



Til Aksjonærene i  
Petroleum Geo-Services ASA (PGS)

Our ref.: PU

Oslo 25. mars 2019

**PETROLEUM GEO-SERVICES ASA ORDINÆRE GENERALFORSAMLING 24. april 2019 – KL. 15.00**

Vedlagt oversendes:

- Innkalling
- Fullmaktsskjema

Årsrapporten for 2018 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 2019 i Petroleum Geo-Services ASA ("PGS" eller "Selskapet"). Møtet vil bli avholdt i PGS hovedkontor, Lilleakerveien 4C, 0216 Oslo, den

**24. april 2019 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 2018**

Årsberetning og årsregnskap for Petroleum Geo-Services ASA og konsernet for 2018 er fremlagt i Vedlegg I.

Forslag til vedtak:

*Generalforsamlingen godkjenner årsberetning og årsregnskap for 2018 for Petroleum Geo-Services ASA og konsernet.*

**SAK 4            GODKJENNELSE AV REVISJONSHONORAR FOR 2018**

Revisjonshonoraret for Petroleum Geo-Services ASA for 2018 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 2018.*

## **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 2020.*

### **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 2020.*

### **Sak 5.3 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 2020.*

### **Sak 5.4 Marianne Kah**

Forslag til vedtak:

*Marianne Kah 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 2020.*

### **Sak 5.5 Trond Brandsrud**

Forslag til vedtak:

*Trond Brandsrud 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 2020.*

**SAK 6 VALGKOMITÉ – VALG AV MEDLEMMER OG GODKJENNING 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 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 2020.*

**Sak 6.2 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 2020.*

**Sak 6.3 Alexandra Herger**

Forslag til vedtak:

*Alexandra Herger blir valgt som medlem av Valgkomitéen for en tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2020.*

**Sak 6.4 Ole Jakob Hundstad**

Forslag til vedtak:

*Ole Jakob Hundstad blir valgt som medlem av Valgkomitéen for en tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2020.*

**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 å legge til rette for å ha mer enn tre medlemmer i Valgkomitéen, se Vedlegg II til innkallingen for nærmere forklaring samt 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 25. april 2018 til generalforsamlingen 2019**

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 25. april 2018 til den ordinære generalforsamling i 2019, 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 2018, 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 25. april 2018 til den ordinære generalforsamlingen i 2019.*

**Sak 7.2                Forslag om å godkjenne prinsippene for fastsettelse av styremedlemmers honorar for perioden 24. april 2019 til generalforsamlingen 2020**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for styremedlemmenes honorarer for perioden fra og med 24. april 2019 til generalforsamlingen 2020, se Vedlegg VI til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av styremedlemmers honorar for perioden fra og med 24. april 2019 frem til generalforsamlingen 2020.*

**Sak 7.3                Forslag om å godkjenne prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer for perioden 24. april 2019 til generalforsamlingen 2020**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for Valgkomitéens medlemmers honorarer for perioden fra og med 24. april 2019 frem til generalforsamlingen 2020, Vedlegg VI til innkallingen.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer for perioden fra og med 24. april 2019 til generalforsamlingen 2020.*

## SAK 8

### FULLMAKT TIL Å KJØPE EGNE AKSJER

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

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

Forslag til vedtak:

- (i) Styret gis fullmakt til å kjøpe aksjer i Selskapet på vegne av Selskapet.*
- (ii) Aksjene må kjøpes til alminnelige markedsbetingelser i et regulert marked hvor aksjene omsettes.*
- (iii) Aksjene skal avhendes enten som en del av oppfyllelsen av insentivprogrammer for ansatte, som en del av vederlaget ved oppkjøp som foretas av Selskapet, som en del av vederlaget i fusjoner, fisjoner eller oppkjøp som involverer Selskapet, ved at deler av eller alle aksjene slettes, for å innhente midler til spesifikke investeringer, i den hensikt å nedbetale lån (inklusive konvertible lån) eller styrke Selskapets kapitalgrunnlag. Styret står fritt til å velge hensiktsmessige avhendingsmetoder for disse formål.*
- (iv) Den maksimale pålydende verdi av aksjene som totalt kan erverves i henhold til denne fullmakt er NOK 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 2020.*
- (vi) Fullmakten til å erverve egne aksjer, innvilget den 25. april 2018, 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 LEDEDE 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 VII til innkallingen, og er fremlagt for rådgivende avstemming i generalforsamlingen. Elementene i erklæringen om tildeling av Ytelsesbaserte Aksjeenheter til ledende ansatte i Selskapet er imidlertid fremlagt for generalforsamlingens godkjenning er bindende for styret

### **Sak 9.1 Forslag om å godkjenne de veiledende deler av Styrets erklæring**

Forslag til vedtak:

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

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

Forslag til vedtak:

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

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

Styret foreslår at generalforsamlingen godkjenner et langsiktig insentivprogram («Insentivprogrammet») for ansatte for perioden fra 24. april 2019. Det vil ikke bli foretatt tildelinger under 2019 Insentivprogrammet etter 24. april 2022. Det foreslåtte 2019 Insentivprogrammet er basert på programmet som ble godkjent på 2018 generalforsamlingen, hvor Selskapet kun kan gi ytelsesbaserte aksjeenheter («Ytelsesbaserte Aksjeenheter») til ansatte. 2019 Insentivprogrammet har imidlertid noen viktige endringer sammenlignet med 2018 Insentivprogrammet:

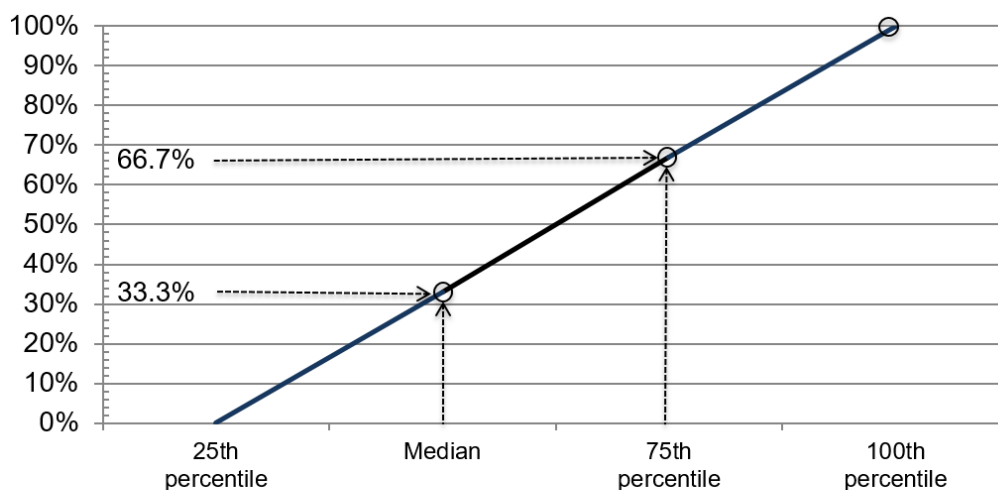
Nøkkellindikatoren om *relativ aksjeavkastning* («TSR») er videreført men med en økt vekt fra 50% i 2018 til 75% i 2019. Oppgjørprofilen for TSR-indikatoren er også endret fra å gi fullt oppgjør i det øverste kvartil til å gi full utbetaling ved det 100. persentil sammenlignet med Sammenligningsgruppen (definert nedenfor). For relativ aksjeavkastning på medianen i Sammenligningsgruppen, er oppgjøret redusert fra 50% til 33,3%. Videre har driftsresultatsindikatoren for 2018 blitt erstattet med en nøkkellindikator om *avkastning på sysselsatt kapital* («ROCE») med 25% vekt. Indikatoren fra 2018 om håndtering av gjeldsforfall/gjeldsgrad er fjernet. Styret er av den oppfatning at det er fordelaktig å øke vekten på den relative aksjeavkastningen, erstatte indikatoren om driftsresultat med en indikator knyttet til avkastning på sysselsatt kapital, samt at indikatoren om håndtering av gjeldsforfall/gjeldsgrad fjernes når ytelse skal måles.

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

Oppgjør av 75% av de Ytelsesbaserte Aksjeenheter vil forutsette at Selskapet har oppnådd en gitt aksjeavkastning fra tildelingstidspunktet til oppgjørstidspunktet relativt

til en gruppe av relevante selskaper («Sammenligningsgruppen»). For avkastning høyere enn de laveste 25% i Sammenligningsgruppen, vil disse Ytelsesbaserte Aksjeehetene gjøres opp i henhold til følgende figur:

## Aksjeavkastning



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

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

En mer detaljert beskrivelse av vilkårene for oppgjør av de Ytelsesbaserte Aksjeehetene er gitt i det fullstendige dokumentet for 2019 Incentivprogrammet inkludert i Vedlegg VIII til innkallingen.

Ved oppgjøret vil deltakeren motta et antall aksjer i Selskapet som tilsvarer antall tildelte og oppgjorte Ytelsesbaserte Aksjeeheter. De Ytelsesbaserte Aksjeehetene 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 2019, skal styret foreslå det maksimale antall Ytelsesbaserte Aksjeeheter som kan utstedes. Styret foreslår at det maksimale antall Ytelsesbaserte Aksjeeheter som kan utstedes under Incentivprogrammet er 2 400 000. Følgelig er det maksimale antall aksjer som kan



tildeles deltakerne 2 400 000 aksjer. Ingen deltagere i Insentivprogrammet for 2019 (inkludert CEO) kan motta mer enn 7% av det totale antall aksjer tildelt under Insentivprogrammet.

Hovedelementene i den totale kompensasjonen til ledergruppen og andre sentrale ansatte i Selskapet består normalt av grunnlønn, en årlig prestasjonsbasert bonusutbetaling og et aksjeinsentivprogram. For 2016 og 2017 besluttet styret at det ikke skal utbetales årlig prestasjonsbonus pga. det utfordrende markedet Selskapet opererer i. I 2018 ble imidlertid det årlige prestasjonsbaserte bonusutbetalingsprogram re-introdisert med utbetaling begrenset til 50% av tidligere nivåer. I 2019 har Selskapet introdisert et fullt prestasjonsbasert bonusutbetalingsprogram blant annet som følge av et bedret marked.

Styret er av den oppfatning at Insentivprogrammet for 2019 for nøkkelpersoner i Selskapet, hvor Ytelsesbaserte Aksjeenheter kun gjøres opp der Selskapet over tid har levert god aksjeavkastning i forhold til Sammenligningsgruppen og hvor avkastningen på sysselsatt kapital møter fastsatte mål, er i samsvar med interessene til Selskapet og aksjonærene. Videre, i tillegg til å insentivere ytelse, vil programmet ha en rekrutteringseffekt samt at det er egnet insentiv for at talentfulle ansatte forblir i Selskapet.

De fullstendige vilkår for Insentivprogrammet for 2019 fremgår av Vedlegg VIII til innkallingen.

Den 10. juni 2019, vil totalt 530 175 Aksjeenheter tildelt under 2016 Insentivprogrammet bli gjort opp, og 641 175 Ytelsesbaserte Aksjeenheter vil enten bli gjort eller bortfalle. Etter godkjenning av det foreslåtte Insentivprogrammet for 2019 og oppgjør av det ovennevnte 2016 Insentivprogrammet, vil totalt antall utestående Aksjeenheter og Ytelsesbaserte Aksjeenheter tildelt ansatte være 5 206 850, som tilsvarer 1,54 % av Selskapets totale aksjekapital.

Generalforsamlingen oppfordres til å godkjenne Insentivprogrammet for 2019.

Forslag til vedtak:

*Generalforsamlingen godkjenner det langsiktige Insentivprogrammet for 2019.*

## **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 2018 fornyes.

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

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

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Styret gis fullmakt til å forhøye aksjekapitalen i Selskapet med totalt NOK 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 24. april 2019, 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 2020.*
- (vii) Fullmakten til å utstede nye aksjer som ble innvilget på generalforsamlingen 25. april 2018 tilbakekalles med virkning fra det tidspunkt fullmakten gitt i dette punkt 11 trer i kraft.*

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 aksjonærers fortrinnsrett for å kunne tilrettelegge for at nye investorer tegner seg for lånet. Styret har imidlertid foreslått å begrense fullmakten slik at antall aksjer som utstedes i henhold til konvertible lån under denne fullmakten og fullmakten i pkt. 11 til å utstede aksjer, ikke samlet kan overstige 10 % av Selskapets aksjekapital.

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Selskapet kan oppta nye konvertible lån på til sammen opptil NOK 3 500 000 000 (eller tilsvarende i annen valuta). Styret gis fullmakt til å fremforhandle og inngå konvertible låneavtaler innenfor begrensningene og i samsvar med betingelsene i denne fullmakten.*
- (ii) Selskapets aksjekapital kan forhøyes med totalt opptil NOK 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 24. april 2019, 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 2020. 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 25. april 2018, tilbakekalles når fullmakten gitt i dette punkt 12 trer i kraft.*

## **SAK 13 ENDRING AV SELSKAPETS VEDTEKTER**

Styret foreslår visse endringer til Selskapets vedtekter, se Vedlegg IX.

### **Sak 13.1 Forslag om å godkjenne endring av Selskapets registrerte navn**

Styret foreslår å endre Selskapets registrerte navn fra å være «Petroleum Geo-Services ASA» til å bli «PGS ASA». Den foreslåtte navneendringen krever at Selskapets vedtekter endres. Navneendringen er foreslått for å forenkle navnet, samt gjenspeile Selskapets logo og varemerke i Selskapets registrerte navn.

Forslag til vedtak:

*Følgende tekst skal erstatte overskriften til vedtektene:*

*«Vedtekter for PGS ASA»*

*Følgende paragraf skal erstatte nåværende §1 i vedtektene:*

*«Selskapets navn er PGS ASA. Selskapet er et allmennaksjeselskap.»*

### **Sak 13.2 Forslag om å godkjenne endring av antall medlemmer i Valgkomitéen**

Slik redegjort for i Vedlegg II, foreslår Valgkomitéen å øke antallet valgkomitémedlemmer fra tre til fire. Vedtektenes § 6 første ledd oppstiller at Valgkomitéen skal bestå av tre medlemmer. Styret foreslår derfor å endre vedtektene slik at Valgkomitéen kan ha mellom tre og fem medlemmer.

Forslag til vedtak:

*Følgende paragraf skal erstatte nåværende §6, første ledd i vedtektene:*

*«Valgkomitéen skal bestå av 3-5 medlemmer. Tjenestetiden skal være to år med mindre generalforsamlingen beslutter at tjenestetiden skal være kortere.»*

## **SAK 14 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 25. april 2018 til 24. april 2019.*

Uttalelse om god eierstyring og selskapsledelse er et eget punkt på agendaen for ordinær generalforsamling. Uttalelsen er også referert til i styrets redegjørelse for 2018, 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 2019, 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, 25. mars 2019**



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Walter Qvam  
Styreleder

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

- *Vedlegg I – Årsregnskap og årsberetning*
- *Vedlegg II – Valgkomitéens rapport*
- *Vedlegg III – Revidert Valgkomitéinstruks*
- *Vedlegg IV – Honorarer for styremedlemmer og Valgkomitémedlemmer for perioden fra 25. april 2018 frem til generalformsamlingen i 2019*
- *Vedlegg V – Prinsipper for fastsettelse av styremedlemmenes og Valgkomitémedlemmenes honorar for perioden fra 25. april 2018 frem til generalformsamlingen i 2019*
- *Vedlegg VI – Prinsipper for fastsettelse av styremedlemmer og Valgkomitémedlemmenes honorarer for perioden fra 24. april 2019 frem til generalformsamlingen 2020*
- *Vedlegg VII – Erklæring om fastsettelse av lønn og annen godtgjørelse for ledende ansatte*
- *Vedlegg VIII – Langsiktig 2019 Insentivprogram*
- *Vedlegg IX – Reviderte vedtekter*
- *Vedlegg X – Uttalelse om god eierstyring og selskapsledelse*

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

*Walter Qvam*

*Rune Olav Pedersen*

*Petroleum Geo-Services ASA*

*Petroleum Geo-Services ASA*

*P.O. Box 251 Lilleaker*

*P.O. Box 251 Lilleaker*

*0216 Oslo*

*0216 Oslo*



«Navn»

Referansenr: \_\_\_\_\_ Pinkode: \_\_\_\_\_

«Adresse»

### Innkalling til ordinær generalforsamling

Ordinær generalforsamling i Petroleum Geo-Services ASA avholdes 24. april 2019 kl. 15.00 på PGS hovedkontor, Lilleakerveien 4c, 0216 Oslo

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

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

### Påmelding/Forhåndsstemme

Påmelding/forhåndsstemme foretas elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester. For påmelding/forhåndsstemme via selskapets hjemmeside, må overnevnte pin og referansenummer oppgis. Alternativt via Investortjenester hvor man ikke trenger pin og referansenummer. Får du ikke registrert påmeldingen elektronisk kan du signere og sende inn denne blanketten til [genf@dnb.no](mailto:genf@dnb.no), eller per post til DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo. Forhåndsstemme kan kun foretas elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester.

Påmelding/Forhåndsstemme må være mottatt senest 23. April 2019 kl. 12.00.

Undertegnede vil delta på ordinær generalforsamling den 24. april 2019 og avgi stemme for:

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

Sted	Dato	Aksjeeiers underskrift (Ved fullmakt benyttes blanketten under)
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### Fullmakt uten stemmeinstruks

Referansenr: \_\_\_\_\_ Pinkode: \_\_\_\_\_

Dersom du selv ikke kan møte på generalforsamling, kan du gi fullmakt til en annen person. Om det ikke oppgis navn på fullmektigen, vil fullmakten anses gitt styrets leder, eller den han bemyndiger.

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

Fullmakten gis elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester. For registrering via selskapets hjemmeside, må overnevnte pin og referansenummer oppgis. Alternativt via Investortjenester hvor man ikke trenger pin og referansenummer. Får du ikke registrert den elektronisk, kan du signere og sende denne blanketten på e-post til [genf@dnb.no](mailto:genf@dnb.no) eller per post til DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo.

Fullmakten må være mottatt senest 23. April 2019 kl. 12.00.

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

Styrets leder (eller den han bemyndiger), eller

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

fullmakt til å møte og avgi stemme for mine/våre aksjer i Petroleum Geo-Services ASAs ordinære generalforsamling 24. april 2019.

Sted	Dato	Aksjeeiers underskrift (Undertegnes kun ved fullmakt)
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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

Referansenr: \_\_\_\_\_

Dersom du selv ikke kan møte på generalforsamling, kan du benytte dette fullmaktskjemaet for å gi stemmeinstruks til styrets leder eller den han bemyndiger.

Fullmakt med stemmeinstruks kan kun registreres av DNB og sendes til [genf@dnb.no](mailto:genf@dnb.no) (skannet blankett) eller per post til DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo. **Blanketten må være datert og signert.**

Blanketten må være mottatt senest 23. April 2019 kl. 12.00.

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

gir herved styrets leder (eller den han bemyndiger) fullmakt til å møte og avgi stemme for mine/våre aksjer i Petroleum Geo-Services ASAs ordinære generalforsamling 24. april 2019.

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

Agenda ordinær generalforsamling 2019	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 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. GODKJENNELSE AV REVISJONSHONORAR FOR 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. VALG AV STYREMEDLEMMER			
5.1. Walter Qvam (Styreleder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2. Anne Grethe Dalane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3. Richard Herbert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4. Marianne Kah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5. Trond Brandsrud	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. VALGKOMITÉ – VALG AV MEDLEMMER OG GODKJENNELSE AV REVIDERT VALGKOMITÉINSTRUKS			
6.1. Harald Norvik (Leder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2. Terje Valebjørg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3. Alexandra Herger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4 Ole Jakob Hundstad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.5. Forslag om å godkjenne revidert Valgkomitéinstruks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. GODKJENNELSE AV HONORARER FOR STYREMEDLEMMER OG MEDLEMMER AV VALGKOMITÉEN			
7.1. Forslag om å godkjenne honorarer for styremedlemmene og medlemmene av Valgkomitéen for perioden fra 25. april 2018 til generalforsamlingen 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2. Forslag om å godkjenne prinsippene for fastsettelse av styremedlemmers honorar for perioden 24. april 2019 til generalforsamlingen 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3. Forslag om å godkjenne prinsippene for fastsettelse av Valgkomitémedlemmers honorar for perioden 24. april 2019 til generalforsamlingen 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. FULLMAKT TIL Å KJØPE EGNE AKSJER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





9. ERKLÆRING FRA STYRET OM PRINSIPPER FOR FASTSETTELSE AV LØNN OG ANNEN GODTGJØRELSE TIL LEDENDE ANSATTE			
9.1 Forslag om å godkjenne de veiledende deler av Styrets erklæring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.2 Forslag om å godkjenne de bindende prinsipper i Styrets erklæring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. GODKJENNELSE AV LANGSIKTIG INSENTIVPROGRAM FOR ANSATTE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. FORSLAG OM Å GI STYRET FULLMAKT TIL Å FORHØYE SELSKAPETS AKSJEKAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. FORSLAG OM Å GI STYRET FULLMAKT TIL Å UTSTEDE KONVERTIBLE LÅN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. ENDRING AV SELSKAPETS VEDTEKTER			
13.1 Forslag om å godkjenne endring av Selskapets registrerte navn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.2 Forslag om å godkjenne endring av antall medlemmer i Valgkomitéen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SKADESLØSHOLDELSE AV STYREMEDLEMMENE OG ADMINISTRERENDE DIREKTØR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. UTTALELSE OM GOD EIERSTYRING OG SELSKAPSLEDELSE			

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

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

## **Nomination Committee Report to 2019 AGM**

### ***Introduction***

The Nomination Committee in Petroleum Geo-Services ASA (“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 seven meetings in 2018.

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 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 reviewed the Charter and has proposed to amend this. The main proposed change is to cater for having more than three members in the Nomination Committee, cf. the below on proposing a fourth member to the committee. 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 2018, one meeting was 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 President & CEO and met with large shareholders to solicit their input. For the AGM 24 April 2019, 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 its’ management.

PGS currently meets the requirements for both male and female directors and residency laid out in the Public Limited Companies Act Sections 6-11 a (1) and 6-11(1). The same will apply if the Board 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 from the 2019 AGM or the 2020 AGM Mr. Walter Qvam as Chairperson (appointed as Director in 2013), and the Directors Ms. Anne Grethe Dalane (appointed as Director in 2013), Mr. Richard Herbert

(appointed as Director in 2017) and Ms. Marianne Kah (appointed as Director in 2018). Information about the Directors' participation in Board meetings can be found in the Corporate Governance Statement, cf. Appendix X to the Calling Notice.

Director Mr. Morten Borge has decided to retire from the Board of Directors of the Company, and as a consequence he has not been proposed for re-election. The Nomination Committee expresses its gratitude for Mr. Borge's service to the Board.

In order to bring competencies that are lost by not proposing to re-elect Mr. Borge, 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 from the 2019 AGM or the 2020 AGM;

### ***Trold Brandsrud***

Mr. Brandsrud (born 1958) holds a master's degree from the Norwegian School of Economics, and is board member and non-executive Director of several listed and Private Equity owned companies. These include AkerBP (where he also leads the Audit and Risk Committee) and Lowell (where he also is a member of the Audit and Remuneration Committees). Mr. Brandsrud has 30 years' experience from the oil & gas industry. He has served as Group Chief Financial Officer in Aker and Seadrill, and has held a wide range of senior finance positions in Shell (in Norway and internationally). Recently, he has also held Group CFO and CEO positions in PE owned companies (Lindorff and Lowell) in the financial services sector. Brandsrud is a Norwegian citizen.

The main reasons for proposing Mr. Brandsrud is his financial background and expertise, as well as his experience with board work, capital markets, oil & gas business, and development and implementation of strategy. The Nomination Committee is of the view that Mr. Brandsrud will be a good compliment to the proposed re-elected Directors.

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

The 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 <https://www.pgs.com/about-us/board-and-executive-team/board-of-directors/>.

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 2019 AGM. In this work, the Nomination Committee has specifically evaluated PGS' need for a committee which has knowledge of the strategic, international, financial, technological and management issues which face PGS in order to identify qualified and suitable nominees to the Board of Directors. The Nomination Committee also emphasize the importance of both male and female members and both Norwegian and international members to the Nomination Committee.

The Nomination Committee proposes that Mr. Harald Norvik is re-elected as Chairperson, and that Nomination Committee member Mr. Terje Valebjørg is re-elected as member for a term ending on the earlier of one year or the 2020 AGM.

Nomination Committee member Ms. C. Maury Devine will not be proposed for re-election as member as Ms. Devine has expressed a wish to step down from the Nomination Committee due to her tenure with the committee. The Nomination Committee expresses its gratitude for Ms. Devine's 13 year long standing service to the committee.

In order to bring competencies that are lost by not proposing to re-elect Mrs. Devine, the Nomination Committee thereby proposes the following new member to the Nomination Committee for election for a term ending on the earlier of one year or the 2020 AGM;

***Alexandra Herger***

Ms. Herger (born 1957) has 38 years of experience in the worldwide exploration and development of oil and gas, and currently serves as a non-executive Director on several corporate boards including Tethys Oil, Panoro Energy ASA and Tortoise Energy Capital Advisors. Ms. Herger most recently served as Vice President of Global Exploration for Marathon Oil Corporation from April 2014 until her retirement in July 2014. Prior to Vice President, Ms. Herger was Director of International Exploration and New Ventures for Marathon Oil from November 2008 to April 2014. She led five new country entries and was responsible for adding net discovered resources of over 500 million boe to Marathon's portfolio. Before joining Marathon Oil, she was at Shell E&P Company as the Gulf of Mexico Exploration Manager from 2006 to 2008. Through major area-wide lease sales during that time, Shell reestablished a leadership position in the Gulf. At Shell E&P, Ms. Herger also led a global value assurance team overseeing technical and economic assessments for major exploration, development, and new business opportunities from 2002-2006. Prior to the acquisition of Enterprise Oil by Shell E&P, she was Vice President of Gulf of Mexico Exploration for Enterprise Oil from 1998-2002. She developed and led the company's renewed exploration strategy for the Gulf of Mexico, resulting in gross discoveries of over 1.6 billion barrels of oil. Earlier, Ms. Herger held positions of increasing responsibility in oil and gas exploration and production, operations, and planning with Hess Corporation and ExxonMobil Corporation. Ms. Herger holds a bachelor's degree in geology from Ohio Wesleyan University and completed masters level graduate studies in geology at The University of Houston. Ms. Herger is a member of Leadership Texas, the

Foundation for Women's Resources, and was on the advisory board of the Women's Global Leadership Conference in Houston, Texas from 2010 to 2013. She has been a member of the Women's Leadership Committee of the World Oil Council since 2014. As of 31 December 2018, Ms. Herger does not own shares in the Company.

The Nomination Committee suggests to further strengthen the competencies of the Nomination Committee and recognize one of the larger shareholders in the Company by proposing the following new member to the Nomination Committee for election for a term ending on the earlier of one year from the 2019 AGM or the 2020 AGM;

### ***Ole Jakob Hundstad***

Mr. Hundstad (born 1971) has since 2008 been serving as Portfolio Manager with the Government Pension Fund Norway (Folketrygdfondet). Hundstad is responsible for Folketrygdfondet's equity investments in companies within the shipping and energy sectors, as well as analysis of developments in the oil market and follow-up of the ownership in the individual companies. As Folketrygdfondet as of 31 December 2018 owned ~9.9% of the shares in the Company, Mr. Hundstad's responsibility extends also to managing the ownership in the Company. Mr. Hundstad's previous experience extends to being Portfolio Manager in Fondsforvaltning, Stockbroker in Pareto Securities and Financial Analyst in Chase Manhattan Bank, Norway branch. He has also served as Member of the Corporate Assembly at Aker BP. Mr. Hundstad holds a Master of Business Administration being a Certified European Financial Analyst and Certified Portfolio Manager from the Norwegian School of Economics (Norges Handelshøyskole), as well as a Master of Business and Economics (siviløkonom) from the Norwegian Business School BI.

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

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

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

The Nomination Committee has reviewed remuneration practice for both shareholder and employee elected Directors in both international and Norwegian peer companies in order to establish a recommendation to the AGM. The committee has also taken into account the results of the Board Remuneration Survey issued by the Norwegian Institute of Directors. Based on this, the Nomination Committee propose to keep the principles and levels for remuneration to the shareholder elected Directors for the period 2019 AGM-2020 AGM at the same level as it was approved for the period 2018 AGM-2019 AGM.

As regards the Directors elected by and amongst the employees of the Company and its Norwegian subsidiaries during April 2019, the Nomination Committee proposes, based on a competitive compensation review, to pay a fixed board fee in the amount of NOK 100,000 for the period between the 2019 AGM and the 2020 AGM.

The remuneration scheme for the shareholder and employee elected Directors thus proposed for the period between the 2019 AGM and the 2020 AGM is presented in Appendix VI to the Calling Notice for the 2019 AGM.

The remuneration payable to the Directors for the previous period between the 2018 AGM and the 2019 AGM is set forth in Appendix IV to the Calling Notice. This remuneration is calculated in accordance with the principles for Director remuneration that were adopted by the 2018 AGM, see Appendix V to the Calling Notice for the 2019 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 recommended at the 2018 AGM that the shareholder elected Directors over a three-year period themselves acquire shares in the Company in an amount at least equal to 25% of the proposed annual fixed board member fee. Whilst noting that certain Directors may be prevented from acquiring shares due to other roles and positions, the Nomination Committee will take into account Director shareholding in the Company when proposing Directors for re-election. The Nomination Committee notes that the current shareholder elected Directors that are able to acquire shares have accommodated this recommendation.

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

The Nomination Committee has reviewed remuneration practice for nomination committee members in both international and Norwegian peer companies in order to establish a recommendation to the 2019 AGM, and has also taken into account the results of the Board Remuneration Survey issued by the Norwegian Institute of Directors. Based on this, the Nomination Committee propose to keep the principles and levels for remuneration to the Nomination Committee members for the period 2019 AGM-2020 AGM at the same level as it was approved for the period 2018 AGM-2019 AGM.

The principles for and levels of Nomination Committee member fees for the period between the 2019 AGM to the 2020 AGM proposed by the Nomination Committee are seen in Appendix VI to the Calling Notice for the 2019 AGM.

The fees payable to the Nomination Committee members for the period between the 2018 AGM and the 2019 AGM are set forth in Appendix IV to the 2019 AGM Calling Notice. These numbers are calculated on basis of the principles for remuneration that were adopted by the 2018 AGM, see Appendix V to the 2019 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 PGS ASA ("PGS" or the "Company").

Established by: The Annual General Meeting of the Company

Effective from: 8 June 2005

Last revised: 24 April 2019

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, as well as proposing remuneration for both shareholder and employee elected Directors.

### Purpose and mandate

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

- Nominees for election as shareholder elected 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 both shareholder and employee elected 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 between three and five 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 President & CEO. The Committee Chairperson and one member shall constitute a quorum. Resolutions in the Committee shall be made by a majority vote amongst the

participating Committee members. The Committee Chairperson shall have the casting vote. The Chairperson of the Board of Directors and/or of the Remuneration and Corporate Governance Committee of the Board of Directors, and the President & 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 shareholder elected 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 shareholder elected 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 shareholder elected 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 President & 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 compensation to both shareholder and employee elected Directors, 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;
- conduct an annual evaluation of its own performance and provide a report to the shareholders at the general meeting; and
- comply with securities laws and insider trading rules with respect to the financial instruments of the Company.



FEES FOR BOARD MEMBERS and NOMINATION COMMITTEE MEMBERS  
25 April 2018 - 24 April 2019

Appendix IV

			2Q 2018	3Q 2018	4Q 2018	1Q 2019	TOTAL
Qvam, Walter	Chairperson + Chairperson Remuneration Committee	USD	27,986	32,250	27,750	27,750	<b>115,736</b>
Dalane, Anne Grethe	Director + Chairperson Audit Committee	USD	20,306	23,000	18,500	18,500	<b>80,306</b>
Borge, Morten	Director + Member Remuneration Committee	USD	18,181	21,375	16,875	16,785	<b>73,216</b>
Herbert, Richard	Director + Member Audit Committee	USD	24,451	21,750	21,750	21,750	<b>89,701</b>
Kah, Marianne	Director + Member Audit Committee	USD	21,650	17,250	26,250	21,750	<b>86,900</b>
Piette, Daniel J.	Vice Chairperson + Member Audit Committee <i>(until AGM 2018)</i>	USD	11,444	-	-	-	<b>11,444</b>
Bell, Carol	Director + Member Audit Committee <i>(until AGM 2018)</i>	USD	9,597	-	-	-	<b>9,597</b>
Van Deursen, Holly A.	Director + Chairperson Remuneration Committee <i>(until AGM 2018)</i>	USD	10,735	-	-	-	<b>10,735</b>
			<b>144,350</b>	<b>115,625</b>	<b>111,125</b>	<b>84,785</b>	<b>358,959</b>

			2Q 2018	3Q 2018	4Q 2018	1Q 2019	TOTAL
Norvik, Harald	Chairperson Nomination Committee	USD	2,417	2,625	2,625	2,625	<b>10,292</b>
Devine, C. Maury	Member Nomination Committee	USD	1,792	2,000	2,000	2,000	<b>7,792</b>
Valebjørg, Terje	Member Nomination Committee	USD	1,792	2,000	2,000	2,000	<b>7,792</b>
			<b>6,001</b>	<b>6,625</b>	<b>6,625</b>	<b>6,625</b>	<b>25,876</b>

**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.

**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 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 24 April 2019 to the annual general meeting 2020**

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

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

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

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

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

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

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

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

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

### **1. Introduction**

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 President & CEO (the "CEO") and other executive officers. The guidelines set out below in Section 2 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 2019 Annual General Meeting ("AGM"). The principles contained in Section 3 below on award of Performance based Restricted Stock Units ("PRsUs") to the CEO and executive officers will be presented to the AGM for approval and is binding for the Board of Directors.

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.

### **2. Advisory principles**

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

The variable elements today consist of a performance bonus scheme, and participation in performance related restricted stock unit ("PRsU") programs. The PRsU programs are addressed in Section 3 below.

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. For the CEO, any performance bonus pay-out is capped to 150% of his annual base salary. For the executive officers, any performance bonus pay-out is capped to 100% of their annual base salary.

### 3. Binding principles

The Annual General Meetings in 2013, 2014, 2015, 2016, 2017 and 2018 authorized a PRSU program in order to ensure continued long term incentives which were linked to the development of the Company's share price. The Board of Directors will propose to the 2019 Annual General Meeting a Long Term Incentive Plan ("LTI Plan") that for all eligible employees will consist solely of PRSUs. The LTI Plan will exclude granting Restricted Stock Units that are not performance related. Settlement of the PRSUs and subsequent transfer of shares to the eligible employee will take place three years later subject to; (i) Total Shareholder Return ("TSR") achievements compared to a comparator group that as of 25 March 2019 comprise 23 relevant companies (the "LTI Plan Comparator Group") adjusted for dividends for the said period, and (ii) the Company's Return On Capital Employed ("ROCE") compared to a goal for the said period. Settlement of the PRSUs and subsequent transfer to the eligible employee of shares in the Company will take place three years after the grant subject principally to continued employment by the Company. Further details of the LTI Plan is set out in Appendix VIII to the 2019 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 2019. The full LTI Plan including all goals, terms and conditions will be presented to the Annual General Meeting on 24 April 2019 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 2019. The proposal for the LTI Plan is to approve a pool of 2,400,000 PRSUs. No participant in the LTI Plan (including the CEO) may receive more than 7% of the total PRSU pool.

### 4. Application

A specific peer group of comparable companies and an executive remuneration philosophy have been adopted for determining total executive compensation. As per 31 December 2018, the peer group consisted of twenty companies primarily from Norway and Europe. All companies are of comparable size and have international operations in the oil & gas and oil service sector. An external advisor to the Company collects and combines relevant information related to the peer group companies. This is used by the Company's Remuneration and Corporate Governance Committee (the "Committee") and the Board of Directors to benchmark total 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 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.

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 is rather dependent on a large number of managers and key employees throughout the Company. Therefore, a large number of managers and key employees are normally included in performance based remuneration schemes, which contain all or some of the above mentioned elements. In addition, all other employees may traditionally receive up to a maximum of one month salary in annual bonus.

Remuneration of the CEO and other executive officers are evaluated regularly by the Committee and the Board of Directors. 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 Committee has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of total executive compensation. The Committee normally engages an external advisor for this work.

Since the Annual General Meeting in April 2018 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.

24 April 2019

## Petroleum Geo-Services ASA 2019 Long Term Incentive Plan

1 *Plan.* The Petroleum Geo-Services ASA 2019 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.

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

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

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

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

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

“Plan” is defined in 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.

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

“Settlement Date” means, subject to 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 Liability Companies Act Section 1-3 second paragraph.

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

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

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



Norwegian Central Securities Depository, Verdipapirsentralen ASA.

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

5. *Shares Available for Awards.*

(a) Subject to the provisions of 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) is exceeding 2,400,000.

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

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

6. *Administration.*

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

(b) Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper and which are either (i) not materially adverse to the Participant to whom such Award was granted, (ii) consented to by such Participant, or (iii) made pursuant to the adjustment provisions in 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 President & CEO or to other employees of the Company or its Subsidiaries its administrative duties under this Plan (excluding its granting authority) pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third-party administrator to carry out administrative functions under the Plan. The Board shall itself determine any Award to the President & CEO and shall not delegate this or any authority under this Plan related to the Award to the President & CEO.

8. *Awards.*

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

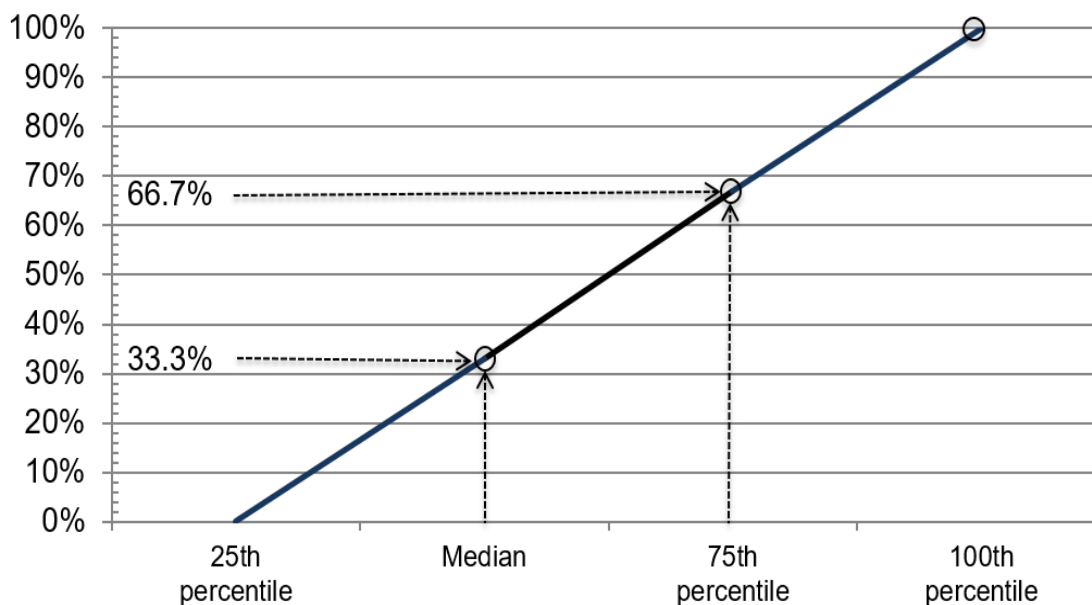
(c) Each Award may, in the discretion of the Committee, be embodied in an Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Participant to whom the Award 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 75% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, 75% of the PRSUs (the "TSR PRSUs") will be settled at the applicable Settlement Date as follows: all of the TSR PRSUs will automatically settle if the Company has delivered a TSR at the 100<sup>th</sup> percentile of the LTI Comparator Group. None of the TSR PRSUs will settle if the Company has delivered a TSR in the lower quartile of the LTI Comparator Group. If the Company has delivered a TSR at the Median of the LTI Comparator Group, 33.3% of the TSR PRSUs will settle. The settlement of TSR PRSUs as a function of TSR performance is illustrated in the chart below:

## TSR Performance



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

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

Following settlement, and subject to 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.

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

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

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

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

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

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

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

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

15. *Assignability.* Unless otherwise determined by the Committee and provided in the Award Agreement or the terms of the Award, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will or by the laws of descent and distribution. The Committee may prescribe and include in applicable Award Agreements or the terms of the Award other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this 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 24 April 2019. No Award shall be made under the Plan after 24 April 2022.

**APPENDIX 1 – LTI COMPARATOR GROUP**

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

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



## Vedtekter for PGS ASA

*(Endret i generalforsamling 24.04.2019)*

- §1 Selskapets navn er PGS ASA. Selskapet er et allmennaksjeselskap.
- §2 Selskapets virksomhet er å yte tjenester, delta og investere innen energi og beslektede virksomheter.
- §3 Selskapets aksjekapital er NOK 1 015 739 988 fordelt på 338 579 996 aksjer hver pålydende NOK 3.
- Aksjene skal registreres i Verdipapirsentralen.
- §4 Selskapets forretningskontor skal være i Oslo.
- §5 Selskapets styre skal bestå av 3-13 medlemmer. Selskapets signatur skal innehas av to styremedlemmer i fellesskap, eller daglig leder og ett styremedlem i fellesskap.
- Tjenestetiden for styremedlemmer er ett år.
- §6 Valgkomiteen skal bestå av 3-5 medlemmer. Tjenestetiden skal være to år med mindre generalforsamlingen beslutter at tjenestetiden skal være kortere.
- Valgkomiteen skal forberede et forslag for generalforsamlingen vedrørende:
- Valg av medlemmer til styret og styrets leder,
  - Valg av medlemmer til valgkomiteen og leder av komiteen,
  - Godtgjørelse til styremedlemmer og medlemmene av valgkomiteen, og
  - Endringer til valgkomiteens mandat og instruks.
- §§ 6-7 og 6-8 i allmennaksjeloven gjelder tilsvarende for medlemmene av valgkomiteen.
- §7 Innkalling til ordinær generalforsamling skal foretas senest fire uker før generalforsamling. Innkalling til ekstraordinær generalforsamling skal sendes minst tre uker før generalforsamlingen.

I selskapets generalforsamling har hver aksje én stemme. En aksjeeier som har aksjer registrert gjennom en godkjent forvalter etter allmennaksjeloven §4-10, er stemmeberettiget for det antall aksjer forvalteroppdraget omfatter, dersom aksjeeieren innen to virkedager før generalforsamlingen overfor selskapet oppgir navn og adresse og fremlegger bekreftelse fra forvalteren om at aksjeeieren er den reelle eier av de forvaltede aksjer, og under forutsetning av at styret ikke nekter godkjennelse av slikt reelt eierforhold overensstemmende med reglene i denne §7.



Aksjeeiere som ønsker å delta i generalforsamlingen må melde fra til selskapet innen den frist som angis i innkallingen og som ikke kan være tidligere enn to virkedager forut for generalforsamlingen.

Dokumenter som skal behandles på generalforsamlingen kan gjøres tilgjengelig på selskapets internettsider. Det samme gjelder dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. Dersom dokumentene tilgjengeliggjøres på denne måten skal ikke lovens krav om utsendelse til aksjeeierne få anvendelse. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Skriftlig og/eller elektronisk stemmegivning i samsvar med §5-8 b) i allmennaksjeloven skal tillates på møter der en slik stemmegivning arrangeres av selskapets styre.

§8 Ordinær generalforsamling avholdes hvert år innen juni måneds utgang. På ordinær generalforsamling skal følgende saker behandles:

- a) Godkjenne årsregnskapet og årsberetningen, herunder utdeling av utbytte,
- b) Valg av medlemmer til styret og styrets leder,
- c) Valg av medlemmer og leder til valgkomiteen og endringer og tillegg til valgkomiteens mandat og instruks, og
- d) Andre saker som etter lov eller vedtekter hører under generalforsamlingen.

§9 Generalforsamlingen ledes av styrets leder.

§10 Forøvrig kommer den til enhver tid gjeldende allmennaksjelovs bestemmelser til anvendelse.

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[UNOFFICIAL ENGLISH TRANSLATION OF THE COMPANY'S ARTICLES OF ASSOCIATION]

**Articles of Association**  
**for**  
**PGS ASA**

*(Changed in Annual General Meeting 24.04.2019)*

§1 The Company's registered name is PGS ASA. The Company is a public limited liability company.

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

§3 The share capital of the Company shall be NOK 1,015,739,988 divided into 338,579,996 shares, each with a par value of NOK 3.

The shares shall be registered with the Norwegian Registry of Securities (Verdipapirsentralen).

§4 The Company's domicile shall be in the Municipality of Oslo.

§5 The Board of Directors of the Company shall have from three to 13 directors. Any two directors jointly, or the chief executive officer and one director jointly, may sign for the Company.

The period of service for members of the Board of Directors shall be one year.

§6 The Nomination Committee shall consist of three to five members. The service shall be two years unless the General Meeting determines that the period shall be shorter.

The Nomination Committee shall prepare a motion for the General Meeting in relation to:

- a) Election of members of the Board of Directors and the chairperson of the Board of Directors,
- b) Election of the members of the Nomination Committee and the chairperson of the Committee,
- c) The remuneration to the directors and the members of the Nomination Committee, and
- d) Any amendments to the Nomination Committee's mandate and charter

Sections 6-7 and 6-8 of the Norwegian Public Limited Liability Companies Act apply correspondingly in relation to the members of the Nomination Committee.

§7 Notice of the Annual General Meeting shall be given at least four weeks before the meeting. The notice convening an Extraordinary General Meeting shall be given at least three weeks before the meeting.

In the Company's General Meeting each share has one vote. An owner with shares registered through a custodian approved pursuant to Section 4-10 of the Norwegian Public Limited Liability Companies Act has voting rights equivalent to the number of shares which are covered by the custodian arrangement provided that the owner of the shares shall within two working

days before the General Meeting provide the Company with his name and address together with a confirmation from the custodian to the effect that he is the beneficial owner of the shares held in custody, and provided further the Board of Directors shall not disapprove such beneficial ownership after receipt of such notification in accordance with the rules set out in this §7.

Shareowners who wish to take part in the General Meeting, must give notice to the Company by the date stated in the calling notice, which date must be at least two working days before the General Meeting.

Documents that shall be considered at the General Meeting may be published on the Company's website. The same applies to documents that due to statutory requirements must be attached to or included in the calling notice to the General Meeting. If the documents are published in such manner, the statutory requirements for distribution to the shareholders shall not apply. A shareholder may still request to be sent documents that shall be considered by the General Meeting.

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

§8 The Annual General Meeting shall be held by the end of the month of June each year. The General Meeting shall deal with the following:

- a) Approval to the Annual Accounts and Annual Report including distribution of dividend,
- b) Election of Board members and the Chairperson of the Board,
- c) Election of members and the Chairperson of the Nomination Committee and amendments to the Nomination Committee's Mandate and Charter, and
- d) Such other matters as, according to law or the Articles of Association, fall within the duties of the General Meeting.

§9 The General Meeting shall be chaired by the Chairperson of the Board of Directors.

§10 In other respects, the stipulations of valid Norwegian Public Limited Companies legislation shall be applied.

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## 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 24, 2019.

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 5-16 and 32-41 of the Annual Report.

### 3. Equity and Dividends

The shareholders' equity as of December 31, 2018 was \$ 721.8 million, corresponding to 30.3% of total assets.

The Board of Directors believes that the Company has an adequate capital structure. However, as a result of a weak market over recent years combined with substantial investments in fleet renewal, Net Interest Bearing Debt, currently at \$1.113 million, is higher than what the Board sees as beneficial for stakeholders over time. During 2018, taking into account experience from the downcycle and with a view that the Company's markets will continue to be cyclical in the future, the Company has adopted a strategic target to over time reduce Net Interest Bearing Debt to a level not exceeding \$5-600 million, assuming the current size and composition of business activities. As a result, the Company will give higher priority to profitability, cash flow generation and debt reduction than business growth until it reaches a lower debt level. The Board of Directors continually monitors the adequacy of the Company's capital structure – both equity and funding – in light of its objectives, strategy, and risk profile.

The Company has used above the alternative performance measure "Net Interest Bearing Debt". This term is defined in the Annual Report and based the accounting standards applicable in 2018, which excludes the effects of IFRS 16 which requires capitalization of leasing agreements and recognition of related liabilities in future years.

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 and indenture from proposing a dividend for 2018 and while these agreements remains in place they provide certain requirements to be fulfilled before the Company can propose a dividend payment.

The Board of Directors is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires on June 30, 2019. 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, 2019. New authorization in line with past practice will be proposed at the next AGM.

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

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

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

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

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

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

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

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

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

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

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

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

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

To vote at General Meetings, in person or by proxy, a shareholder must be registered with the Norwegian Central Securities Depository ("VPS"). Holders of ADS may vote according to the underlying shares by: (a) having the underlying shares transferred to an account with the Norwegian Central Securities Depository in the name of the holder, (b)

attending the meeting as a shareholder by providing their name, address and evidence that they are the beneficial owner of the ADSs and coordinating with Deutsche Bank, depository for the ADS, to have their ADSs blocked from voting, or (c) authorizing Deutsche Bank to vote the ADS on their behalf in accordance with specific guidelines.

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

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

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

## **7. Nomination Committee**

According to our current Articles of Association, the Company has a Nomination Committee comprised of 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 of Directors and its committees function and whether there is a need for changes to the Board of Directors. The Nomination Committee also keeps contact with shareholders and the Company's President & CEO ("CEO") as part of its work.

As of December 31, 2018, 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 2019 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 2018, the Nomination Committee held seven meetings and conference calls. The Nomination Committee's report on its work and recommendations is set out in Appendix II to the Calling Notice to the 2019 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 of Directors has adopted its own Rules of Procedure that establish in more detail its roles and responsibilities, including:

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

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

As of December 31, 2018, the Board of Directors comprised five shareholder elected and three employee elected Directors. Current Directors 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, 2018, independent of our major business relations and major shareholders (owning more than 10% of the shares in the Company). The Director Morten Borge is the Chief Executive Officer in Ferd AS who as of December 31, 2018 owned 4.67% 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, 2018, 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 2018, the Board of Directors held eight meetings including conference calls. During 2018, all the current shareholder elected Directors participated in all prescheduled board meetings and conference calls.

Key elements of the Rules of Procedure cover the Board of Directors' responsibilities to determine the Company's financial targets, set strategy along with the CEO and executive committees, and approve business plans, budgets, and



budgetary and risk frameworks. The Board of Directors reviews at least annually the objectives, strategy and risk profile for the Company. In its supervision of the Company's business activities, the Board of Directors will seek to ensure that satisfactory procedures are in place for monitoring and follow-up of Board-approved corporate principles and guidelines covering areas such as ethical conduct; adherence to laws, rules, and regulations; health, safety and environment; and corporate responsibility.

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

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

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

Our governance structure is organized as described below.

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

**Board responsibilities include:**

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

**The responsibilities of the CEO include:**

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

**Board of Directors Committees**

As of December 31, 2018, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Richard Herbert, Marianne Kah, Anette Valbø and Hege Renshus. All shareholder elected Director's being members of the committee are considered independent of the Company. The committee's functions are to assist the Board of Directors in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications,

independence and performance; to monitor the performance of the internal audit function; and to promote and review compliance with laws and regulatory requirements.

As of December 31, 2018, the PGS' Remuneration and Corporate Governance Committee comprises Directors Walter Qvam (chairperson), Morten Borge, and Espen Grimstad. All shareholder elected Director's being members of this committee are considered independent of the Company's senior management. The function of the committee is to assist in matters relating to compensation, benefits, and perquisites of the CEO and other senior executives. Review and modification of the Company's 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 enquires about, on behalf of the Board of Directors, issues related to financial review and external audit of PGS' accounts. Further, the Board of Directors and the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting.

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

The Company's anti-corruption program includes a 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 an annual fee and is subject to annual approval by the General Meeting. Shareholder elected Directors shall not solicit or accept specific assignments for PGS beyond their role as Directors. Shareholder elected Directors neither hold any PGS share options, restricted stock units nor performance based restricted stock units.

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

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

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

A specific peer group of comparable companies and an executive remuneration philosophy have been adopted. As per December 31, 2018, the peer group consisted of twenty companies primarily from Norway and Europe. All companies are of comparable size and have international operations in the oil & gas and oil service sectors. An external advisor collects and compiles relevant information on peer group companies. This information is used by the Remuneration and Corporate Governance Committee for benchmarking executive remuneration. The executive remuneration policy document includes certain targets and guidelines on how the Company's executives should compare to the peer group. These tools, amongst others, are used by the Remuneration and Corporate Governance Committee to decide on an appropriate remuneration structure and to set appropriate total remuneration.

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

PGS currently has a compensation structure for 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 29 to the consolidated financial statement of PGS, and also the Board of Directors' Statement on Remuneration to the CEO and executive officers set forth as Appendix VII to the Calling Notice to the 2019 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 2018, one meeting was conducted with shareholders under this initiative.

### **13. Takeover Bids**

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

### **14. Auditor**

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

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

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

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

As part of PGS' Business Practice outlined on [www.pgs.com](http://www.pgs.com), PGS is inter alia committed to comply with relevant laws, rules, and regulations, as well as the Continuing Obligations of Stock Exchange Listed Companies issued by Oslo Stock Exchange and the Rules and Regulations of the Luxembourg Stock Exchange. In addition, PGS complies with the current recommendations set forth in the NUES Recommendations, subject only to deviations identified and justified in this report. The NUES Recommendations are available at [www.nues.no](http://www.nues.no).

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