



Compliance & Integrity Risk Management

- *Working with Third Parties*

This document sets out how PGS ASA and its subsidiaries ("PGS") manages compliance and integrity risks in its operations, including working with third parties.

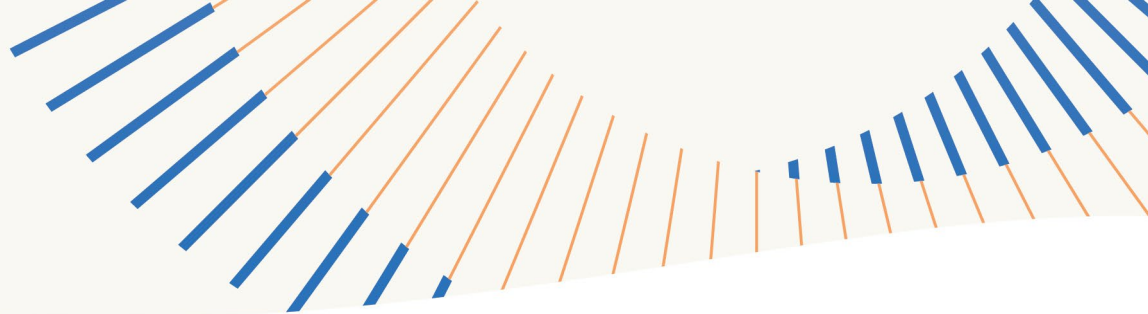


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1. Introduction

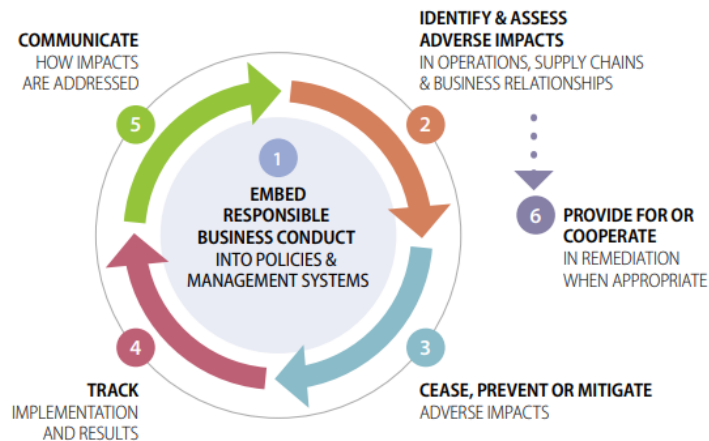
PGS is committed to doing business in a responsible manner. Ensuring that our own activities are undertaken in a responsible manner is key. PGS commitments are outlined in our Code of Conduct. We respect fundamental business integrity principles as enshrined in the *UN Global Compact*, the *OECD Guidelines for Multinational Enterprises*, and the related *OECD Due Diligence Guidance for Responsible Business Conduct* (“*OECD Guidelines*”). We have implemented an internal Compliance and Integrity Risk Management system as set forth in the *OECD Guidelines*, the *United Nations Guiding Principles on Business and Human Rights* (“*UNGP*”) and the *International Labor Organization* (“*ILO*”) *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*. We will also adhere to the requirements set forth in the *UK Modern Slavery Act 2015* and the *Norwegian Transparency Act 2021*.

We also need assurance that our key business relationships adhere to the same standards when doing business with PGS.

Our Compliance and Integrity Risk Management in working with third parties thereby covers PGS business relations, such as suppliers, joint venture partners, joint ventures, customers, state owned enterprises, and sponsored persons or entities. We seek that these business relations conform to compliance and integrity principles described in our Code of Conduct, as well as those in our Supplier Code of Conduct concerning suppliers.

Effectively preventing and mitigating adverse impacts help us reduce the probability of any business conduct not seen as responsible in relation to PGS operations. PGS is committed to the management of our business and operational risks to positively contribute to society, improve stakeholder relationships, and protect our reputation.

Our *Compliance and Integrity Risk Management* follows the key risk management steps as set forth by the *OECD Guidelines* as follows:



Source: *OECD Due Diligence Guidance for Responsible Business Conduct* (2018)

2. Embed Responsible Business Conduct in our policies and management systems

PGS has embedded commitments to responsible business conduct (“RBC”) into its governing documents, policies, and management systems. The main governing documents that incorporate these commitments are:

- Our *Code of Conduct*
- Our *Corporate Responsibility Policy* and related governance documents
- Our *HSEQ Policy* and related governance documents
- Our *People Policy* and related governance documents
- Our *Procurement and Contracting Policy* and related governance documents
- Our *Financial Management Policy* and related governance documents
- Our *Legal & Compliance Policy* and related governance documents
- Our *IT Policy* and related governance documents
- Our *Supplier Code of Conduct*

PGS’ commitment to conducting business responsibly is embedded within the organization. The PGS ASA Board of Directors approves the Code of Conduct, whereas the PGS Senior Management headed by the President & CEO (the “CEO”) further approves and implements these commitments into Policies, Standards, Procedures and Manuals.

Process owners also identify and implement risk management measures, including the identification of salient issues, defining mitigating controls and monitoring of compliance. PGS employees are made aware of the expectations and are required to act ethically, legally, responsibly and in accordance with our governing instructions.

Our commitment to RBC is communicated to our employees, relevant third parties and is publicly available on our website www.pgs.com.

3. Identify & Assess Adverse Impacts

PGS identifies and assesses actual and potential adverse impacts associated with its operations, products or services using an approach in line with the *United Nations Guiding Principles on Business and Human Rights*, the *UN Global Compact*, the *OECD Guidelines for Multinational Enterprises*, and the related *OECD Guidelines*.

To understand where these risks may potentially occur, PGS has performed context-, stakeholder-, and value chain analyses and identified the activities which may pose a risk to particular groups or targets. These analyses consider various perspectives, such as:

- Our business model and market,
- The nature, scale, and complexity of our operations,
- Our position in the value chain, and
- The locations and sectors in which we operate.



3.1.1 Our Responsible Business Conduct (RBC) Scope

The scope for our RBC-issues considered includes those identified by OECD, namely:

- Human Rights (including Modern Slavery, Child Labor, Rights of Indigenous people and Local Communities, Safety and Data Privacy)
- Employment and Industrial Relations (including Decent work conditions, Non-discrimination, Freedom of association and Health & Safety)
- Environment (including Biodiversity, Emissions, Waste and Water)
- Combating Bribery, Bribe Solicitation and Extortion
- Consumer Interests (including Quality and Anti-competition)
- Disclosure (including Ownership, Tax, and Internal Controls)

The scope for our RBC-issues also includes governance related issues relevant to PGS' operations, such as:

- Sanctions (including, export sanctions)
- Preventing Tax Evasion
- IT Security

3.1.2 Adverse indicators and party type

Our assessment of adverse RBC indicators considers various dimensions, such as compliance and integrity risk and the third-party type. For example, we have assessed environmental and social issues as potential salient risks for our third-party vessel providers, while corruption risk may be relevant when we engage a third party in sales and business development activities. This assessment is the first step in our due diligence process and is also the basis for the scope and extent of control activities we apply before entering into a new relationship or when we regularly re-evaluate existing ones.

In some instances, we also recur to country performance indexes to assess the exposure associated with a particular country of operations or of company registration, financial or bank operations. PGS utilizes geospatial data provided by the United Nations, the Sustainability Development Goals (SDG) Index initiative and Transparency International.

The below table summarizes some of the most salient risks in respect of third parties and includes examples of potential adverse impact. This table should only be read as examples of inherent risks. We strive to ensure that PGS maintains adequate controls to effectively manage these risks. Highlights of these controls are described further down in this document.

Examples of salient Third-party Risks

Area	Risk indicator	Examples of potential adverse impact of third-party while engaged in PGS operations	Example of relevant party type
Environment	Emissions	The third-party operations significantly contribute to the emission of CO2	Third party vessel providers Data centers
	Non-compliance with environmental regulations	A third-party failing to secure the correct environmental permit or fails to meet the local environmental requirements (for example, by operating outside of permit area)	Third party vessel providers Environmental consultants
	Biodiversity threats	A third-party failing to safely dispose of waste	Third party vessel providers
		Supplier onboard, with high expertise in detecting marine mammals, fails to alarm seismic crew in case of marine mammal detected in proximity of operation	Environmental consultants
Human Rights	Modern Slavery*	A vessel uses involuntary workers or has inadequate working conditions	Third party vessel providers
	Child labor*	A third-party employing people younger than 15 years	Third party vessel providers

	Violations of Indigenous people / local communities' rights	Indigenous people and/or local communities rights are not fully understood and addressed by the Impact assessment in advance of the seismic operation A third-party failing to comply with the agreements with local populations	Environmental and Socialization consultants Third party vessel providers
	Safety	A third-party engaged for security employing unnecessary and/or unreasonable force	Security services
	Data privacy breaches	A third-party not adequately protecting personal data	Outsourced IT application providers
Labor relations	Inadequate labor relations	Unjust working conditions in terms of working hours, pay or time off	Maritime crew providers
	Unsafe work environment	Work accident during operations leading to a third-party employee being injured	Third party vessel providers/ onboard contractors/ consultants
	Inadequate accommodations	Sub-standard accommodation for crew	Third party vessel providers
	Freedom of association and collective bargain*	An employee being coerced to not join a trade association	Maritime crew providers
	Discrimination & harassment	Inappropriate treatment of or behavior among third-party employees	Maritime crew providers
Governance & Disclosure	Money laundering	Customers paying us using funds deriving from illegal activities	Customers
	Tax evasion	An associated party working on our behalf evading their own taxes or facilitating evasion of a third party's tax obligations	Sales agents
	Bribery & Corruption	An agent working for us pays a bribe to obtain a permit, license, or a sale for the benefit of PGS	Sales agents Ships agents Customers/Concessionaires
	Incorrect financial disclosure	Providing misstated financial accounts to appear credit worthy or with sufficient liquidity.	Customers Critical Suppliers
	Export Restrictions and Sanctioned Countries and Parties	PGS assets, subject to export restrictions, are transported in or through a sanctioned country PGS doing business in a sanctioned country or with a third party/individual that is sanctioned by a jurisdiction relevant to PGS	Logistic providers Customers, Business Partners, Suppliers
	IT Security	Security breaches cause PGS data to be exposed to unauthorized parties, data loss or through unintended modifications (confidentiality, integrity, and availability loss)	Cloud providers, outsourced data services such as HR and Finance
Consumer Interests	Quality	Critical technical equipment does not meet quality standards as required or certified for. Examples may include in-sea seismic equipment	Providers of technical equipment
	Anti-competition	A third-party working on our behalf engages in price discussions with our competitors	Sales agents Joint Ventures

* The risk of forced or compulsory labor and of child labor is not assessed as a significant risk level in our operations or through third parties. However, we have identified supplier types, in which these could be potential issues, namely when third party vessels or maritime crew are provided. These may also be the suppliers in which the right to freedom of association and collective bargaining may be at risk.

3.1.3 Business partner qualification

When there is a need for establishing a business relationship, we typically perform a sanctions screening and apply the matrix of salient issues by party type to target the scope and extent of our due diligence activities. These controls include, among other, automated screening, targeted questionnaires, credit checks, ownership and bank account verifications, Open-Source Intelligence (OSINT), media search, verifications of certifications, reference checks and audits. These checks may be coupled with using third party expert consultancy for integrity, quality, and verification services.

For non-supplier business partners, we evaluate several aspects of governance, anti-corruption, and financial performance. For existing key suppliers, the relationship risk management also includes assessing risk categories such as:

- Health & Safety and Environment
- Quality risks

- Criticality & Procurement risk
- Performance and Compliance Management (which includes inter alia, Anti-corruption, Labor, and Human Rights)
- Financial and Historical risk

The assessment results in a go/no-go decision. If we decide to proceed with establishing a business relationship, we apply lifecycle controls in line with the assessed relationship risk level.

We communicate our ethics and compliance expectations through the Supplier Code of Conduct, to which new suppliers are requested to review and confirm their compliance.

4. Cease, Prevent and Mitigate Adverse Impacts

In order to prevent, cease and mitigate RBC issues through the supply chain, we have implemented lifecycle controls for when we establish a business relationship, how we maintain commercial relationships, and when we terminate the engagement.

The below table displays applicable risk mitigation controls which, in line with the assessed relationship risk, we apply in the third-party lifecycle management.

Establishing the relationship*	Regular monitoring*	Termination*
Due Diligence checks**	Supplier relationship management meetings	Return material
Supplier Code of Conduct	Sanction check	Delete/transfer data
Contract Clauses	Management meetings	Post termination review
Purchase Order conditions	Supplier Code of Conduct Confirmation	
Segregation of Duties	Renewed Due Diligence checks	
Authority Matrix	Third party training	
Training	Annual compliance confirmations	
	Automated continuous monitoring of sanctions, beneficial ownership, and adverse media	
	Audit	

* Scope and extent of the control depending on the assessed type and level of RBC risk

** These checks include one or more controls like those listed under regular monitoring.

While the purpose of controls applied when we establish a business relationship is mostly to prevent or avoid risk, the purpose of our regular monitoring is to prevent, detect and mitigate potential (future) adverse impacts. In case an adverse impact occurs, our remediation process includes action plans in which mitigation actions are identified and implemented. These mitigations may range from terminating the relationship to working with the third-party to ensure change and improvements.

5. Tracking Implementation and Results

To ensure that our efforts to address relevant risks or adverse impacts are effective in practice, we have implemented several mechanisms to monitor third-parties' compliance and integrity. This includes both activities, such as the Supplier Relationship Management, which closely monitors our key partners, and metrics such as the number of new suppliers, type of provided goods or services, payments, country, due diligence checks, annual certifications, and audits.

In addition, we monitor detection indicators such as accidents and reports of non-compliance. The basis for this is our strong culture of behaving with integrity and honesty in all aspects of our business. This further means transparency, whereby our employees have a culture to stop and report inappropriate behavior and activities.

6. Communicate How Impacts are Addressed

We identify any changes in relevant issues over time. We do this by regularly updating our context, stakeholder, and value chain analyses, which include evaluations of Environment, Social and Governance (ESG) indicators and potential adverse impacts.

We communicate the results of our assessments and mitigation actions with our relevant employees and third parties. Communication with third parties is done through multiple means such as the Supplier Code of Conduct, updated contracts or purchase order requirements, training, and relationship meetings.

Regular reports of statistics, issues and status on matters are presented to PGS Senior Management, and cases of higher significance are also presented to PGS' Audit Committee.

We also annually issue our Sustainability report (either stand alone or as part of PGS' annual report) to give an account of the identified performance indicators and goals we have set for the reporting period and our performance measured against these goals. We report using the GRI reporting format and have started to align with the ESRS requirements under EU's Corporate Sustainability Reporting Directive (CSRD) and the UN Global Compact - Communicate on the Progress of the 10 UN principles.

Through our Sustainability reporting, we engage with a variety of third-party stakeholders, such as shareholders and potential investors, rating agencies and regulators. By providing a standard report on Sustainability aspects, including salient RBC issues, we believe we meet stakeholders' expectations by also identifying improvement areas and obtaining feedback through ESG rating, comments, and questions.

7. Provide for or Cooperate in Remediation

In case PGS may have caused or contributed to an identified adverse negative impact on any RBC issue, PGS will provide remedy. In cases where PGS has not caused or contributed to such impact but may still be linked to this impact through a business partner, PGS may still take a role in remediating. For example, to the extent practical we may use our leverage on the business partner to incentivize starting a remediation process. Where relevant, we may also provide information which can facilitate investigations or dialogue. In the event of more extreme cases, we may need to report to enforcement authorities.

The appropriate process to enable remediation depends upon several factors such as legal obligations, the nature of the negative adverse impact and where the adverse impact occurs. For example, if the adverse impact occurs within our own operations, it may trigger a review of our risk assessment and/or of our remediation mechanisms, while if the impact occurs through our supply chain, we may conduct meetings, provide training or assistance, cease cooperation, engage in legal procedures and/or claim compensation.