy, liquidation, mergers and acquisitions), the Committee is authorized to consider the consequences thereof for the LTI Comparator Group and the Company's relative TSR.

## CORPORATE GOVERNANCE REPORT

**PGS ASA (“PGS” or the “Company”) is committed to maintaining high standards of corporate governance. We believe that effective corporate governance is essential to our Company’s success and establishes the framework by which we conduct ourselves in delivering services to our customers and creating value for our shareholders.**

PGS is registered in Norway as a public limited liability company, and our corporate governance model is based on Norwegian corporate law, the Continuing Obligations of Stock Exchange Listed Companies issued by Oslo Stock Exchange, the Rules and Regulations of the Luxembourg Stock Exchange, and the Norwegian Code of Practice for Corporate Governance (the “NUES Recommendations”). To the extent practicable, PGS also adheres to requirements applicable to registrants of foreign securities in the United States, where our American Depositary Shares (“ADS”) are publicly traded. We have implemented corporate governance particularly suited to our Company and the industry in which we operate.

The Norwegian Public Limited Liability Companies Act section 5-6 (4) requires that the statement of Corporate Governance is brought up for the Annual General Meeting (“AGM”). Consequently, this report will be presented to the General Meeting on April 22, 2020.

Our corporate governance principles, which have been adopted by our Board of Directors, are summarized below. Our website provides full versions of our basic corporate governance documents and an overview of our governance structure. These items include the Company’s Articles of Association, the Board of Directors’ Rules of Procedure, and the charters for the Company’s Audit Committee, Remuneration and Corporate Governance Committee, and Nomination Committee. The documents can be downloaded from our website: [www.pgs.com](http://www.pgs.com).

In accordance with the Norwegian Accounting Act section 3-3b, PGS is required to give a statement of our corporate governance in the Board of Directors report. In the Board of Directors report we refer to this document.

### 1. Code of Conduct, Core Values and Corporate Responsibility

We have adopted a Code of Conduct that reflects our commitment to our shareholders, customers, and employees to carry out our business with the utmost integrity. Our Code of Conduct and Core Values are available in full on our website: [www.pgs.com](http://www.pgs.com).

At the heart of our Core Values is also a principled approach to Corporate Responsibility. We have built our framework for Corporate Responsibility around four key areas: People, Environment, Conduct and Stakeholders. For a further description, see our Corporate Responsibility Report, which is available at [www.pgs.com](http://www.pgs.com).

### 2. Business

PGS is a focused marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Company’s MultiClient data library is among the largest in the seismic industry. The Company operates on a worldwide basis with headquarters in Oslo, Norway.

Our business purpose, as presented in the Company’s Articles of Association, is as follows:

“The business of the Company is to provide services to and participate and invest in energy related businesses.”

Our business operations and the goals and strategies for our business areas are presented in greater detail on pages 16-18 of the Annual Report.

### 3. Equity and Dividends

The shareholders' equity as of December 31, 2019 was \$637.1 million, corresponding to 27.7% of total assets.

The Board of Directors believes that the Company has an adequate capital structure. However, as a result of a weak market over several years, combined with substantial investments in fleet renewal, Net Interest Bearing Debt excluding lease liabilities, currently at \$1,007.5 million, is higher than what the Board sees as beneficial for stakeholders over time. Taking into account experience from the downcycle and with a view that the Company's markets will continue to be cyclical in the future, the Company has adopted a strategic target to over time reduce Net Interest Bearing Debt to a level not exceeding \$500 to 600 million, assuming the current size and composition of business activities. As a result, the Company will give higher priority to profitability, cash flow generation and debt reduction than business growth until it reaches a lower debt level. During 2019 the Company reduced its Net Interest Bearing Debt by \$102.1 million, or 9.2%. The Board of Directors continually monitors the adequacy of the Company's capital structure in light of its objectives, strategy, risk profile and outlook.

The alternative performance measure "Net Interest Bearing Debt" as used above, excludes lease liabilities recognized in accordance with IFRS 16 and is further defined in the Annual Report.

The Board of Directors has adopted a dividend policy whereby it is the intention to distribute 25 to 50 percent of annual net income as dividends over time. The Board of Directors has no general authorization to distribute dividends. Each year's dividend is decided by the AGM after a proposal from the Board of Directors.

The Company has not distributed dividends in recent years due to a weak market, operating losses and a need to maintain an adequate liquidity reserve. Going forward, the Company's capacity to pay dividend will be assessed by the Board of Directors in light of, among other things, the market outlook and the Company's equity and funding positions. Since the Company currently has Net Interest Bearing Debt which is above the targeted level, priority is given to debt reduction before resuming dividend payments. In addition, the Company is restricted in its combined Revolving Credit and Term Loan B facility from proposing a dividend for 2019; and these agreements require certain conditions to be fulfilled before the Company may propose a dividend payment.

The Board of Directors is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires on June 30, 2020. However, a new authorization will, in line with past practice, be proposed at the next AGM. Purchase of treasury shares are subject to restrictions in the Revolving Credit and Term Loan B facility identical to those applicable for distribution of dividends.

It has been an ongoing practice of PGS shareholders to grant authorizations to the Board of Directors permitting it to increase the Company's share capital or issue convertible loans for up to 10 percent of the Company's share capital for certain defined purposes. The current authorizations expire on June 30, 2020. New authorization in line with past practice will be proposed at the next AGM.

Separate General Meeting votes are held for (a) authorizations to increase the share capital for certain business purposes, (b) authorization to issue convertible loans and (c) authorization to acquire treasury shares. When a proposed resolution encompasses share capital increases and/or the issuance of convertible loans and/or acquisition of treasury shares for various purposes, the Company does not find it practical to hold separate votes on each element of proposals. This is a deviation from the NUES Recommendation No. 3 where it is recommended that when the General Meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting.

#### **4. Equal Treatment of Shareholders and Transactions with Close Associates**

PGS has a single share class and all shares carry the same rights. At our General Meetings, each share carries one vote. Our Board of Directors is committed to equal treatment of shareholders in all respects.

When applicable, transactions involving the Company's own shares are carried out through a stock exchange, or at prevailing stock-exchange prices if carried out in an alternative manner.

Transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, executive officers, or close associates of any such party (referred to as "Close Associates") shall be conducted at arm's length distance and at market terms. Material transactions with Close Associates will be subject to independent valuation by third parties. According to PGS' Code of Conduct, our employees shall not have any personal or financial interest that might conflict with those of PGS nor influence, or appear to influence judgments or actions in carrying out their responsibilities on behalf of the Company. According to the Board of Directors' Rules of Procedure, a member of our Board of Directors may not participate in discussions or decision-making as to issues in which the Director or any person closely associated with the Director has a material personal or financial interest. The Code of Conduct and Rules of Procedure are available on our website: [www.pgs.com](http://www.pgs.com).

#### **5. Shares and Negotiability**

The Company's shares are freely transferable and there are no restrictions imposed by the Company on ownership of or voting for shares.

#### **6. General Meetings**

Through participation in General Meetings, our shareholders exercise ultimate authority over the Company and, with exception of the employee elected Directors, elect the members of its Board of Directors and the chairperson of the Board of Directors.

Pursuant to the Company's Articles of Association, the notice of an AGM is distributed at least four weeks in advance of the meeting to shareholders or their depository banks. For ADS holders, the record date for notice-distribution purposes is set at approximately five weeks prior to the AGM. A copy of the call notice with appendices will be posted on our website: [www.pgs.com](http://www.pgs.com).

Notices convening Extraordinary General Meetings ("EGM") must be distributed at least three weeks ahead of the meeting. The Board of Directors is to call shareholders to an EGM upon a written demand by the Company's independent auditor or shareholders representing at least five percent of the share capital, or for other purposes.

Shareholders who wish to attend a General Meeting must notify the Company's registrar or PGS by the deadline stated in the meeting notice, which must be at least two working days before the General Meeting.

According to the Company's Articles of Association, documents to be considered at the General Meeting may be published on our website. The same applies to documents that, due to statutory requirements must be attached to, or included in the notice calling the General Meeting. If the documents are published in such a manner, the statutory requirements for distribution shall not apply. Nevertheless, shareholders are entitled to request that documents to be considered by the General Meeting are sent to them via regular mail.

To vote at General Meetings, in person or by proxy, a shareholder must be registered with the Norwegian Central Securities Depository ("VPS"). Holders of ADS may vote according to the underlying shares by: (a) having the underlying shares transferred to an account with the Norwegian Central Securities Depository in the name of the holder, (b) attending the meeting as a shareholder by providing their name, address and evidence that they are the beneficial

owner of the ADSs and coordinating with Deutsche Bank, depositary for the ADS, to have their ADSs blocked from voting, or (c) authorizing Deutsche Bank to vote the ADS on their behalf in accordance with specific guidelines.

An owner with shares registered through a custodian has voting rights equivalent to the number of shares covered by the custodial arrangement, provided that the owner of the shares, within two working days ahead of the General Meeting, provides PGS with his or her name and address together with written confirmation from the custodian to the effect that he or she is the beneficial owner of the shares held in custody.

Written and/or electronic voting in accordance with the Norwegian Public Limited Liability Companies Act, section 5-8b, shall be allowed for meetings where such method of voting is arranged by the Board of Directors.

Generally, all Directors attend the AGM together with the chairperson of the Nomination Committee and the auditor. In accordance with the Company's Articles of Association, the chairperson of the Board of Directors chairs General Meetings. This is a deviation from the NUES Recommendation No. 6 for making arrangements to ensure an independent chairperson for the General Meetings. The reason for this deviation is that the Company has found this more practical and that PGS wishes to ensure that General Meetings are chaired by a competent person having proper insight into PGS' overall operations.

## **7. Nomination Committee**

According to our current Articles of Association, the Company has a Nomination Committee comprised of four members to be elected by our shareholders at the AGM. The majority of Nomination Committee members shall qualify as independent parties, pursuant to the NUES Recommendations. The term of service shall be two years unless the General Meeting determines that the period shall be shorter.

The Nomination Committee's main responsibilities, which are set out in the Nomination Committee Mandate and Charter, are to propose nominees for election as members and chairperson of the Board of Directors and the Nomination Committee. Further, the Nomination Committee proposes remuneration to be paid to members of the Board of Directors and Nomination Committee. The remuneration is approved by the General Meeting. Annually, the Nomination Committee produces a written report containing its nominations and proposals, which is distributed in advance of each AGM.

Once a year, the Nomination Committee meets with each Director individually and discusses how the Board of Directors and its committees function and whether there is a need for changes to the Board of Directors. The Nomination Committee also keeps contact with shareholders and the Company's President & CEO ("CEO") as part of its work.

As of December 31, 2019, the Nomination Committee comprises Harald Norvik (chairperson), Terje Valebjørg, Alex Herger and Ole Jakob Hundstad. Mr. Norvik was a first time electee at the AGM held May 10, 2017, whereas Mr. Valebjørg at the same AGM was re-elected, and Ms. Herger and Mr. Hundstad were first time elected at the AGM held April 24, 2019, all for a service period ending with the 2020 AGM.

Shareholders who wish to propose new Board members or new members of the Nomination Committee may do so by submitting a candidate's name to PGS' investor relations staff via the Company's website: [www.pgs.com](http://www.pgs.com) by following the link, "Nominate a Board Member." The deadline for submissions each year is January 31. Alternatively, candidates can be proposed by letter to PGS attn. General Counsel or via email to: [ir@pgs.com](mailto:ir@pgs.com). PGS does not employ any Nomination Committee members and none is a member of the Board of Directors.

In 2019, the Nomination Committee held five meetings and conference calls. The Nomination Committee's report on its work and recommendations is set out in Appendix II to the Calling Notice.

## 8. Board of Directors — Composition and Independence

According to the Company's Articles of Association, our Board of Directors shall have from three to thirteen Directors. The period of service for members of the Board of Directors shall be one year.

The Board of Directors has adopted its own Rules of Procedure that establish in more detail its roles and responsibilities, including:

- Directors' qualifications
- Requirement that a majority of the shareholder elected Directors in the Board, a majority of the shareholder elected Directors being members of the Remuneration and Corporate Governance Committee, and all shareholder elected Directors being members of the Audit Committee, are considered to be independent Directors
- Annual review and determination of the independence of each Director.

The composition of the Board of Directors is a reflection of the Company's commitment to protect the common interests of all shareholders and the Company's need for expertise, capacity and diversity.

As of December 31, 2019, the Board of Directors comprised five shareholder elected and three employee elected Directors. The current shareholder elected Directors are Walter Qvam (chairperson), Anne Grete Dalane, Richard Herbert, Marianne Kah and Trond Brandsrud, whilst the current employee elected Directors are Anette Valbø, Hege Renshus and Grunde Rønholt. The current Directors are presented more in detail on the Company's website: [www.pgs.com](http://www.pgs.com) and in this Annual Report.

All shareholder elected Directors are independent of the Company's management. All such Directors are also per December 31, 2019, independent of our major business relations and major shareholders (owning more than 10% of the shares in the Company). No shareholder elected Director may be an executive of PGS. Such Directors are not permitted to perform paid consultancy work for PGS. As of December 31, 2019, all Directors, directly or indirectly, own PGS shares.

Shareholders and other interested parties may communicate directly with our shareholder elected Directors by written correspondence addressed to PGS ASA, Board of Directors (shareholder elected members), Secretary of the Board of Directors or to the Company's General Counsel Lars Ragnar van der Bijl Mysen, PO Box 251, NO-0216 Oslo, Norway. Further, our website: [www.pgs.com](http://www.pgs.com) invites shareholders wishing to discuss corporate governance or corporate responsibility matters to contact Mr. Mysen by phone or arrange a meeting with him.

## 9. The work of the Board of Directors

In accordance with Norwegian corporate law, our Board of Directors has overall responsibility for management of the Company, while the CEO is responsible for day-to-day management.

The Board of Directors provides oversight of the CEO's day-to-day management and company activities in general. The Board of Directors is also responsible for ensuring that appropriate management, guidelines, and control systems are in place and are followed.

The CEO, as agreed with the chairperson of the Board of Directors, annually submits a schedule of the meetings of the Board of Directors in the upcoming calendar year. The schedule is subject to Board approval. In 2019, the Board of Directors held nine meetings including conference calls. During 2019, all the current shareholder elected Directors participated in all prescheduled board meetings and conference calls.

Key elements of the Rules of Procedure cover the Board of Directors' responsibilities to determine the Company's financial targets, set strategy along with the CEO and executive committees, and approve business plans, budgets, and budgetary and risk frameworks. The Board of Directors reviews at least annually the objectives, strategy and risk profile for the Company. In its supervision of the Company's business activities, the Board of Directors will seek to ensure that satisfactory procedures are in place for monitoring and follow-up of Board-approved corporate principles and guidelines covering areas such as ethical conduct; adherence to laws, rules, and regulations; health, safety and environment; and corporate responsibility.

The Rules of Procedure also require an annual self-evaluation to determine whether the Board of Directors and its committees are functioning effectively. The annual self-evaluation is prepared and facilitated by the Remuneration and Corporate Governance Committee. An anonymous survey is carried out and the findings are discussed by the Board of Directors. The survey's findings are made available to the Nomination Committee. The Chairperson of the Nomination Committee also shares with the Board of Directors relevant information for improvement of Board processes that may come up in their annual interviews with individual Directors.

Each scheduled Board of Directors meeting includes a separate session at which issues may be discussed without the presence of the Company's management.

The tasks and duties of the CEO vis-à-vis the Company's Board of Directors are also outlined in the Rules of Procedure, along with the tasks and duties of the chairperson of the Board of Directors. The CEO participates in all board meetings other than closed sessions. The Board of Directors elects a vice chairperson to chair board meetings in the chairperson's absence. The full text of the Board of Directors' Rules of Procedure is available at [www.pgs.com](http://www.pgs.com).

Our governance structure is organized as described below.

Our Board of Directors is responsible for the supervision of our business activities. The Board of Directors has established an Audit Committee and a Remuneration and Corporate Governance Committee to assist in organizing and carrying out its responsibilities. The mandate and charter for the Audit Committee and the Remuneration and Corporate Governance Committee is available at [www.pgs.com](http://www.pgs.com).

**Board responsibilities include:**

- The Board of Directors appoints the Company's CEO
- The Board of Directors, along with the CEO, is committed to operating PGS in an effective and ethical manner in order to create value for the Company's shareholders. Our Code of Conduct requires management to maintain an awareness of the risks involved in carrying out our business strategies. Personal interests must not override or conflict with the interests of PGS.

**The responsibilities of the CEO include:**

- Day-to-day management of company activities
- Organizing PGS' Executive Committees and the Disclosure Committee to further assist the CEO
- The CEO, under the guidance and supervision of the Board of Directors and the Audit Committee, is responsible for ensuring that the Company's financial statements in all material respects fairly present the Company's financial condition and the results of its operations. Timely disclosure of issues to the Board of Directors is also essential to the assessment of the Company's financial condition, business performance and risks.

**Board of Directors Committees**

As of December 31, 2019, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Richard Herbert, Marianne Kah, Anette Valbø and Hege Renshus. All shareholder elected Director's being members of the committee are

considered independent of the Company. The committee's functions are to assist the Board of Directors in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications, independence and performance; to monitor the performance of the internal audit function; and to promote and review compliance with laws and regulatory requirements.

As of December 31, 2019, the PGS' Remuneration and Corporate Governance Committee comprises Directors Walter Qvam (chairperson), Trond Brandsrud, and Grunde Rønholt. All shareholder elected Director's being members of this committee are considered independent of the Company's senior management. The function of the committee is to assist in matters relating to compensation, benefits, and perquisites of the CEO and other senior executives. Review and modification of the Company's corporate governance implemented in the Company are also committee responsibilities.

In 2019, the Board of Directors also mandated an ad-hoc committee comprised by Mr. Qvam, Ms. Dalane and Mr. Brandsrud to oversee the Company's refinancing process together with the PGS management.

#### **10. Risk Management and Internal Control**

The Board of Directors is responsible for ensuring that appropriate guidelines, monitoring, and internal control systems are in place. These are to include embedding risk management, designating risk ownership, and implementing risk responses and controls.

The Board of Directors has systems in place to assess that the CEO exercises appropriate and effective management. The Board of Directors' Audit Committee assesses the integrity of PGS' accounts. It also enquires about, on behalf of the Board of Directors, issues related to financial review and external audit of PGS' accounts. Further, the Board of Directors and the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting.

The Board of Directors and the Audit Committee take steps to ensure that the Company's internal control functions are working as intended and that necessary measures are taken to reduce extraordinary risk exposure. Furthermore, the Board of Directors makes certain that there are satisfactory routines for follow-up of principles and guidelines adopted by the Board of Directors governing (i) ethical conduct; compliance with laws, rules and regulations; health, safety and working environment; and corporate responsibility, and (ii) how the Company integrates stakeholder considerations into the Company's value creation.

The Company's anti-corruption program includes a management statement, policy and procedures as to several ethical issues, periodic training, high risk area assessment and monitoring, compulsory contract wording, etc. The policy and procedures are available at [www.pgs.com](http://www.pgs.com). The program is evaluated on a regular basis by the Audit Committee.

Management maintains and regularly reviews a risk matrix setting out the main risks for the Company. These risk factors and the Company's risk mitigating activities are subject to discussion in the Board of Directors at least once a year.

Management conducts day-to-day follow-up of financial management and reporting. Management has established a structured approach to ensure that the system for Internal Control over Financial Reporting ("ICFR") is effective. ICFR includes identification and assessment of all material financial reporting risks, identifying and documenting relevant controls to address these risks, and monitoring that controls are implemented and performed. For controls that are not operationally effective at year-end, their potential financial exposure and impact on the consolidated financial statements are evaluated.



**Internal Audit Department**

PGS has an Internal Audit Department reporting directly to the Audit Committee on its audit planning and audit reports. The purpose of the Internal Audit Department is to perform independent, objective assurance and consulting activities that add value and improve the Company's initiatives in financial, operational and compliance areas.

The scope of work for the Internal Audit Department includes determining whether the Company's risk management, control, and governance, as designed and represented by management, are adequate and well-functioning. The audit reports are issued to the Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses.

**11. Remuneration of the Board of Directors and Executive Management**

Remuneration of shareholder elected Directors is not linked to performance but is based on an annual fee and is subject to annual approval by the General Meeting. Shareholder elected Directors shall not solicit or accept specific assignments for PGS beyond their role as Directors. Shareholder elected Directors neither hold any PGS share options, restricted stock units nor performance based restricted stock units.

For details on compensation to individual Directors, please see Note 29 to the consolidated financial statements of PGS.

Remuneration payable to both employee elected and shareholder elected Directors will be proposed by the Nomination Committee according to its Mandate and Charter, and is submitted to the AGM for approval.

Executive remuneration is one of the primary tasks of the Remuneration and Corporate Governance Committee. The committee annually reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short and long-term compensation. The Remuneration and Corporate Governance Committee has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of executive compensation. The committee normally also engages an external advisor for this work.

A specific peer group of comparable companies and an executive remuneration philosophy have been adopted. As per December 31, 2019, the peer group consisted of twenty companies primarily from Norway and Europe. All companies are of comparable size and have international operations in the oil & gas and oil service sectors. An external advisor collects and compiles relevant information on peer group companies. This information is used by the Remuneration and Corporate Governance Committee for benchmarking executive remuneration. The executive remuneration policy document includes certain targets and guidelines on how the Company's executives should compare to the peer group. These tools, amongst others, are used by the Remuneration and Corporate Governance Committee to decide on an appropriate remuneration structure and to set appropriate total remuneration.

Compensation for the CEO adheres to the same process as that used for other executives, but is also subject to approval by the Board of Directors.

PGS currently has a compensation structure for senior executives that include a base salary, benefits such as newspaper and mobile phone subscriptions, cash bonuses, pension plans, and performance stock-based long-term incentive programs. Features of these programs include an absolute ceiling on performance-related remuneration.

For further details on the compensation structure and total compensation to executive team members, see note 29 to the consolidated financial statement of PGS, and also the Board of Directors' Statement on Remuneration to the CEO and senior executives set forth as Appendix VI to the Calling Notice.

**12. Information and Communications**

The Board of Directors is committed to reporting financial results and other relevant information based on openness and the requirement of equal treatment of all shareholders and securities market participants. The Company complies with relevant disclosure rules and regulations. Announcements are released through the Nasdaq OMX reporting channel and posted on the Oslo Stock Exchange's news service: [www.newsweb.no](http://www.newsweb.no). In addition, all announcements are available on the Company's website: [www.pgs.com](http://www.pgs.com). The Company's policy of accessibility for shareholders is also presented on the Company's website.

The Company has an investor relations function to ensure that requests for information from shareholders, analysts and other interested parties are satisfied. The Company has an active investor communication program which includes senior management roadshows in connection with reporting of financial results, presentations at relevant investor conferences, and availability for one-on-one meetings. The Company hosts a Capital Markets Day presentation once a year.

The Board of Directors and the Nomination Committee send a letter to the 30 largest shareholders once a year inviting them to join in a dialog on corporate governance and corporate responsibility matters. The letter is also posted on [www.pgs.com](http://www.pgs.com) and any shareholder may initiate communication with the Company on these matters. During 2019, one meeting was conducted with shareholders under this initiative.

**13. Takeover Bids**

The Board of Directors has established guiding principles for how it will act in the event of a takeover bid. The Board of Directors will ensure that all shareholders are treated equally and seek to prevent disruptions to, or interference with, Company operations to the extent possible. In the event of a takeover bid, the Board of Directors will, in accordance with its overall responsibilities and good corporate governance, act in the best interest of shareholders and ensure that they are given sufficient information in the matter. If a takeover bid is made, the Board of Directors will issue a statement containing a recommendation as to whether the shareholders should accept or reject the offer, including an independent valuation of the offer. The Company's Articles of Association do not contain any restrictions, limitations, or defense mechanisms against acquisition of its shares.

**14. Auditor**

The Audit Committee shall support the Board of Directors in the administration and exercise of its responsibility for supervision of the work of the independent auditor, who shall keep the Board of Directors informed of all aspects of its work for PGS. This duty includes submission of an annual plan for the audit of PGS. The auditor attends all Audit Committee meetings and, at least twice a year, meets with the Audit Committee without the presence of management. In-house policies govern the use of the auditor's services. Use of the auditor for services other than the audit of PGS requires pre-approval by the Audit Committee.

The independent auditor meets with the full Board of Directors at least once a year in connection with the preparation of the annual financial statements and, at least once a year, presents a review of PGS' financial reporting and internal control procedures for financial reporting. At least once a year, the independent auditor meets with the Board of Directors without the presence of any member of the executive management.

Remuneration paid to the auditor for mandatory and other audit services will be reported to the AGM for approval.

**15. Compliance with Laws, Rules, Regulations and Recommendations**

As part of PGS' Business Practice outlined on [www.pgs.com](http://www.pgs.com), PGS is inter alia committed to comply with relevant laws, rules, and regulations, as well as the Continuing Obligations of Stock Exchange Listed Companies issued by Oslo Stock

Exchange and the Rules and Regulations of the Luxembourg Stock Exchange. In addition, PGS complies with the current recommendations set forth in the NUES Recommendations, subject only to deviations identified and justified in this report. The NUES Recommendations are available at [www.nues.no](http://www.nues.no).

The Board of Directors further conducts periodic reviews of PGS' corporate governance policies and procedures, including the Board of Directors' Rules of Procedure. This process is conducted annually and managed by the Remuneration and Corporate Governance Committee. Any changes to policies or procedures are presented to the Board of Directors for approval.