



Senior Executive Remuneration Policy

This Policy was approved by the Annual General Meeting of PGS ASA on 21 April 2021



Table of Contents

- A Introduction..... 2**
- B Overview of Total Compensation for the CEO and Senior Executives..... 2**
- C Fixed Elements 3**
- D Short Term Incentive Plans 4**
- E Long Term Incentive Plan 4**
- F Other employees and employee elected Board members 5**
- G The Policy’s contribution to the Company’s strategy, long term interests and financial sustainability..... 5**
- H Deviations from the Policy..... 6**
- I Explanation on how shareholders voting is considered for the Policy 6**

In accordance with §6-16a of the Norwegian Public Limited Liability Companies Act, PGS ASA (“PGS” or “the Company”) and its Board of Directors (the “Board”) has for our President & CEO (the “CEO”) and the executive officers (the “Senior Executives”) established a Policy related to determination of salary and other benefits (the “Policy”). The Policy is outlined below, and was approved by the shareholders at the Annual General Meeting (“AGM”) on 21 April, 2021. The Policy will apply for a four year policy period from the 2021 AGM, or until the general meeting resolving changes to the Policy if earlier.

A Introduction

PGS is an international company operating in the global geophysical industry. Our operations are conducted world-wide. This means that our talent pool is and needs to be diverse and international. The total compensation package for our CEO and Senior Executives will therefore need to be based on the norms in both the Norwegian labor market and the global talent market that we compete within. Whilst responding to the Company’s financial ability, both the level of total compensation and the structure of the compensation package for our CEO and Senior Executives is designed to incentivize enhanced performance, achieve PGS’ strategy and long-term interests, and ensure common goals and interest between the shareholders and the CEO/Senior Executives. The Policy is also designed to attract and retain highly qualified leaders with diverse backgrounds and experience. All of the above will require the use of several different instruments and components, as explained below.

B Overview of Total Compensation for the CEO and Senior Executives

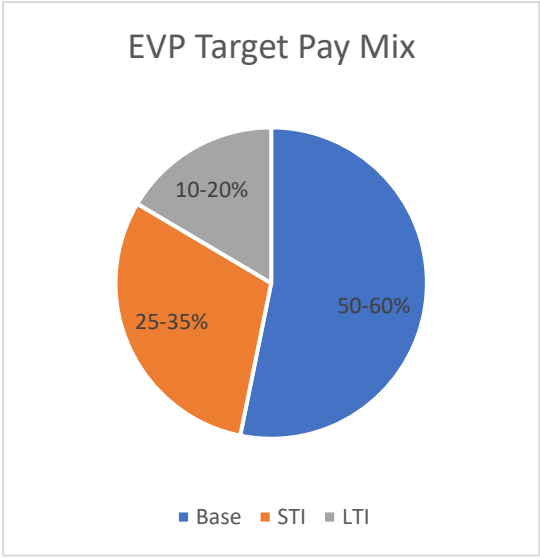
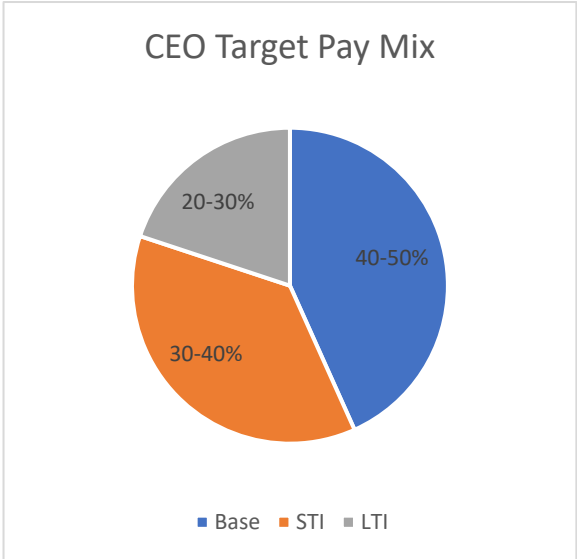
The current remuneration package for our CEO and Senior Executives includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits such as car allowance, phone, internet and similar. The fixed elements also include a defined contribution pension scheme and an individual pension scheme. The variable elements consist of Short Term Incentive Plans (“STI Plans”) which is our annual bonus scheme, and Long Term Incentive Plans (“LTI Plans”) which are composed of Performance Restricted Stock Units (“PRsUs”).

PGS 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 December 31, 2020, the peer group consisted of 15 companies from Norway and Europe. These companies are of comparable size and have international operations in the oil & gas and oil services sectors. The peer group is subject to regular review. The Board and its Remuneration and Corporate Governance Committee (“Remco”) uses this information, among other tools, to benchmark and decide on an appropriate total compensation structure for the CEO and Senior Executives.



Remco and the Board evaluate the remuneration of the CEO and Senior Executives regularly. As part of its meeting schedule, Remco annually reviews the total compensation level and the mix between fixed and variable compensation. As part of this review, the mix between long-and short-term incentives, and the mix between corporate financial goals and personal performance goals are evaluated. At the beginning of each calendar year the corporate financial goals and its targets and ranges are reviewed and approved by Remco and the Board. PGS has routines for detecting and preventing conflicts of interests, and thereby ensuring a balanced determination of compensation of the CEO and Senior Executives.

Taking into account the global industry PGS is operating in and the peer group information, the total compensation of the CEO is designed to target a relative share for each component approximately as follows: 40-50% as base salary, 30-40% as target bonus payment from the STI Plan, and 20-30% as target settlement from the LTI Plan. For the Senior Executives, the target is approximately 50-60% as base salary, 25-35% as bonus payment from the STI Plan, and 10-20% as settlement from the LTI Plan. These are long-term targets, and the actual compensation and the split will depend on the Company's financial performance and other elements.



C Fixed Elements

Base salary for the CEO and Senior Executives is reviewed by Remco. Base salary is approved by the Board with regards to that of the CEO, and by the CEO with regards to that of any Senior Executive.

In addition to base salary and other fixed benefits mentioned in Section 2 above, the CEO and - as of 31 December 2020 - one Senior Executive have an early retirement plan allowing for termination of employment without cause when reaching the age of 62. Full early retirement benefits are defined as 60% of the last base salary in the year of retirement. The CEO is eligible for 85% of full benefits upon retiring at the age of 62 and full benefits upon retiring at the age of 65. The other Senior Executive is eligible for full benefits upon retiring at the age of 62. The early retirement benefits cease when the CEO and the other Senior Executive reach the age of 67.

For termination of the CEO's employment, a mutual notice period of 6 months applies. If the Company terminates the CEO's employment, the CEO is entitled to a severance pay equivalent to a base salary payment of 6 months. The Board may however agree to a longer period if this in the Board's view is in the Company's best interest. The above also applies if the Company initiates a termination and the parties agree that the employment shall be terminated.

For termination of the Senior Executives' employment, a mutual notice period of either 3 or 6 months apply. As of 31 December 2020, one Senior Executive is upon the Company's termination of employment entitled to a severance pay equivalent to 12 months base salary. The remaining Senior Executives are not entitled to severance pay upon termination, unless otherwise approved by the CEO as being in the Company's best interest.



For the recruitment of a CEO or a Senior Executive, the Board and CEO respectively may grant an appropriate sign-on bonus to such new hire if this is deemed to be necessary and in the best interest of the Company.

D Short Term Incentive Plans

Participation in the STI Plans and the minimum-, target- and maximum pay-out levels under such plans are determined by the Company on an annual basis. Minimum-, target- and maximum pay-out levels are annually reviewed and approved by Remco and the Board.

Bonus payments under the STI Plans to the CEO and Senior Executives will be based partly on the Company and its subsidiaries achievement of one or more key performance indicators (“KPIs”), and partly on achievement of agreed goals in the individual’s personal performance contract. The personal performance KPIs are related to areas such as financial, strategic, operational-, organizational, people, and ESG (environmental, social and governance). All personal KPIs will be linked to the Company’s strategy, be measurable and predetermined, whilst taking into account external factors. Following the recommendation from Remco, the Board will determine the company KPIs and their associated pay-out levels normally during the fourth/first quarter each year to apply for the following/present financial year. The KPIs, their relative weighting, and the associated pay-out levels from each KPI will be tied to the Company’s - at that time - most important targets.

As such, with a strategic focus over the last years of repaying debt, the financial KPIs used during the last years have been *Revenues less Gross Cash Cost* and *Cash Flow after Investing Activities*. These KPIs may however change from year to year depending on the Company’s financial situation and its current key strategic priorities. PGS is not in a position to publish forward looking financial targets and ranges for such financial KPIs since the Company as a matter of policy does not guide on the financial figures that can be derived from such targets and ranges. Therefore, any such targets and ranges will only be disclosed retrospectively in the Report on the 2022 AGM and onwards.

Bonus payments under the STI Plans are for each year determined based on audited financial statements (for financial KPIs) and how they meet with the KPIs set, as well as on personal performance appraisals for the CEO and each Senior Executive on how they meet their personal performance goals. The Board is entitled to take into consideration changes imposed by extraordinary external factors beyond the reasonable control of the CEO or the executive team when assessing achievement of the KPI’s under the STI Plan. Remco and the Board appraises the performance of the CEO, whereas the CEO appraises the performance by the Senior Executives.

Annual bonus payments under the STI Plans are for the CEO and Senior Executives over time targeted to be 85% and 57% of base salary respectively, whereas payments are capped to 150% and 100% respectively. The Company reserves the right to withhold or delay any payments under STI Plans in extraordinary circumstances, as decided by the Board. The Company also reserves the right to cancel STI Plans without any payment to the CEO, Senior Executives or other participants prior to final determination of achievements by the Board.

The CEO and Senior Executives will not be eligible for bonus payout under the STI Plans if they have resigned, or given/been given a notice of termination before the payment date, unless otherwise approved by the Board or CEO respectively as being in the Company’s best interests. An exception from this is that the CEO or a Senior Executive retiring before the payment day will be eligible for a bonus prorated for months of employment in the earnings year.

The STI Plans and their KPIs, weighting and associated pay out levels are designed to contribute to meeting PGS’ businesses strategy and to promote the Company’s long-term interests whilst taking PGS’ financial ability into account. As noted above, the KPIs, their relative weighting, and the associated pay-out levels from each KPI will be tied to the Company’s – at that time – most important targets.

Separately, for incentivization purposes, the Board may award a discretionary bonus to CEO and/or Senior Executives in the event the Company is involved in major transactions that is deemed to protect or generate shareholder value and be in the Company’s best long term interests. Such discretionary bonus will be capped to 150% and 100% of base salary for the CEO and Senior Executives respectively. For the purpose of ensuring continued service to the Company, the Board and CEO may in extraordinary circumstances and if deemed to be in the Company’s best interest approve the payment of a stay-on bonus to the CEO and any Senior Executive respectively, both being subject to the same cap as a above.

E Long Term Incentive Plan



The Company's AGMs have for several years annually authorized LTI Plans in order to ensure continued long-term incentives linked to the Company's financial performance and relative share price development. The Board will annually throughout the Policy period continue to propose an LTI Plan for approval at the AGM, and will each year present the full details of the LTI Plan document.

Each LTI Plan will for all eligible employees consist solely of a pool of PRSUs that will be awarded to eligible employees following the AGM approving such plan and a given deadline in the LTI Plan. Settlement of the PRSUs will be conditioned upon the Company over a defined period from award meeting certain goals and share price related targets under one or more Key Performance Indicators ("KPIs") set out in each LTI Plan. The KPIs, their relative weighting, and the associated pay out levels from each KPI will be designed to protect the Company's long term-interests and create value over time. During the recent years, the KPIs in LTI Plans have been *Total Shareholder Return* ("TSR") and *Return On Capital Employed* ("ROCE"). TSR achievement have been measured against a comparator group of companies while the ROCE has been an absolute financial target. These KPIs have been seen by the Board to be adequate metrics to gauge the protection of long-term interests for the Company and creation of shareholder value over time. The KPIs may however for each LTI Plan change depending on the Company's financial situation and its current key strategic priorities.

The total PRSU awards under all outstanding LTI Plans and the equivalent maximum potential share settlement thereunder will not at any time exceed 5% of the Company's share capital. The Board will for the period between an upcoming AGM and the subsequent AGM not distribute to the CEO or any Senior Executives any other share-based incentives than PRSUs under the approved LTI Plans.

The full LTI Plan including the KPIs, goals, the size of the pool of PRSUs subject for award, and the LTI Plan terms and conditions will be presented in the Calling Notice for each AGM for shareholder approval.

The LTI Plan and its KPIs and goals are designed to contribute to PGS meetings its businesses strategy and to promote the Company's long-term interests whilst taking PGS' financial ability into account.

F Other employees and employee elected Board members

This Policy primarily deals with the remuneration to PGS' CEO and Senior Executives. However, the Policy is to a large extent providing guidance on how the Company remunerates a broader group of key employees within the Company. Enhanced performance by the management groups is not achieved by our CEO and Senior Executives alone but is rather dependent on a number of managers and key employees throughout the Company. Therefore, these are also included in the nomination process for the STI Plans and LTI Plans, which contain all or some of the above-mentioned elements. In addition, all other employees may receive up to a maximum of one-month salary in annual bonus based on achievement of company performance KPIs.

The remuneration to the employee elected Board members is - for their service as board members - proposed by the Company's Nomination Committee and approved by the AGM on an annual basis. The proposal for remuneration is determined annually. The Nomination Committee bases its proposal inter alia on the annual survey data provided by the Norwegian Institute of Directors' under their annual survey on employee elected director compensation. Further details are presented in the Calling Notice for each AGM, where the Company solicits approval for directors' remuneration paid from the previous AGM to the upcoming AGM, as well the principles for Board fees for the period from the upcoming AGM to the subsequent AGM.

G The Policy's contribution to the Company's strategy, long term interests and financial sustainability

The Board is of the view that the total compensation packages with its elements for the CEO and Senior Executives constitutes proper incentives to meet the Company's strategic goals and protect the Company's long-term interests. The mix between fixed and variable performance related compensation, the mix between long- and short-term incentives, the mix between corporate financial goals and personal performance goals, and the proposed financial goals and its targets and ranges is also well suited to ensure the financial sustainability for the Company. In particular, one of the primary short-term strategic goals for the Company is to repay debt. Reducing debt short-term is also an important effort to ensure the financial sustainability for the Company long-term. The Company's strategy



is thus centered around ensuring the financial sustainability for the Company. As such, the company KPIs applied in the STI Plans during recent years - Revenues less Gross Cash Cost and Cash Flow after Investing Activities - give the CEO and Senior Executives proper incentives to repay debt by targeting free cash flow. The CEO and Senior Executives' short-term incentives are henceforth aligned with the Company's main short-term strategic goal, destined to protect long-term interests and suitable for ensuring the financial sustainability of the Company.

Also, to protect the Company's long-term interests, the KPIs under the most recent LTI Plans being TSR and ROCE give appropriate incentives for the CEO and the Senior Executives to build value for shareholders and protect long term interests of the Company. In order for the Company to be successful under the TSR metric, the development in Company's share price needs over time to outperform that of the companies in the comparator group. ROCE is also an indicator for performance exceeding the weighted average cost of capital. This is a proper metric to gauge the increase of shareholder value and protection of the long-term interests of the Company.

The personal performance KPIs are focused on financial-, strategic-, operational-, organizational-, people and ESG goals to enable both short-term and long-term development of the Company. The personal performance KPIs are designed to incentivize increased personal performance and related to the individual executive's role.

H Deviations from the Policy

Upon proposing material changes during the Policy period applying from the 2021 AGM, the Company will either seek approval in an AGM or call for an Extraordinary General Meeting to solicit approval. The Company will in the calling notice describe the proposed changes, and take note of shareholders' voting over the Company's remuneration policy and remuneration report for the previous fiscal year. Otherwise, the Board will ensure that the Policy is reviewed and presented for approval by the AGM at least every fourth year

I Explanation on how shareholders voting is considered for the Policy

The Board is of the opinion that this Policy is aligned with the shareholders' interests, but will monitor and take into account the result of the shareholders advisory vote over the remuneration report and assess any impact for the Policy during the policy period.