



Til Aksjonærene i  
Petroleum Geo-Services ASA (PGS)

Our ref.: PU

Oslo 22. mars 2018

**PETROLEUM GEO-SERVICES ASA ORDINÆRE GENERALFORSAMLING 25. April 2018 – KL. 15.00**

Vedlagt oversendes:

- Innkalling
- Fullmaktsskjema

Årsrapporten for 2017 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 Petroleum Geo-Services 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 2018 i Petroleum Geo-Services ASA ("PGS" eller "Selskapet"). Møtet vil bli avholdt i PGS hovedkontor, Lilleakerveien 4C, 0216 Oslo, den

**25. april 2018 kl. 15.00 norsk tid**

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

Selskapets styre har bestemt 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 den ordinære 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  
PETROLEUM GEO-SERVICES ASA OG KONSERNET FOR 2017**

Årsberetning og årsregnskap for Petroleum Geo-Services ASA og konsernet for 2017 er fremlagt i Vedlegg I.

Forslag til vedtak:

*Generalforsamlingen godkjenner årsberetning og årsregnskap for 2017 for Petroleum Geo-Services ASA og konsernet.*

#### **SAK 4            GODKJENNELSE AV REVISJONSHONORAR FOR 2017**

Revisjonshonoraret for Petroleum Geo-Services ASA for 2017 er på NOK 1,8 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 2017.*

#### **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 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 2019.*

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

Forslag til vedtak:

*Anne Grethe Dalane blir gjenvalgt som styremedlem for en 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 2019.*

##### **Sak 5.3            Morten Borge**

Forslag til vedtak:

*Morten Borge blir gjenvalgt som styremedlem for en 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 2019.*

##### **Sak 5.4            Richard Herbert**

Forslag til vedtak:

*Richard Herbert blir gjenvalgt som styremedlem for en 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 2019.*

##### **Sak 5.5            Marianne Kah**

Forslag til vedtak:

*Marianne Kah blir valgt som styremedlem for en 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 2019.*

**SAK 6 VALGKOMITÉ – VALG AV MEDLEMMER OG GODKJENNELSE AV REVIDERT VALGKOMITÉINSTRUKS**

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 som fremsettes her er å beslutte en kortere tjenesteperiode som from 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 tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2019.*

**Sak 6.2 C. Maury Devine**

Forslag til vedtak:

*C. Maury Devine blir gjenvalgt som medlem av Valgkomitéen for en tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2019.*

**Sak 6.3 Terje Valebjørg**

Forslag til vedtak:

*Terje Valebjørg blir gjenvalgt som medlem av Valgkomitéen for en tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2019.*

**Sak 6.4 Forslag om å godkjenne revidert Valgkomitéinstruks**

I overensstemmelse med vedtektenes § 6 d) fremlegger Valgkomitéen et forslag om å godkjenne revidert Valgkomitéinstruks. Hovedendringen i Valgkomitéinstruksen er implementering av en retningslinje om maksimal tjenestetid for Valgkomitémedlemmer og styremedlemmer på 10 sammenhengende år, se Vedlegg II til innkallingen for nærmere forklaring og Vedlegg III til innkallingen for den reviderte instruksen.

Forslag til vedtak:

*Generalforsamlingen godkjenner den reviderte Valgkomitéinstruksen.*

**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 10. mai 2017 til generalforsamlingen 2018**

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 10. mai 2017 til den ordinære generalforsamling i 2018, se Vedlegg IV 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 2017, se Vedlegg V til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner honoraret til hvert av styremedlemmene og til hvert av medlemmene i Valgkomitéen for perioden fra og med 10. mai 2017 til den ordinære generalforsamlingen i 2018.*

**Sak 7.2 Forslag om å godkjenne prinsippene for fastsettelse av aksjonærvalgte styremedlemmers honorar for perioden 25. april 2018 til generalforsamlingen 2019**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for de aksjonærvalgte styremedlemmenes honorarer for perioden fra og med 25. april 2018 til generalforsamlingen 2019, se Vedlegg VI til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av aksjonærvalgte styremedlemmers honorar for perioden fra og med 25. april 2018 frem til generalforsamlingen 2019.*

**Sak 7.3 Forslag om å godkjenne prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer for perioden 25. april 2018 til generalforsamlingen 2019**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for Valgkomitéens medlemmers honorarer for perioden fra og med 25. april 2018 frem til generalforsamlingen 2019, Vedlegg VII til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av Valgkomitéens medlemmers honorarer for perioden fra og med 25. april 2018 til generalforsamlingen 2019.*

**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 i forhold til 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 101 573 998. Erverv av egne aksjer må ikke under noen omstendighet finne sted i et slikt omfang at antallet egne aksjer utgjør totalt mer enn 10 prosent 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 2019.*
- (vi) *Fullmakten til å erverve egne aksjer, innvilget den 10. mai 2017, 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 VIII til innkallingen, og er fremlagt for rådgivende avstemming i generalforsamlingen. Imidlertid er elementene i erklæringen om tildeling av Ytelsesbaserte Aksjeenheter til ledende ansatte i Selskapet fremlagt for generalforsamlingens godkjenning.

Forslag til vedtak:

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

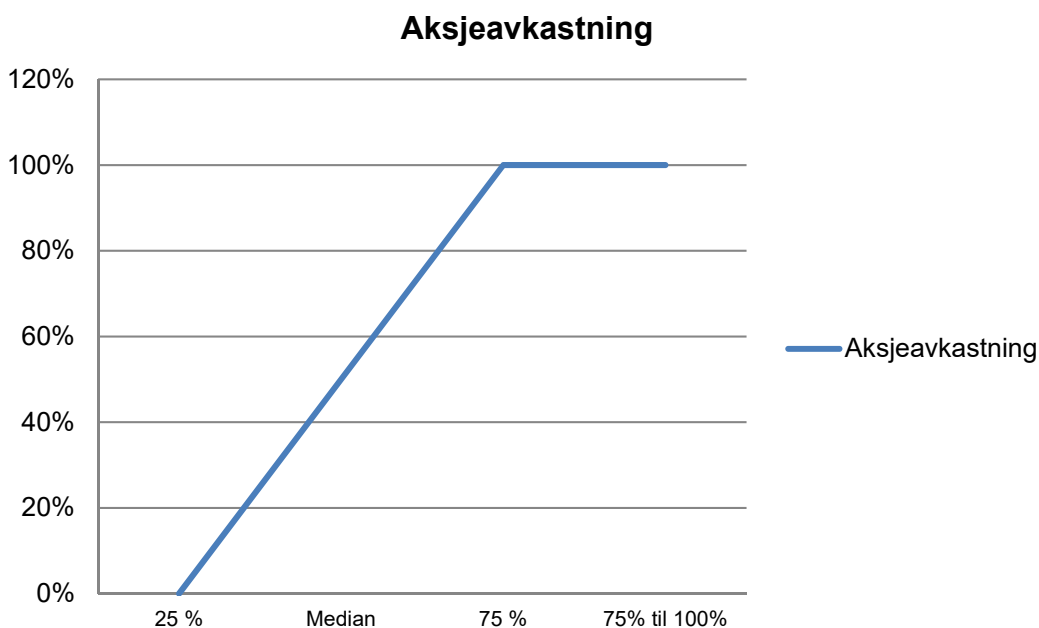
**SAK 10 GODKJENNELSE AV LANGSIKTIG INSENTIVPROGRAM FOR ANSATTE**

Styret foreslår at generalforsamlingen godkjenner et langsiktig insentivprogram («Insentivprogrammet») for ansatte for perioden fra 25. april 2018. Det vil ikke bli foretatt tildelinger under 2018 Insentivprogrammet etter 25. april 2021. Det foreslåtte 2018 Insentivprogrammet er tilsvarende programmet som ble godkjent på 2017 generalforsamlingen, men med noen merkbare endringer.

I henhold til 2018 Insentivprogrammet, kan Selskapet gi ytelsesbaserte aksjeenheter («Ytelsesbaserte Aksjeenheter») til ansatte. De ikke-ytelsesbaserte aksjeenheter («Aksjeenheter») som var en del av 2017 Insentivprogrammet er fjernet.

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 50% av de Ytelsesbaserte Aksjeenheter vil forutsette at Selskapet har oppnådd en gitt aksjeavkastning fra tildelingstidspunktet til oppgjørstidspunktet. Selskapets aksjeavkastning skal måles mot aksjeavkastningen for selskapene i STOXX TMI Oil Equipment, Services & Distribution Index («Sammenligningsgruppen»). For avkastning høyere enn de laveste 25% i Sammenligningsgruppen, vil disse Ytelsesbaserte Aksjeenhetene gjøres opp i henhold til følgende figur:



Vertikalaksen angir prosentandelen for Ytelsesbaserte Aksjeenheter som gjøres opp. Horisontalaksen angir Selskapets aksjeavkastning i forhold til selskapene i Sammenligningsgruppen.

Oppgjør av 25% av de Ytelsesbaserte Aksjeenhetene vil forutsette at Selskapet når et forhåndsbestemt mål (definert som et intervall) for driftsresultat (EBIT) over en periode på de tre foregående hele år forut for oppgjørstidspunktet sammenlignet med et mål for denne perioden. Intervallet vil bli besluttet forut for tildeling av disse Ytelsesbaserte Aksjeenhetene. Dersom Selskapets driftsresultat er lavere enn det etablerte målintervallet vil ingen av disse Ytelsesbaserte Aksjeenhetene bli gjort opp. Dersom Selskapets driftsresultat er over målintervallet vil alle disse Ytelsesbaserte Aksjeenhetene blir gjort opp, mens det for oppnåelse av driftsresultat innenfor intervallet vil være delvis oppgjør.

Oppgjør av 25% av de Ytelsesbaserte Aksjeenhetene vil forutsette at Selskapet tidsmessig refinansierer den langsiktig rentebærende gjeld som forfaller i 2020/2021, og at Selskapet når et forhåndsbestemt mål (definert som et intervall) om gjeldsgrad per 31. desember 2020. Gjeldsgrad er definert som forholdet mellom (i) Selskapets konsoliderte rentebærende langsiktige gjeld med fradrag for bankinnskudd (inklusive bundne innskudd) dividert med (ii) justert EBITDA for de siste tolv måneder slik definert i notene til årsregnskapet for Selskapet. Intervallet for gjeldsgradsmålet vil bli besluttet forut for tildeling av disse Ytelsesbaserte Aksjeenhetene. Måloppnåelsen vil bli justert slik at reduksjon i gjeldsgraden som oppnås ved innhenting av egenkapital, eller økning av gjeldsgraden som følge av utbyttebetaling, ikke skal medregnes i måloppnåelsen. Oppfylles vilkårene over, vil

disse Ytelsesbaserte Aksjeenheterne bli gjort opp som følger; dersom Selskapets gjeldsgrad er høyere enn målintervallet for gjeldsgraden, vil ingen av disse Ytelsesbaserte Aksjeenheterne blir gjort opp. Dersom Selskapets gjeldsgrad er lavere enn målintervallet vil alle av disse Ytelsesbaserte Aksjeenheterne bli gjort opp mens det vil bli delvis oppgjør for oppnåelse av gjeldsgrad innenfor intervallet.

Aksjeavkastningsmålet i 2018 Incentivprogrammet tilsvarer aksjeavkastningsmålet i 2017 Incentivprogrammet, dog slik at dette målets vekt er redusert fra 75% til 50%. Målet om driftsresultat er nytt i 2018 Incentivprogrammet og erstatter målet i 2017 Incentivprogrammet om fri kontantstrøm etter investeringer (capex). Målet om håndtering av gjeldsforfall/gjeldsgrad er også nytt i 2018 Incentivprogrammet. Styret er av den oppfatning at det er fordelaktig å øke vekten på mål som er innenfor selskapsledelsens kontroll ved å redusere vekten på relativ aksjeavkastning, erstatte målet om fri kontantstrøm etter investeringer (CAPEX) med et driftsresultatmål, samt legge til et tredje mål om håndtering av gjeldsforfall/gjeldsgrad når ytelse skal måles.

En mer detaljert beskrivelse av vilkårene for oppgjør av de Ytelsesbaserte Aksjeenheterne er gitt i det fullstendige dokumentet for Incentivprogrammet inkludert i Vedlegg IX til innkallingen.

Ved oppgjøret vil deltakeren motta et antall aksjer i Selskapet som tilsvarer antall tildelte og oppgjorte Ytelsesbaserte Aksjeenheter. De Ytelsesbaserte Aksjeenheterne 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 Incentivprogrammet for 2018, skal styret foreslå det maksimale antall Ytelsesbaserte Aksjeenheter som kan utstedes. Styret foreslår at det maksimale antall Ytelsesbaserte Aksjeenheter som kan utstedes under Incentivprogrammet er 1 800 000. Følgelig er det maksimale antall aksjer som kan tildeles deltakerne 1 800 000 aksjer. Ingen deltagere i Incentivprogrammet for 2018 (inkludert CEO) kan motta mer enn 7% av det totale antall aksjer tildelt under Incentivprogrammet.

Hovedelementene i den totale kompensasjonen til ledergruppen og andre sentrale ansatte i Selskapet består normalt av grunnlønn, en årlig prestasjonsbasert bonusutbetaling og et aksjeincentivprogram. For 2016 og 2017 besluttet styret at det ikke skal utbetales årlig prestasjonsbonus pga. det utfordrende markedet Selskapet opererer i. For 2018 vil imidlertid det årlige prestasjonsbaserte bonusutbetalingsprogram bli re-introdusert med utbetaling begrenset til 50% av tidligere normale nivåer.

Styret er av den oppfatning at Incentivprogrammet for 2018 for nøkkelpersoner i Selskapet, hvor Ytelsesbaserte Aksjeenheter kun gjøres opp der Selskapet over tid har levert god aksjeavkastning i forhold til Sammenligningsgruppen, hvor driftsresultatet møter fastsatte mål, og hvor gjeldsforfallet i 2020/2021 håndteres tidsmessig og gjeldsgraden møter fastsatte mål, er i samsvar med interessene til Selskapet og aksjonærene. Videre, i tillegg til å incentivere ytelse, vil programmet ha en rekrutteringseffekt samt at det er egnet incentiv for at talentfulle ansatte blir i Selskapet.

De fullstendige vilkår for Incentivprogrammet for 2018 fremgår av Vedlegg IX til innkallingen.



Den 3. juni 2018, vil totalt 563 850 Aksjeenheter tildelt under 2015 Insentivprogrammet bli gjort opp, og 678 850 Ytelsesbaserte Aksjeenheter vil enten bli gjort eller bortfalle. Etter godkjenning av det foreslåtte Insentivprogrammet for 2018 og oppgjør av det ovennevnte 2015 Insentivprogrammet, vil totalt antall utestående Aksjeenheter og Ytelsesbaserte Aksjeenheter tildelt ansatte være 4 291 500, som tilsvarer 1,27% av Selskapets totale aksjekapital.

Generalforsamlingen oppfordres til å godkjenne Insentivprogrammet for 2018.

Forslag til vedtak:

*Generalforsamlingen godkjenner det langsiktige Insentivprogrammet for 2018.*

## **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 2017 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.

Videre, har styret 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 101 573 998 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 25. april 2018, 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 2019.*
- (vii) *Fullmakten til å utstede nye aksjer som ble innvilget på generalforsamlingen 10. mai 2017 tilbakekalles med virkning fra det tidspunkt fullmakten gitt i dette punkt 11 trer i kraft.*

## **SAK 12 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 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 101 573 998 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 25. april 2018, 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 2019.*

*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 10. mai 2017, 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 10. mai 2017 til 25. april 2018.*

### **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 2017, og tatt inn i årsberetningen hvor også årsregnskapet inngår, samt vedlagt separat til denne innkallingen som Vedlegg X.

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 godkjenning fra aksjonærenes side.

\* \* \*

På Selskapets ordinære generalforsamling har hver aksje én stemme. Det er i alt 338 579 996 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 23. april 2018, innen 12.00 (norsk tid). 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.

Oslo, 22. mars 2018



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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):

- *Årsregnskap og årsberetning, Vedlegg I*
- *Valgkomitéens rapport, Vedlegg II*
- *Valgkomitéinstruks, Vedlegg III*
- *Honorarer for styremedlemmer og Valgkomitémedlemmer for perioden fra 10. mai 2017 frem til 25. april 2018, Vedlegg IV*
- *Prinsipper for fastsettelse av styremedlemmenes og Valgkomitémedlemmenes honorar for perioden fra 10. mai 2017 frem til 25. april 2018, Vedlegg V*
- *Prinsipper for fastsettelse av styremedlemmers honorarer for perioden fra 25. april 2018 frem til generalforsamlingen 2019, Vedlegg VI*
- *Prinsipper for fastsettelse av Valgkomitémedlemmenes honorarer for perioden fra 25. april 2018 frem til generalforsamlingen 2019, Vedlegg VII*
- *Erklæring om fastsettelse av lønn og annen godtgjørelse for ledende ansatte, Vedlegg VIII*
- *Langsiktig 2018 Insentivprogram, Vedlegg IX*
- *Uttalelse om god eierstyring og selskapsledelse, Vedlegg X*

*For det tilfelle De ikke kan være tilstede på den ordinære generalforsamlingen kan fullmakt gis til styreleder Walter Qvam, eller administrerende direktør Rune Olav Pedersen.*

Walter Qvam

Petroleum Geo-Services ASA  
P.O. Box 251 Lilleaker  
0216 Oslo

Rune Olav Pedersen

Petroleum Geo-Services ASA  
P.O. Box 251 Lilleaker  
0216 Oslo



Ref.nr.:

Pinkode:

## Innkalling til ordinær generalforsamling

Ordinær generalforsamling i Petroleum Geo-Services ASA avholdes 25. april 2018 kl 15.00 på PGS hovedkontor, Lilleakerveien 4c, 0216 Oslo

Dersom ovennevnte aksjeeier er et foretak, oppgi navnet på personen som representerer foretaket:

\_\_\_\_\_  
Navn på person som representerer foretaket  
(Ved fullmakt benyttes blanketten under)

### Møteseddel/forhåndsstemmer

Undertegnede vil delta på generalforsamling den 25. april 2018 og avgi stemme for:

I alt for \_\_\_\_\_ antall egne aksjer  
andre aksjer i henhold til vedlagte fullmakt(er)  
aksjer

Denne påmelding må være DNB Bank ASA i hende senest 23. april 2018 kl. 12.00.

**Påmelding foretas elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via 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 ovennevnte pinkode og referansenummer oppgis. Alternativt: e-post: [genf@dnb.no](mailto:genf@dnb.no) Postadresse: DNB Bank ASA, Verdipapirservise, postboks 1600 Sentrum, 0021 Oslo.

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Sted	Dato	Aksjeeiers underskrift
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(Undertegnes kun ved eget oppmøte. Ved fullmakt benyttes delen nedenfor)

### Fullmakt uten stemmeinstruks

Ref.nr.:

Pinkode:

Denne fullmaktseddelen gjelder fullmakt uten stemmeinstruks. Dersom De ønsker å avgi stemmeinstrukser, vennligst gå til side 2.

Dersom De selv ikke kan møte på ordinær generalforsamling, kan denne fullmakt benyttes av den De bemyndiger, eller De kan sende fullmakten uten å påføre navn på fullmektigen. I så fall vil fullmakten anses gitt styrets leder, eller den han bemyndiger.

Fullmakten må være DNB Bank ASA, Verdipapirservise, i hende senest 23. april 2018 kl. 12.00.

**Elektronisk innsendelse av fullmakt via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester.** Alternativt: e-post: [genf@dnb.no](mailto:genf@dnb.no) Postadresse: DNB Bank ASA, Verdipapirservise, Postboks 1600 Sentrum, 0021 Oslo.

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

Styrets leder (eller den han bemyndiger), eller

\_\_\_\_\_  
(Fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgi stemme i Petroleum Geo-Services ASAs ordinære generalforsamling 25. april 2018 for mine/våre aksjer.

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Sted	Dato	Aksjeeiers underskrift
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(Undertegnes kun ved fullmakt)

Angående møte- og stemmerett vises til allmennaksjeloven, især lovens kapittel 5. Det gjøres spesielt oppmerksom på at ved avgivelse av fullmakt skal det legges frem skriftlig og datert fullmakt fra aksjepostens reelle eier. Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.

## Fullmakt med stemmeinstruks

Ref.nr.:

Pinkode:

Denne fullmaktsseddelen gjelder fullmakt med stemmeinstruks. Dersom De ikke selv kan møte på ordinær generalforsamling, kan De benytte dette fullmaktsskjema for å gi stemmeinstruks til en fullmektig. De kan gi fullmakt med stemmeinstruks til den De bemyndiger, eller De kan sende fullmakten uten å påføre navn på fullmektigen. I så fall vil fullmakten anses gitt til styrets leder eller den han bemyndiger. Fullmakten må være datert og signert.

Fullmakten må være DNB Bank ASA, Verdipapirservice, i hende senest 23. April 2018 kl. 12.00.  
E-post: [genf@dnb.no](mailto:genf@dnb.no) (skannet blankett) **Postadresse:** DNB Bank ASA, Verdipapirservice, 0021 Oslo.

Undertegnede: \_\_\_\_\_  
gir herved (sett kryss på én):

- Styrets leder (eller den han bemyndiger), eller
- \_\_\_\_\_  
(Fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgjøre stemme i Petroleum Geo-Services ASAs ordinære generalforsamling 25. april 2018 for mine/våre aksjer.

Stemmegivningen skal skje i henhold til instruksjonene nedenfor. Dersom det ikke krysses av i rubrikken nedenfor, vil dette anses som en instruks om å stemme "for" forslaget i innkallingen. Dersom det blir fremmet forslag i tillegg til, eller som erstatning for forslaget i innkallingen, avgjør fullmektigen stemmegivningen. Fullmektigen vil i så fall legge en for fullmektigen rimelig forståelse til grunn. Det samme gjelder dersom det er tvil om forståelsen av instruksjonen. Dersom en slik tolkning ikke er mulig, vil fullmektigen kunne avstå fra å stemme.

Agenda ordinær generalforsamling 2018	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 PETROLEUM GEO-SERVICES ASA OG KONSERNET FOR 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. GODKJENNELSE AV REVISJONSHONORAR FOR 2017	<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. Morten Borge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4. Richard Herbert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5. Marianne Kah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. VALGKOMITÉ – VALG AV MEDLEMMER OG GODKJENNELSE AV REVIDERT VALGKOMITÉINSTRUKS			
6.1. Harald Norvik (Leder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2. C. Maury Devine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3. Terje Valebjørg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4. Forslag om å godkjenne revidert Valgkomitéinstruks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>7. GODKJENNELSE AV HONORARER FOR STYREMEDLEMMER OG MEDLEMMER AV VALGKOMITÉEN</b>			
7.1. Forslag om å godkjenne honorarer for styremedlemmene og medlemmene av Valgkomitéen for perioden fra 10. mai 2017 til generalforsamlingen 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2. Forslag om å godkjenne prinsippene for fastsettelse av aksjonærvalgte styremedlemmers honorar fra 25. april 2018 til generalforsamlingen 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3. Forslag om å godkjenne prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer fra 25. april 2018 til generalforsamlingen 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>8. FULLMAKT TIL Å KJØPE EGNE AKSJER</b>			
<b>9. ERKLÆRING FRA STYRET OM PRINSIPPER FOR FASTSETTELSE AV LØNN OG ANNEN GODTGJØRELSE TIL LEDENDE ANSATTE</b>			
<b>10. GODKJENNELSE AV LANGSIKTIG INSENTIVPROGRAM FOR ANSATTE</b>			
<b>11. FORSLAG OM Å GI STYRET FULLMAKT TIL Å FORHØYE SELSKAPETS AKSJEKAPITAL</b>			
<b>12. FORSLAG OM Å GI STYRET FULLMAKT TIL Å UTSTEDE KONVERTIBLE LÅN</b>			
<b>13. SKADESLØSHOLDELSE AV STYREMEDLEMMENE OG ADM. DIREKTØR</b>			
<b>14. UTTALELSE OM GOD EIERSTYRING OG SELSKAPSLEDELSE</b>			

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

**Ref.nr.:**  
**Pinkode:**

## **Nomination Committee Report to 2018 AGM**

### ***Introduction***

The Nomination Committee in Petroleum Geo-Services AS (“PGS” or the “Company”) was established at the Annual General Meeting (“AGM”) 8 June 2005. The current committee consists of Harald Norvik (Chairperson), C. Maury Devine and Terje Valebjørg. None of the members of the Nomination Committee are employees of PGS or members of the Board of Directors of PGS.

The Nomination Committee had four meetings in 2017.

The main duties of the Nomination Committee are to propose nominees for election as members and chairperson to the Board of Directors and the Nomination Committee, and to propose the fees to be paid to the shareholder elected members of the Board of Directors and the Nomination Committee.

The duties of the Nomination Committee are further regulated in the Nomination Committee Mandate and Charter (the “Charter”). The current Charter is available on [www.pgs.com](http://www.pgs.com). The Nomination Committee has however reviewed the Charter and has proposed to amend this. The main proposed changes are the implementation of guiding principles for tenure for Committee members and shareholder elected Directors not to exceed ten consecutive years. The revised Charter is set out in Appendix III to the Calling Notice.

The Board of Directors and the Nomination 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 2017, three meetings and phone conferences were conducted with shareholders under this initiative.

### ***Nominees for the Board of Directors***

The Nomination Committee has in preparation of its work on proposing nominees for election as members and chairperson to the Board of Directors interviewed existing members of the Board of Directors and the CEO and met with large shareholders to solicit their input. For the AGM 25 April 2018, the Nomination Committee emphasizes the importance of PGS’ need for a balance of experience and expertise among the members to the Board of Directors, which will provide knowledge of the strategic, international, financial, technological and management issues which face PGS and PGS’ management.

PGS currently meets the requirements for both male and female directors of the Public Limited Companies Act Section 6-11 a (1). The same will apply if the Board of Directors proposed by the Nomination Committee is adopted by the AGM.



The proposal is to re-elect for a term ending on the earlier of one year or the AGM 2019 the Chairperson Walter Qvam, and the Directors Morten Borge, Anne Grethe Dalane and Richard Herbert.

Directors Daniel J. Piette, Holly Van Deursen and Carol Bell will not be proposed for re-election as Directors to the Board of PGS. As the size of the Board of PGS has been under consideration for some time, the Nomination Committee has now found it timely to propose reducing its size. Moreover, Mr. Piette, Mrs. Van Deursen and Mrs. Bell have all served on the Company's Board for a long period of time, and succession would be in line with the new guideline on ten year tenure.

In order to bring competencies that is lost by not proposing to re-elect Mr. Piette, Mrs. Van Deursen and Mrs. Bell, the Nomination Committee thereby proposes the following new member to the Board of Directors for election for a term ending on the earlier of one year or the 2019 AGM;

### **Marianne Kah**

Mrs. Kah, born 1953, was the Chief Economist of ConocoPhillips from 1992 to 2017. In this role, she was responsible for developing ConocoPhillips' market outlooks for oil and natural gas, and was a strategist and advisor to the executive leadership and board of directors, and also a member of the company's Corporate Strategy Committee. Prior to this, she was a manager of Corporate Planning for Cabot Corporation. Before joining Cabot Corporation, she held various positions in Conoco and U.S. Synthetic Fuel Corp, and was also a policy analyst for the U.S. General Accounting Office. She holds an MPA from Syracuse University, Maxwell School of Citizenship and Public Affairs, Syracuse NY, and a BS from Cornell University, Ithaca, NY. Her main current posts and positions are; membership of the advisory board of – and acting as Senior Research Scholar to – Columbia University Centre on Global Energy Policy; Chairperson of the U.S. Advisory Board for Kayrros; and member of the advisory board of University of Texas Energy Institute. The Nomination Committee considers her to be independent from the Company's management, major business relations and large shareholders.

The Nomination Committee has thereby suggested that the total number of shareholder elected Directors will be reduced from seven to five.

The Nomination 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 existing Director's experience and expertise can be found on [www.pgs.com](http://www.pgs.com).

The Nomination Committee has put considerable effort in assessing the needs of PGS' Board of Directors. The Nomination Committee believes that the existing and proposed Board of Directors – 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 Nomination Committee has carefully considered whether to propose new members to the Nomination Committee on the 2018 AGM. In this work, the Nomination Committee has specifically evaluated PGS' need for a Nomination 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 of Directors. The Nomination Committee also emphasize the importance of both male and female members and both Norwegian and international members.

The Nomination Committee proposes that Mr. Harald Norvik is re-elected as Chairperson, and that Nomination Committee members C. Maury Devine and Terje Valebjørg are re-elected as members for a term ending on the earlier of one year or the AGM 2019.

Details of existing Nomination Committee members experience and expertise can be found on [www.pgs.com](http://www.pgs.com).

***Remuneration of the shareholder elected Board of Directors***

The Nomination Committee has reviewed remuneration practice for shareholder elected Directors in both international and Norwegian peer companies in order to establish a recommendation to the AGM, and has also taken into account the results of the Board Remuneration Survey issued by the Norwegian Institute of Directors. Given the difficult industry environment and the cost reduction efforts in the Company, the Nomination Committee has concluded that it is appropriate to reduce the compensation for the Chairperson of the Board of Directors and for the other shareholder elected Directors.

The proposed reduction is to abolish; (i) the fixed fee for the vice chairperson of the Board of Directors, and (ii) the per-meeting compensation for the Directors as well as for the members of the Remuneration and Corporate Governance Committee and the Audit Committee. However, in order to balance out parts of the reductions above, and as the fixed fee for the Directors has been left unchanged for a period of time, the Nomination Committee further proposes to increase the fixed fee for the Directors from \$50,000 to \$60,000. Otherwise, the proposal is to leave un-amended the travel compensation for the Directors, as well as the fixed fees for the Chairperson of the Board of Directors and the chairpersons and members of the Remuneration and Corporate Governance Committee and Audit Committee. The above proposals will entail a net reduction in fees. The remuneration scheme thus proposed for the period between the 2018 AGM and the 2019 AGM is presented in Appendix VI to the Calling Notice for the 2018 AGM.

The remuneration payable to the shareholder elected Directors for the previous period between the 2017 AGM and the 2018 AGM is set forth in Appendix V to the Calling Notice. This remuneration is calculated in accordance with the principles for Director Remuneration that were adopted by the 2017 AGM, see Appendix IV to the Calling Notice for the 2018 AGM.

According to the Norwegian Code of Practice for Corporate Governance, the Directors should be requested to own shares in the Company. The Nomination Committee has therefore

recommended that the shareholder elected Directors over a three-year period starting from the AGM 2018 themselves acquire shares in the Company in an amount at least equal to 25% of the proposed annual fixed board member fee paid out for the one year period from 2018 AGM to the 2019 AGM. The proposed fee for this one year period is \$60,000 for Directors and \$100,000 for the Board Chairperson. Whilst noting that certain Directors may be prevented from acquiring shares due to other roles and positions, the Nomination Committee will take into account Director Shareholding in the Company when proposing Directors for re-election at the AGM in 2021.

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

The principles for and levels of Nomination Committee member fees for the period between the 2018 AGM to the 2019 AGM proposed by the Nomination Committee are seen in Appendix VII to the Calling Notice for the 2018 AGM. In order to obtain consistency with the proposed remuneration structure for Directors, the proposal is to abolish the per-meeting remuneration for the Nomination Committee. Moreover, in order to align with the market, it is proposed to increase the fixed Nomination Committee member fee from \$5,000 to \$8,000. Otherwise, the proposal is to leave un-amended the travel compensation for the Nomination Committee members, as well as the fixed fee for the Chairperson of the Nomination Committee.

The fees payable to the Nomination Committee members for the period between the 2017 AGM and the 2018 AGM are set forth in Appendix IV to the 2018 AGM Calling Notice. These numbers are calculated on basis of the principles for remuneration that were adopted by the 2017 AGM, see Appendix V to the 2018 AGM Calling Notice.

\* \* \*

Shareholders who wish to propose new shareholder elected Directors to PGS could do so by sending an e-mail to the Chairperson of the Nomination Committee or the General Counsel of the Company at [ir@pgs.com](mailto:ir@pgs.com). Such proposals should be sent to the Nomination Committee no later than 31 January each year.

## **Nomination Committee Mandate and Charter**

Mandate and Charter for the Nomination Committee of Petroleum Geo-Services ASA ("PGS" or the "Company").

Established by: The Annual General Meeting of the Company

Effective from: 8 June 2005

Last revised: 25 April 2018

The Articles of Association of the Company provide for a Nomination Committee (the "Committee"). The Committee is responsible for evaluating and recommending candidates for shareholder elected members of the Board of Directors ("Directors") as well as proposing remuneration for the Directors.

### **Purpose and mandate**

The Committee shall evaluate and recommend candidates for Directors as well as Directors' remuneration, and shall consider and report to the shareholders for resolution at the general meeting on the following matters:

- Nominees for election as Directors and the Chairperson of the Board of Directors
- Nominees for election as members of the Committee and the Chairperson of the Committee
- The proposed remuneration of the Directors and the members of the Committee
- Any proposed amendments to the Committee Mandate and Charter

The report of the Committee to the general meeting shall be in writing and shall be distributed to the shareholders prior to the meeting.

### **Membership**

- The Committee shall consist of three members to be elected by the shareholders at the general meeting. The Committee Chairperson shall be a member of the Committee and shall be elected by the shareholders at the general meeting. The election period is two years, unless a shorter period has been decided by the general meeting. The Act relating to the Public Limited Liability Companies Sections 6-7, 6-8 and 6-27 applies correspondingly in relation to the members of the Committee.
- The majority of the members of the Committee shall qualify as "independent" in accordance with Norwegian law and practice.
- The Committee will over time seek to rotate its members in order to ensure renewal of the Committee, and as a guiding principle, no Committee member should serve in the Committee for more than ten consecutive years. The Committee will seek to ensure rotation in a manner which ensures continuation.

### **The administrative procedures of the Committee**

- The Committee shall operate in accordance with common accepted principles for good corporate governance.
- The Committee shall meet as often as it deems appropriate and necessary, but at least once annually. The Committee will meet when called by the Committee Chairperson or when

requested by two members of the Committee, by the Chairperson of the Board of Directors, or by the CEO. The Committee Chairperson and one member shall constitute a quorum. The Chairperson of the Board of Directors and/or of the Remuneration and Corporate Governance Committee of the Board of Directors, and the CEO shall at least annually consult with the meeting of the Committee.

- The meetings of the Committee will be minuted, and the members of the Committee taking part in the meeting will sign the minutes.
- The Committee shall in each meeting have access to a register of the Company's shareholders.
- The matters that the Committee prepares for action by the shareholders at the general meeting shall have been determined in meetings where the members of the Committee have met in person or by telephone.

### **Further responsibilities of the Committee**

The Committee shall:

- Develop appropriate search criteria for Directors in due consideration of the requirements of the Norwegian Public Limited Company Act, the Articles of Association of the Company, the Continuing Obligations of Stock Exchange Listed Companies issued by Oslo Stock Exchange, the Norwegian Code of Practice for Corporate Governance, and other applicable rules and regulations;
- in assessing the qualifications of prospective Directors, consider, in addition to any criteria set forth above, each prospective Director's personal and professional integrity, experience, skills, ability and willingness to devote the time and effort necessary to be an effective Director, and commitment to acting in the best interests of the Company and its shareholders. Consideration shall also be given such that the Board will have an appropriate mix of backgrounds and skills;
- consider adopting minimum qualifications that the Committee believes must be met by prospective Directors, qualities or skills that the Committee believes are necessary for one or more of the Directors to possess and standards for the overall structure and composition of the Company's Board of Directors;
- entertain appropriate contact and dialogue with shareholders, the Board of Directors and the CEO to fully understand the Company's development and challenges;
- assess whether nominees qualify as "independent directors" in accordance with the Norwegian Code of Practice for Corporate Governance and, as a guiding principle, not propose any candidate who has served on the Board of Directors for more than ten consecutive years unless special circumstances justify a longer tenure;
- consider the size and composition of the Board of Directors and make recommendations to the shareholders at the general meeting for changes in the size of the Board of Directors as appropriate.
- review comparable practice data regarding non-executive director compensation and make recommendations to the shareholders at the general meeting with respect to the amount and form of such compensation;
- review and reassess the adequacy of the Committee Mandate and Charter at least annually, and propose revisions as appropriate; and
- conduct an annual evaluation of its own performance and provide a report to the shareholders at the general meeting.

FEES FOR BOARD MEMBERS and NOMINATION COMMITTEE MEMBERS  
10 May 2017 - 25 April 2018

Appendix IV

			2Q 2017	3Q 2017	4Q 2017	1Q 2018	TOTAL
Qvam, Walter	Chairperson	USD	28,250	28,500	27,750	30,000	<b>114,500</b>
Piette, Daniel J.	Vice Chairperson + Member Audit Committee	USD	26,000	26,250	30,750	30,000	<b>113,000</b>
Bell, Carol	Director + Member Audit Committee	USD	21,500	26,250	26,500	22,750	<b>97,000</b>
Van Deursen, Holly A.	Director + Chairperson Remuneration Committee	USD	24,000	30,250	29,750	29,000	<b>113,000</b>
Dalane, Anne Grethe	Director + Chairperson Audit Committee	USD	21,500	21,750	22,500	24,000	<b>89,750</b>
Borge, Morten	Director + Member Remuneration Committee	USD	17,375	20,375	17,125	22,125	<b>77,000</b>
Herbert, Richard	Director + Member Remuneration Committee	USD	13,694	24,125	25,875	21,375	<b>85,069</b>
			<b>152,319</b>	<b>177,500</b>	<b>180,250</b>	<b>179,250</b>	<b>689,319</b>

			2Q 2017	3Q 2017	4Q 2017	1Q 2018	TOTAL
O'Neil, Roger	Chairperson Nomination Committee ( <i>until AGM 2017</i> )	USD	825	0	0	0	<b>825</b>
Norvik, Harald	Chairperson Nomination Committee	USD	1,050	1,875	4,375	7,375	<b>14,675</b>
Devine, C. Maury	Member Nomination Committee	USD	1,250	1,250	8,250	8,250	<b>19,000</b>
Valebjørg, Terje	Member Nomination Committee	USD	1,250	1,250	3,750	6,750	<b>13,000</b>
			<b>4,375</b>	<b>4,375</b>	<b>16,375</b>	<b>22,375</b>	<b>47,500</b>

**PRINCIPLES FOR SHAREHOLDER ELECTED BOARD MEMBERS' FEES**  
**For the period from 10 May 2017 to the annual general meeting 2018**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
<b>All Members</b>	\$50,000	\$9,000	\$7,500	\$1,000 (AC Meeting fee; \$1,500)	\$750	- 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			\$1,000	\$750	As for other members
<b>Deputy Chairperson</b>	Additional \$5,000					

Further, any costs incurred by the Board Members in relation to their participation as a member of 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.

For the avoidance of doubt, employee elected Directors shall not be covered by these principles, as separate principles for such Directors have been decided by the Company.

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**PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES**  
**For the period 10 May 2017 to the annual general meeting 2018**

	Nomination Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
<b>All Members</b>	\$5,000	\$1,000	\$750	- 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 \$2,500			

Further, any costs incurred by the Nomination Committee Members in relation to their participation as a member of the Nomination Committee or any of the committees, 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 25 April 2018 to the annual general meeting 2019**

	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 Board Members in relation to their participation as a member of 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.

For the avoidance of doubt, employee elected Directors shall not be covered by these principles, as separate principles for such Directors have been decided by the Company.

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**PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES**  
**For the period 25 April 2018 to the annual general meeting 2019**

	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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## **Board of Directors' statement on remuneration to the CEO and the Executive Officers**

In accordance with §6-16a of the Norwegian Public Limited Companies Act, the Board of Directors of Petroleum Geo-Services ASA ("PGS" or "the Company") has prepared a statement related to the determination of salary and other benefits for our CEO and other executive officers. The guidelines set out below for our CEO and other executive officers salary and other benefits, for the coming fiscal year will be presented to the shareholders for their advisory vote at the 2018 Annual General Meeting ("AGM"), however such that the elements contained herein on award of Performance based Restricted Stock Units ("PRSU") to the CEO and executive officers will be presented to the AGM for approval.

PGS 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 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 other 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.

The current remuneration package for our CEO and other 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 two executive officers have an early retirement plan allowing for termination of employment without cause when the CEO or the executive officers 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 two executive officers are eligible for full benefits if they retire at the age of 62. The early retirement benefits cease when the CEO and executive officers reach the age of 67.

The variable elements today consist of a performance bonus scheme and participation in performance based restricted stock unit programs.

Participation in the performance bonus scheme and the target levels and the maximum levels of the annual performance bonus scheme are determined annually. Normally payment under the performance 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.

The Annual General Meetings in 2013, 2014, 2015, 2016 and 2017 authorized a performance based restricted stock unit program in order to ensure continued long term incentives which were linked to the development of the Company's share price. The Board of Directors will propose to the 2018 Annual General Meeting a Long Term Incentive Plan ("LTI Plan") that for the CEO and executive officers will consist of 100% Performance based Restricted Stock Units ("PRSU"). 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 the companies in STOXX TMI Oil

Equipment, Services & Distribution index (the “LTI Plan Comparator Group”) adjusted for dividends for the said period, (ii) the Company’s achievement of earnings before interest and tax (“EBIT”) in the three full financial years prior to settlement compared to a goal for the said period, and (iii) the timely completion of the refinancing of the Company’s current 2020/2021 debt maturities and the Company achieving a goal (defined as a range) on Net Leverage Ratio (“NLR”) at 31 December 2020, compared with an NLR goal. Settlement of the PRSUs and subsequent transfer to the eligible employee of shares in the Company will take place three years after the grant subject principally to further employment by the Company. Further details of the LTI Plan is set out in Appendix IX to the 2018 AGM Calling Notice.

The Board of Directors will propose for approval by the Annual General Meeting a pool of PRSUs which will be granted to eligible employees in 2018. The full LTI Plan including all goals, terms and conditions will be presented to the Annual General Meeting on 25 April 2018 for approval. The Board of Directors will not distribute any other share based incentives than the LTI Plan to the CEO or any executive officer during 2018.

This statement deals primarily with the remuneration of our CEO and other executive officers. However, the above described remuneration policy is 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 other executive officers alone but rather is 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 above mentioned elements. In addition, all other employees may traditionally receive up to a maximum of one month salary in annual bonus. However, for 2018 this bonus is capped at maximum 50% of one month salary.

Remuneration of the CEO and other executive officers are evaluated regularly by the Remuneration and Corporate Governance Committee and the Board of Directors. The Remuneration and Corporate Governance 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 engages an external advisor for this work.

A specific peer group of comparable companies and an executive remuneration philosophy have been adopted. As per 31 December 2017, the peer group consisted of nineteen companies from Norway, Europe, and the Americas. All companies are of comparable size and have international operations in the oil service sector. An external advisor collects and combines relevant information related to the companies in the peer group. This is used by the Remuneration and Corporate Governance Committee and the Board of Directors for benchmarking of executive remuneration. The executive remuneration philosophy document includes certain guidelines on how the Company’s CEO and executive officers should compare to the peer group. These tools amongst others are used by the Remuneration and Corporate Governance Committee and the Board of Directors to decide on an appropriate remuneration structure and to set appropriate total remuneration for the CEO and executive officers.

Since the Annual General Meeting in May 2017 the Board of Directors have followed the guidelines then approved by the Annual General Meeting with respect to remuneration of the CEO and the other executive officers.

25 April 2018

## Petroleum Geo-Services ASA 2018 Long Term Incentive Plan

1 *Plan.* The Petroleum Geo-Services ASA 2018 Long Term Incentive Plan (the “Plan”) was adopted by Petroleum Geo-Services 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 Petroleum Geo-Services ASA.

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

“EBIT” means earnings before interest and tax.

“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 Oslo Børs (Oslo Stock Exchange), the average trading price of the Shares on Oslo Børs that particular date, (ii) if the Company at that point is not listed on Oslo Børs, 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 Paragraph 9(a) (ii).

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

“NLR” means the ratio found by dividing (i) the Company’s consolidated interest bearing debt minus unrestricted and restricted cash by (ii) adjusted EBITDA for the last twelve months as defined in the notes to the public accounts.

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

“Plan” is defined in Paragraph 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.

“Settlement Date” means, subject to Paragraph 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 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 the average TSR of the companies included in the STOXX TMI Oil Equipment, Services & Distribution index at the Settlement Date.

“Securities Account” means an account registered in the name of the Participant 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 Paragraph 16 hereof, 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) exceeding 1,800,000.

(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, 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 Paragraph 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 Paragraph 7 of this Plan 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 Chief Executive Officer 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 Chief Executive Officer and shall not delegate this or any authority under this Plan related to the Award to the Chief Executive Officer.

8. *Awards.*

(a) The Committee (or other committee to whom such authority is delegated under Paragraph 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.

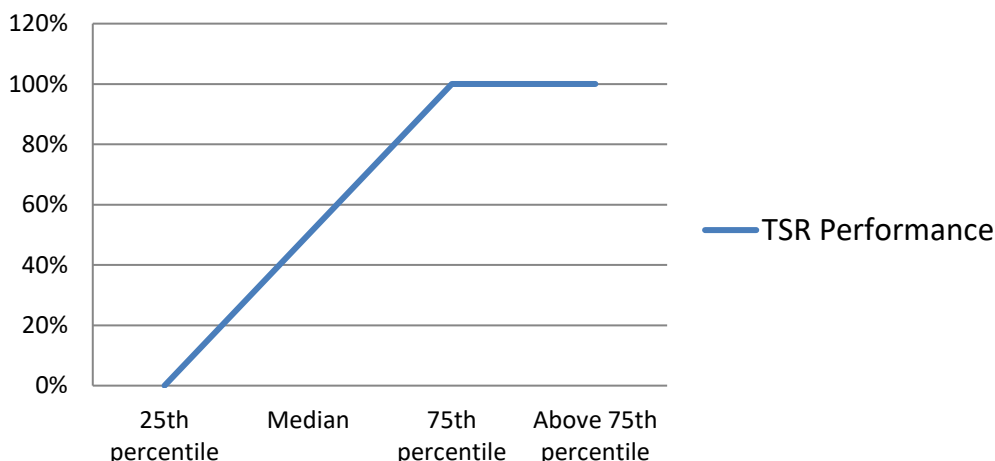
9. *PRSU Terms*

(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 Paragraph 9 the following terms shall apply to all PRSUs:

(i) *Settlement of 50% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, 50% of the PRSUs will automatically be settled at the applicable Settlement Date as follows: all of the 50% of the PRSUs will automatically settle if the Company has delivered a TSR in the upper quartile of the LTI Comparator Group. None of the 50% of the PRSUs will settle if the Company has delivered a TSR in the lower quartile of the LTI Comparator Group. Half of the 50% of the PRSUs will settle if the Company has delivered a TSR at the Median of the LTI Comparator Group. For Company TSR performance between the lower and the upper quartile of the LTI Comparator Group, 50% of the PRSUs will settle in accordance with this chart:



## TSR Performance



*Settlement of 25% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, 25% of the PRSUs awarded will automatically be settled at the applicable Settlement Date subject to the Company's achievement of EBIT in the three full financial years prior to Settlement Date, compared with an EBIT goal for the said period. The Committee has determined a range of EBIT for the three full financial years prior to the Settlement Date where achievements below the range will result in no settlement of the 25% of awarded PRSUs while achievement above the range will result in 100% settlement of the 25% of awarded PRSUs. Achievement within the range will lead to an award between 0-100%.

*Settlement of 25% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, 25% of the PRSUs awarded will automatically be settled at the applicable Settlement Date subject to a timely completion of the refinancing of the Company's current 2020/2021 debt maturities and the Company achieving a goal (defined as a range) on NLR at 31 December 2020, compared with an NLR goal. The range will be set prior to the award of PRSUs and will be adjusted so that reduction of NLR achieved by issuance of new equity shall not benefit the goal achievement, and similarly that an increase of NLR due to any payment of dividends shall not impact the goal achievement. If this condition is satisfied, the PRSUs subject to this goal will settle as follows: If the Company achieves an NLR above the range, the PRSUs will not settle. If NLR is below the range, all PRSUs will settle while there will be partial settlement of PRSUs for achievements within the range.

Following settlement, and subject to Paragraph 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.

(ii) *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 or 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 purposes of this Plan.

10. *Change of Control.* Notwithstanding any other provisions of the Plan, including Paragraphs 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 Oslo Børs, 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 Paragraph 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 25 April 2018. No Award shall be made under the Plan after 25 April 2021.

## CORPORATE GOVERNANCE

**Petroleum Geo-Services 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 also implemented corporate governance guidelines 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 25, 2018.

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 10-16 and 20-23 of the Annual Report.

### 3. Equity and Dividends

The shareholders' equity as of December 31, 2017 was \$879.5 million, corresponding to 35% of total assets.

The Board of Directors believes that the Company's Net Interest Bearing Debt should be at moderate levels. The current guideline is to plan for a Net Interest Bearing Debt not to exceed two times annual EBITDA in the weak part of a business cycle and not to exceed one time the annual EBITDA in a strong market. As a result of a weak market over recent years combined with investments in fleet renewal, the current Net Interest Bearing Debt of \$1,139.4 million is above this guideline. In a situation where Net Interest Bearing Debt exceeds the targeted level, actions to come back inside may be gradual and take place over a period of time. The Board continually monitors the adequacy of the Company's equity in light of its objectives, strategy, and risk profile.

The Company's funding and equity positions are considered adequate by the Board of Directors.

The Company has used above the alternative performance measures being "EBITDA" and "Net Interest Bearing Debt". These terms are 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. Any 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 a Net Interest Bearing Debt which is above the targeted level, priority will going forward be 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 2017 and while the facility remains in place it provides certain requirements to be in place before the Company can propose a dividend.

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, 2018. 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, 2018. 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 (identified below) 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 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. Freely Transferable Shares**

The Company's shares are freely transferable.

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

Through participation in General Meetings, our shareholders exercise ultimate authority over the Company and 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 American Depositary Shares ("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 and address and a confirmation from Deutsche Bank, depository for the ADS, to the effect that they are the beneficial owner of the

underlying shares, 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 Articles of Association, the Company has a Nomination Committee comprised of three 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 and its committees function and whether there is a need for changes to the Board. The Nomination Committee also keeps contact with shareholders and the Chief Executive Officer as part of its work.

### **Nomination Committee Members**

The Nomination Committee comprises Harald Norvik (chairperson), C. Maury Devine, and Terje Valebjørg. Mr. Norvik was a first time electee at the AGM held May 10, 2017, whereas Mrs. Devine and Mr. Valebjørg at the same AGM were re-elected, all for a service period ending with the 2018 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 2017, the Nomination Committee held four meetings and conference calls. The Nomination Committee's report on its work and recommendations will be distributed with the notice of the 2018 AGM.



## 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 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, 2017, the Board of Directors comprised seven shareholder representatives and three directors elected among the employees. Current board members are presented 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, 2017, independent of our major business relations. Mr. Borge is the Chief Executive Officer in Ferd AS. Ferd AS owns ~11% 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, 2017, seven 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 Petroleum Geo-Services 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 Company's Chief Executive Officer ("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 2017, the Board of Directors held fourteen meetings including conference calls. During 2017, all the current shareholder elected Directors participated in all prescheduled board meetings and conference calls, with the exception of Mr. Morten Borge who missed two prescheduled meetings.

Key elements of the Rules of Procedure cover the Board of Directors' responsibilities to determine the Company's financial targets, set strategies along with the CEO and executive committees, and approve business plans, budgets, and budgetary and risk frameworks. 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 social 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 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 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, 2017, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Carol Bell, Daniel J. Piette, 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, 2017, the PGS' Remuneration and Corporate Governance Committee comprises Directors Holly Van Deursen (chairperson), Morten Borge, Richard Herbert, and Espen Grimstad. 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 guidelines for good corporate governance are also committee responsibilities.

#### **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 inquires into, 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 ethical conduct; compliance with laws, rules and regulations; health, safety and working environment; and corporate social responsibility.

The Company's anti-corruption program includes a policy, a management statement, 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 process to ensure that Internal Control over Financial Reporting is effective. The process 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 processes, as designed and represented by management, are adequate and well-functioning. The department has established a process for monitoring that adequate internal control-related activities are integrated into significant PGS business operations worldwide and that focus is directed towards areas of perceived high risk. Any non-conformance is systematically followed up and corrective measures are implemented and their effects monitored.

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

Remuneration of shareholder elected Directors is not linked to performance but is based on participation in meetings 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 28 to the financial statement of PGS.

Remuneration payable to the 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, 2017, the peer group consisted of nineteen companies from Norway, Europe, and the Americas. All companies are of comparable size and have international operations in the oil service sector. The 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 executive managers 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 28 to the financial statement of PGS, and also the Board of Directors' Statement on Remuneration to the CEO and Executive Officers set forth as Appendix VIII to the Calling Notice to the 2018 AGM.

## 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 2017, three meetings and phone conferences were 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.