



# Corporate Governance Report 2023

PGS ASA and its subsidiaries (“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 creating value for our shareholders and delivering services to our customers.

In accordance with the Norwegian Accounting Act section 3-3b, PGS’ Board of Directors (the “Board”) are required to annually give a statement of PGS’ corporate governance. This Corporate Governance Report 2023 is referred to in the Board’s statement and complies with the above referred section 3-3b. In accordance with the Norwegian Public Limited Liability Companies Act section 5-6 (5), this report is also presented to the shareholders at the 2023 AGM for discussion as a non-voting item.



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## A Our Governance Model

PGS ASA is registered in Norway as a public limited liability company, and our corporate governance model is based on Norwegian corporate law, the Oslo Stock Exchange's Issuer Rules available on [www.euronext.com/nb/markets/oslo](http://www.euronext.com/nb/markets/oslo), and the Norwegian Code of Practice for Corporate Governance available on [www.nues.com](http://www.nues.com) (the "NUES Recommendations"). Our governance model is suited to our Company and the industry in which we operate.

Our corporate governance principles have been adopted by our Board and 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's Rules of Procedure, and the charters for the Company's Audit Committee, Remuneration and Corporate Governance Committee ("Remco"), and Nomination Committee. The documents can be downloaded from [www.pgs.com](http://www.pgs.com).

## B Our Commitments – Sustainability

We have adopted a Code of Conduct that reflects our commitment to our shareholders, customers, employees, and other stakeholder to carry out our business with the utmost integrity. The Code of Conduct outlines both what stakeholders can expect from PGS, and what PGS expects from our employees and anyone working for PGS. PGS and its employees are also guided by our Core Values and Leadership Principles that drive desired behavior and culture. Our Code of Conduct, Core Values and Leadership Principles are available in full on [www.pgs.com](http://www.pgs.com). During 2022, we revised slightly our recently adopted Code of Conduct and we have updated our Mission & Vision statements to reflect our commitment to energy security and sustainability.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board and the CEO actively ensure that the Company properly responds to sustainability challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board and the CEO are actively involved in the Company's assessment of material topics and the development of our strategic objectives and goals to manage them.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the Carbon Disclosure Project ("CDP") and the Task Force on Climate Related Disclosures ("TCFD").

Since 2011, PGS has published a separate sustainability report, which communicates the Company's progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"). Further in 2022 we have continued aligning our reporting with the Corporate Sustainability Reporting Directive ("CSRD"). PGS has also submitted annual disclosures to the CDP since 2010. PGS has an ambition to promote the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified six of the 15 SDGs where the Company contributes. These identified goals are nos. *04 Quality Education, 07 Affordable and clean energy, 09 Industry, Innovation and Infrastructure, 13 Climate Action, 14 Life Below Water and 16 Peace Justice and Strong Institutions.*

PGS recognizes the impacts of climate change and the need for a managed transition to sustainable energy sources to avoid the most severe consequences for the environment, society, the economy, and our business. The Company has committed to reaching net-zero



emissions of greenhouse gases in 2050 with a 75 % reduction in emissions from maritime operations and use of 100 % renewable energy in offices and data processing.

A more detailed account of how PGS manages sustainability risks and opportunities can be found in our annual sustainability report and other ESG documents available at [www.pgs.com](http://www.pgs.com).

## C Our Business

PGS is a fully integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation, and field evaluation. Our services are provided to the oil and gas industry, as well as to the broader and emerging new energy industries, including offshore wind-, carbon capture and storage-, and marine mineral industries. The Company operates on a worldwide basis with headquarter in Oslo, Norway.

Our business purpose, as presented in the Company's Articles of Association is: "*The business of the Company is to provide services to and participate and invest in energy related businesses.*"

Our business operations and product portfolio are presented in greater detail in the Annual Report.

## D Equity and Dividends

The shareholders' equity as of December 31, 2022 was \$510.3 million, corresponding to 26.1% of total assets.

Early 2021, the Company successfully completed a re-negotiation of amortization and maturity profiles for its main credit facilities. The negotiated result was completed by a UK Scheme of Arrangement (the "Scheme") sanctioned by an English court and having the support of almost all the Company's lenders. A convertible loan of NOK 116,162,097 (c. \$13 million) was issued in relation to the above transaction. The last part of the convertible loan was converted to new shares during 2022.

In May 2022, the Company completed a private placement raising c. \$85 million of equity, followed by a subsequent offering in July 2022 raising a further c. \$14 million. Later, in November 2022, the Company completed an additional private placement raising a further c. \$150 million of equity.

The Company realized a cash flow before financing of \$209.5 million in 2022 (compared to \$154.7 million in 2021). As a result of the improved cash flow and the above transactions, the Company achieved a reduction of its net interest-bearing debt by \$319.7 million or approximately 35%. Net interest-bearing debt, excluding lease liabilities, was \$616.7 million as of December 31, 2022.

Considering experience from the previous downcycle and with a view that the Company's markets will continue to be cyclical in the future, the Company has adopted a strategic target to over time reduce net interest-bearing debt to a level not exceeding \$500 to 600 million, assuming the current size and composition of business activities. With the substantial debt reduction in 2022, the Net interest-bearing debt has moved closer to the targeted level. As the



Company's debt level is still somewhat higher than what the Board sees as beneficial for stakeholders over time, priority will still be given to debt reduction. However, the substantial debt reduction will enable the Company to again start focusing on business growth opportunities and/or future dividend payments.

The proceeds from the capital raised during 2022 has positioned PGS to manage 2023 debt amortization and extend the re-financing window to March 2024. A strengthened balance sheet, together with the ongoing market recovery in the marine geophysics market, have reduced the refinancing risk of the Term Loan B maturing in 2024.

The Board continually monitors the adequacy of the Company's capital structure in light of its objectives, strategy, risk profile and outlook.

The alternative performance measure "net interest-bearing debt" as used above, excludes lease liabilities recognized in accordance with IFRS 16 and is further defined in the Annual Report.

The Board 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 has no general authorization to distribute dividends. Each year's dividend is decided by the AGM after a proposal from the Board.

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 dividends will be assessed by the Board in light of, among other things, the market outlook and the Company's equity and funding positions. Since the Company currently has net interest-bearing debt which is above the targeted level, priority is given to debt reduction before resuming dividend payments. In addition, the Company is restricted in its main credit facility from proposing a dividend for 2022 and these agreements require certain conditions to be fulfilled before the Company may propose a dividend payment.

The Board is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires on June 30, 2023. 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 Company's main credit facility identical to those applicable for distribution of dividends.

It has been an ongoing practice of PGS shareholders to grant authorizations to the Board 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. Per December 31, 2022, the authorization given in 2022 remains unused. A 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 the 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 for the issue of shares for different purposes and each mandate should be considered separately by the shareholders.



## **E Equal Treatment of Shareholders - Transactions with Closely Related Parties**

PGS has a single share class, and all shares carry the same rights. At our General Meetings, each share carries one vote. Our Board 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 on the one hand, and shareholders, a shareholder's parent company, members of the Board, executive officers, or closely related parties of any such party (referred to as "Closely Related Parties") on the other hand shall be conducted at arm's length distance and at market terms. Material transactions between the Company and Closely Related Parties 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's Rules of Procedure, a member of our Board may not participate in discussions or decision-making as to issues in which the Director or any of its Closely Related Parties have a material personal or financial interest. The Code of Conduct and Rules of Procedure are available on [www.pgs.com](http://www.pgs.com).

## **F 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.

The Company de-listed from the New York Stock Exchange in 2007 and subsequently issued and offered for trade share instruments being American Depositary Shares ("ADS"). As there have been low ADS trading volumes during recent years, the Company decided in 2021 to terminate the ADS program with effect from November 5, 2021. ADS holders were required to surrender their ADS for delivery of underlying PGS shares by May 5, 2022.

## **G General Meeting**

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

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. A copy of the calling notice with appendices will be posted on [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 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").

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, cf. sections 5-8 to 5-8b, shall be allowed for meetings where such method of voting is arranged by the Board. The Company will for the 2023 AGM call for a virtual meeting and will arrange for electronic voting.

Generally, all Directors normally 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 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.

## H Nomination Committee

In line with our Articles of Association, the Company has currently 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 and the Nomination Committee. Further, the Nomination Committee proposes remuneration to be paid to members of the Board and its committees and Nomination Committee. The remuneration is approved by the General Meeting. Annually, the Nomination Committee produces a written report containing its nominations and proposals, which is distributed in advance of each AGM.



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

As of December 31, 2022, the Nomination Committee comprises Terje Valebjørg (chairperson), Alex Herger and Jon Arnt Jacobsen. Mr. Valebjørg was a first time electee on the 2016 AGM as a member, Ms. Herger was a first time electee as member at the 2019 AGM, whereas Mr. Jacobsen was a first time electee on the 2022 AGM. Mr. Valebjørg and Ms. Herger were both re-elected at the 2022 AGM, and all three were elected for a service period ending with the 2023 AGM. The current Nomination Committee members are presented in more detail at [www.pgs.com](http://www.pgs.com). The Nomination Committee proposed for approval at the 2023 AGM is presented in detail in Appendix II to the 2023 AGM Calling Notice.

Shareholders who wish to propose new Board members or new members of the Nomination Committee may do so by submitting a candidate's name to PGS' investor relations staff via [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, none is a member of the Board and all proposed members of the Nomination Committee are considered to be independent from the Board and the management of the Company.

In 2022, the Nomination Committee held six physical and virtual meetings. The Nomination Committee's report on its work and recommendations is set out in Appendix III to the 2023 AGM Calling Notice.

## I Board – Composition and Independence

According to the Company's Articles of Association, our Board shall have from three to thirteen Directors. The period of service for shareholder elected Board members shall be one year, whereas the period for the employee elected Board members is two years. The Board has adopted its own Rules of Procedure that establish in more detail its roles and responsibilities, including:

- Directors' qualifications
- Requirement that a majority of the shareholder elected Directors in the Board, a majority of the shareholder elected Directors being members of the Remco, 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 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, 2022, the Board comprised seven shareholder-elected and three employee-elected Directors. The current shareholder-elected Directors are Walter Qvam (chairperson), Anne Grethe Dalane, Richard Herbert, Marianne Kah, Trond Brandsrud, Ebrahim Attarzadeh and Shona Grant, whilst the current employee-elected Directors are





Anette Valbø, Gunhild Myhr and Eivind Vesterås. The current Directors are presented in more detail at [www.pgs.com](http://www.pgs.com) and in the Annual Report. Any adjustments to the Board proposed for approval at the 2023 AGM are presented in detail in Appendix II to the 2023 AGM Calling Notice.

As of December 31, 2022, all shareholder-elected Directors are independent of the Company's management, its major business relations, and major shareholders. No shareholder elected Director may be an executive of PGS and is not permitted to perform paid consultancy work for PGS. As of December 31, 2022, all shareholder-elected Directors, directly or indirectly, own PGS shares.

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

## J The work of the Board

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

The Board provides oversight of the CEO's day-to-day management and company activities in general. The Board is also responsible for ensuring that appropriate management, guidelines, and control systems are in place and are followed. In cooperation with the CEO, the Board also develops clear goals, strategies and risk profile for the Company such that it generates value for its shareholders in a sustainable manner taking economic, social and environmental, aspects into consideration.

The CEO, as agreed with the chairperson of the Board, 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 2022, the Board held fourteen physical and virtual meetings. During 2022, all the shareholder-elected Directors participated in all prescheduled board meetings, save that three Directors each missed one prescheduled meeting due to unforeseen circumstances.

Key elements of the Rules of Procedure cover the Board's 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 reviews at least annually the objectives, strategy and risk profile for the Company. In its supervision of the Company's business activities, the Board 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 and its committees are functioning effectively. The annual self-evaluation is prepared and facilitated by the Remco. An anonymous survey is carried out and the findings are discussed by the Board. The survey's findings are made available to the Nomination Committee. The Chairperson of the Nomination Committee also shares with the Board relevant information for



improvement of Board processes that may come up in their annual interviews with individual Directors.

Each scheduled Board 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 are also outlined in the Rules of Procedure, along with the tasks and duties of the chairperson of the Board. The CEO participates in all board meetings other than closed sessions. The Board elects a vice chairperson to chair board meetings in the chairperson's absence. The full text of the Board's Rules of Procedure is available at [www.pgs.com](http://www.pgs.com). Our governance structure is organized as described below.

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

## The Board's Responsibilities

The Board's responsibilities include:

- to appoint the Company's CEO
- to, together with the CEO operate 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 CEO's Responsibilities

The responsibilities of the CEO include:

- Managing the day-to-day activities of the Company
- Organizing PGS' Executive Committees and the Disclosure Committee to further assist the CEO
- under the guidance and supervision of the Board and the Audit Committee, 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 is also essential to the assessment of the Company's financial condition, business performance and risks.

## Board Committees

As of December 31, 2022, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Trond Brandsrud, Marianne Kah, Ebrahim Attarzadeh and Anette Valbø. 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 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; to review the integrity of the sustainability reporting; and to promote and review compliance with laws and regulatory requirements.

As of December 31, 2022, the Remuneration and Corporate Governance Committee (“Remco”) comprises Directors Walter Qvam (chairperson), Richard Herbert, Shona Grant, Gunhild Myhr and Eivind Vesterås. All shareholder-elected Director’s being members of this committee are considered independent of the Company’s senior management. The function of the committee is to assist in matters relating to compensation, benefits, and perquisites of the CEO and other senior executives. Review and modification of the Company’s corporate governance implemented in the Company are also committee responsibilities.

During 2022, all the shareholder-elected Directors participated in all prescheduled regular committee meetings, save that two Directors each missed one prescheduled meeting due to unforeseen circumstances.

In 2022, the Board also mandated one ad-hoc committee comprising Mr. Qvam, Ms. Dalane, Mr. Brandsrud and Mr. Attarzadeh to – together with the PGS management and advisors – oversee the Company’s process for managing its debt and assess options for refinancing.

## **K Risk Management and Internal Control**

The Board 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 has systems in place to assess that the CEO exercises appropriate and effective management. The Board’s Audit Committee assesses the integrity of PGS’ accounts. It also enquires about, on behalf of the Board, issues related to financial review and external audit of PGS’ accounts. Further, the Board 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 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 makes certain that the Company is creating value for the shareholders in a sustainable manner whilst taking ethical conduct; compliance with laws, rules and regulations; health, safety and working environment; and other environmental, social and governance (“ESG”) issues into account.

The Company’s anti-corruption program includes a policy, manual and work instructions 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 at least once a year.

Management conducts day-to-day follow-up of financial management and reporting. Management has established a structured approach to ensure that the system for Internal Control over Financial Reporting (“ICFR”) is effective. ICFR includes identification and



assessment of all material financial reporting risks, identifying and documenting relevant controls to address these risks, and monitoring that controls are implemented and performed. For controls that are not operationally effective at year-end, their potential financial exposure and impact on the consolidated financial statements are evaluated.

## Internal Audit Department

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

The scope of work for the Internal Audit Department includes determining whether the Company's risk management, control, and governance, as designed and represented by management, are adequate and well-functioning.

The audit reports are issued to the Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses.

## L Remuneration of the Board 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 do not hold any PGS share options, restricted stock units or performance based restricted stock units.

For details on compensation to individual Directors, please see Note 30 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 Remco. 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. Remco has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of executive compensation.

Remco has with the help of an external advisor identified a specific peer group of comparable companies across relevant markets. The advisor has collected and combined information related to total compensation level and structure amongst these companies. As of Remco's latest review, the peer group consisted of 17 companies from Norway and Europe. These companies are of comparable size and have international operations in the energy and energy services sectors. The peer group is subject to regular review. The Board and Remco use this information, among other tools, to benchmark and decide on an appropriate total compensation structure for the CEO and other executives.



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

The current remuneration package for our CEO and other executives includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits such as car allowance, phone, internet and similar. The fixed elements also include a defined contribution pension scheme and an individual pension scheme. The variable elements consist of Short Term Incentive Plans which is our annual bonus scheme, and Long Term Incentive Plans which are composed of Performance Restricted Stock Units. Features of these programs include an absolute ceiling on performance-related remuneration.

For further details on the compensation structure and total compensation to the CEO and executive team members, please see Note 30 to the consolidated financial statement of PGS, and also the Board's Senior Executive Remuneration Policy approved by the 2021 AGM available on [www.pgs.com](http://www.pgs.com), and the Board's Senior Executive Remuneration Report for 2022 set forth as Appendix VII to the 2023 AGM Calling Notice.

## M Information and Communication

The Board 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 a platform provided by *Notified* and posted on the Oslo Stock Exchange's NewsWeb service. In addition, all announcements are on [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 attending roadshows in connection with reporting of financial results, presentations at relevant investor conferences, and availability for one-on-one meetings, both virtual and as physical meetings.

The Board and the Nomination Committee once a year invites shareholders to join in a dialogue on corporate governance and corporate responsibility matters. The invitation is posted on [www.pgs.com](http://www.pgs.com) and any shareholder may initiate communication with the Company on these matters.

## N Takeover Bids

The Board has established guiding principles for how it will act in the event of a takeover bid. The Board 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 will, in accordance with its overall responsibilities and good corporate governance, act in the best interest of shareholders and ensure that sufficient information regarding the matter is provided to the shareholders. If a takeover bid is made, the Board 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.

## O Auditor

The Audit Committee shall support the Board in the administration and exercise of its responsibility for supervision of the work of the independent auditor, who shall keep the Board 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 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 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.

## P Diversity, Equality and Inclusion

The Company has clear commitments regarding *Responsible Business Conduct, Equality and Diversity & Inclusion* for our work force. These commitments are embedded in the Company policies and goals, which include (a) respecting fundamental human and labor rights, (b) preventing discrimination and harassment, (c) recruiting, promoting and developing individuals based on qualifications, value and potential, and (d) fostering and supporting diversity including age, nationality, gender and qualifications.

At the Board level, the Nomination Committee actively works for ensuring that there is proper diversity on gender, age, background, experience and qualifications. The Company complies with the requirements in the Norwegian Public Limited Liabilities Act section 6-11a on gender balance.

At the management level and below the President & CEO, the SVP Global HR and the Executive Vice Presidents are all actively pursuing similar goals as regards equality, diversity & inclusion among the PGS management and the entire work force.

The Company's Sustainability Report 2022 available on [www.pgs.com](http://www.pgs.com) identifies the more precise goals and how they have been met during the reporting period.

## Q Compliance with Laws, Rules, Regulations and Recommendations

As part of PGS' Code of Conduct available 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 Oslo Stock Exchange's Issuer



Rules. 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 Board further conducts periodic reviews of PGS' corporate governance policies and procedures, including the Board's Rules of Procedure. This process is conducted regularly and managed by Remco. Any changes to policies or procedures are presented to the Board for approval.