

CORPORATE GOVERNANCE

TGS actively promotes a transparent culture designed to build confidence and trust among its stakeholders. Key elements of this culture include open and honest communication, a well-developed system of controls and policies and a compliance program.

Report on Corporate Governance

1. Implementation and Reporting on Corporate Governance

TGS-NOPEC Geophysical Company ASA (TGS or the Company) actively promotes a culture designed to build confidence and trust among its stakeholders. Key elements of this culture include open and honest communication, a well-developed system of controls and policies and a compliance program. It is the opinion of the Board of Directors that TGS in general complies with the Norwegian Code of Practice of Corporate Governance published 30 October 2014. The Code of Practice covers 15 topics. Further details of how TGS operates in accordance with each of these topics, including any deviations, is further explained in this Report on Corporate Governance. The Code of Practice may be found at www.nues.no. In accordance with the Norwegian Accounting Act section 3-3b, TGS is required to give an annual account of the principles and practices related to corporate governance in the Board of Directors' report or a document referred to in the Board's report. TGS refers to this document in the Board of Directors' Report included elsewhere in this Annual Report.

The Company emphasizes independence and integrity in all matters between its Board of Directors, management and shareholders. These same principles of independence and integrity also apply in business relations with all interest groups, including customers, suppliers and other business partners. As guidelines for its Board members and employees, TGS has developed a **Statement of Values** and a **Code of Conduct**, both available at: <http://www.tgs.com/about-tgs>. TGS has also developed and implemented a compliance program that is managed by a full-time Board-appointed compliance officer. The compliance officer provides quarterly and annual reports to the Board. It is important for the Company to know about potential problems before they become serious and the Company has in place whistleblower procedures for individuals to report concerns of noncompliance that includes a publicly available hotline that allows for anonymous reporting and a prohibition on retaliation against anyone who reports suspected noncompliance. All potential violations of the Code of Conduct or the law are taken seriously and will be investigated by the Company and remediation measures will be imposed where necessary.

TGS believes that corporate social responsibility is a fully compatible and integrated part of conducting business successfully. TGS' long-standing Statement of Values recognizes that the Company is responsible to a number of stakeholder groups, and describes the principles to which the Company adheres. A more detailed description of TGS' Corporate Social Responsibility Policy is included as a separate section in the Annual Report and on TGS' website: www.tgs.com.

Code of Conduct

In addition to TGS' **Statement of Values** and policies on health, safety, environment and human resources, the Company has developed a **Code of Conduct** that further defines expectations on ethical behavior and fair business conduct. Each employee and director is required to read and acknowledge his or her understanding of its contents on an annual basis. The Code requires employees to report any known or suspected ethical irregularities and ensures that no retaliation will be levied against employees who file reports. TGS conducts an active compliance program designed to continually inform and educate employees on ethical issues.

Comprehensive Approach

The leadership of TGS actively promotes a culture designed to build confidence and trust among its stakeholders. Good corporate governance together with the values, policies and control systems described in this report provide a comprehensive approach to corporate social responsibility in TGS.

2. Business

The business objective of TGS-NOPEC Geophysical Company ASA is defined in the Company's Articles of Association, which state that the principal business of the Company is in the provision, procurement and sale of seismic and geophysical data. The Company's Articles of Association are published in the Investor Relations Section on the TGS website at www.tgs.com. TGS' operations are described in the Board of Directors Report and the Annual Report for 2017 and on www.tgs.com.

TGS pursues a long-term strategy of generating value for its shareholders. The Company constantly strives to understand and exceed customer expectations in

delivering a quality product on time. The commitment to quality must be apparent in every product and service that is sold. Service to customers, whether internal or external, must be professional, accurate, timely and friendly. TGS is dedicated to making a profit and delivering a solid return to its shareholders. Growth is fundamental to the success of the Company.

3. Equity and Dividends

Equity

As of 31 December 2017, total equity amounted to USD 1,200.1 million including a share capital of USD 3.7 million. This corresponds to an equity ratio of 84%, which the Board considers to be satisfactory. The adequacy of the Company's capital is monitored closely with respect to the Company's objectives, strategy and risk profile.

Dividend Policy

Because of the highly cyclical nature of the oil services industry, TGS' Board of Directors remains convinced that the TGS Group's unique business model, strong balance sheet and strong cash position are essential to its financial health, risk management and future growth. With this in mind, the Board will continue to carefully evaluate investment opportunities for growth. It is the ambition of TGS to pay a quarterly cash dividend that is in line with its long-term underlying cash flow. When deciding the quarterly dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model. The Board has determined that the following principles shall be taken into account in determining the distribution of the quarterly dividend:

- The dividend level in the first quarter of the year will be based on a thorough evaluation of market outlook, cash flow expectations and balance sheet development.
- The aim should be to maintain the same level in the remaining three quarters of the year, subject to evaluation on a quarterly basis of the Company's outlook, cash flow expectations and balance sheet development.
- The ex-dividend date will be seven days after the release of the quarterly report.
- The payment of the dividends will be fourteen days after the ex-dividend date.

In addition to paying a cash dividend, TGS may also buy back its own shares as part of its plan to distribute capital to shareholders.

Since 2016, TGS has paid quarterly dividends. The Annual General Meeting held 9 May 2017 renewed the Board of Directors' authorization to distribute quarterly dividends. The aim will be to keep a stable quarterly dividend in US dollars through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the Company and the market.

The ex-dividend date will normally be seven days after the announcement of the dividend in connection with the release of quarterly financial statements, with the payment date 14 days after the ex-dividend date.

At its quarterly meeting on 7 February 2018, the Board of Directors resolved to distribute a quarterly dividend of USD 0.20 per share (equivalent to NOK 1.57 per share) of outstanding common stock from the Company's 2016 earnings. The quarterly dividends were paid on 1 March 2018.

Board Authorizations

The Board of Directors' authorizations to increase share capital are limited to specified purposes. Authorizations to increase share capital and to undertake share buybacks are granted for a period no longer than until the next AGM, but not later than 30 June of the following year.

Following the AGM held on 9 May 2017, the Board received the following shareholder authorizations:

- To increase the Company's share capital by up to NOK 2,554,226 through one or more issuances of new shares or bonus issues. The subscription price and other subscription terms will be determined by the Board. The capital increase may be paid in cash, by set-off or by other contributions in kind. The authorization includes the right to incur special obligations on behalf of the Company, cf. Section 10-2 of the Norwegian Public Limited Liability Companies Act. The shareholders' pre-emptive rights pursuant to Sections 10-4, cf. Section 10-5 of the Norwegian Public Limited Liability Companies Act, to subscribe for any new shares may be deviated from by the Board. The authorization shall encompass share capital increases in connection with mergers, cf. section 13-5 of the Norwegian Public Limited Liability Companies Act.
- To issue loans for a total amount of up to NOK 2,250,000,000 with the right to require shares to be issued (convertible loans). The share capital may be increased by up to NOK 2,554,226, provided that the combined number of shares that are issued pursuant to this authorization and the authorization to increase the share capital shall not exceed 10% of the Company's current share capital. The subscription price and other subscription terms will be determined by the Board. The shareholders' pre-emptive rights pursuant

to section 11-4 of the Norwegian Public Limited Companies Act cf. sections 10-4 and 10-5, may be deviated from by the Board.

- To acquire, on behalf of the Company, the Company's own shares up to 10% of the nominal value of Company's share capital, which pursuant to the current nominal value is up to NOK 2,554,226. The limitations shall be adjusted in the event of share consolidation, share splits, and similar transactions. The lowest price to be paid per share shall be NOK 0.25 and the highest price to be paid per share shall be the price as quoted on the stock exchange at the time of the acquisition plus 5%. The lowest price is equal to the current nominal value and shall be adjusted in the event of share consolidation, share splits, and similar transactions. Acquisition and sale of the Company's own shares can take place in the manner which the Board of Directors considers to be in the Company's best interest.

The authorizations are valid until the AGM in 2018, but not later than 30 June 2018.

In the AGM held on 9 May 2017, the Board was also authorized to distribute quarterly dividends on the basis of the 2016 financial statements. The authorization shall be valid until the Company's next Annual General Meeting, but not later than 30 June 2018.

For further information on these shareholder authorizations, please refer to Note 10 to the Consolidated Financial Statements.

4. Equal Treatment of Shareholders and Transactions with Related Parties

Equal Treatment

The Articles of Association do not impose any restrictions on voting rights, and all shares have equal rights. The Company has only one class of shares and each share gives the right to one vote at the AGM. The Board of Directors emphasizes, to the extent possible, disclosing and describing the topics of the agenda and the proposed resolutions in the call for the assembly to allow the shareholders adequate time to prepare for the meeting.

Transactions in Treasury Shares

TGS' transactions in its own shares are carried out at market price. TGS, from time to time, buys back shares under authorizations given by the shareholders. The shares may be held in treasury, used as payment in merger and acquisition transactions, used in relation to the exercise of employees' stock options, or

eventually cancelled. The Company held 116,180 treasury shares on 31 December 2017.

There have been no share capital increases in the Company in recent years except for shares issued in connection with the Company's stock option program. Should the Board wish to propose that the AGM depart from the preemptive right of existing shareholders relating to capital increase, such a proposal will be justified by the common interest of the Company and the shareholders, and the reasons for the proposal will be presented in the notice of the AGM as well as publicly disclosed in a separate stock exchange announcement.

Transactions with Related Parties

There are no shareholder agreements between any of the Company's shareholders. None of the Board members represent companies that are significant customers or suppliers of TGS. There were no material transactions taking place with related parties in 2017, but any transaction with close associates is required to be conducted on market terms. Information about transactions with related parties is also disclosed in Note 12 to the Consolidated Financial Statements. The Board has guidelines (under the Code of Conduct) to ensure that senior executives inform their manager and/or the Board if they have a material interest, directly or indirectly, in any agreement entered into by the Company.

5. Freely Negotiable Shares

Freely Negotiable Shares

All TGS shares carry equal rights and are freely negotiable. No special limitations on transactions are described in TGS' Articles of Association. Transactions in TGS' shares are described in more detail in Note 10 to the Consolidated Financial Statements.

All but one of the members of the Board have received shares as a part of their compensation, which must be held for at least two years before they can be traded. Refer to Note 7 to the Consolidated Financial Statements for further information. In addition, certain shares acquired by the TGS executive team under the terms of a special bonus plan implemented in February 2017 are subject to restrictions on sale for a three year period. Beyond this, there are no other limitations to trading of shares imposed by the Company, other than Insider Trading Rules applicable to employees and the directors.

6. General Meetings

The General Meeting is the Company's ultimate corporate body. The Board strives to ensure that general meetings are an effective forum for communication between shareholders and the Board. The Board of Directors, the Nomination Committee and the Chief Executive Officer are all present at the Annual General Meetings as well as the Company's auditor. The minutes of general meetings are made available for inspection by shareholders at the Company's offices in Asker, Norway. These minutes are also made available on the Company's website shortly after the date of the general meeting.

The next Annual General Meeting (AGM) will be held on 8 May 2018. The notice calling the AGM and any Extraordinary General Meeting and all supporting documentation are made available on the Company's website (www.tgs.com) no later than three weeks in advance of the meeting. The notice and supporting documentation will also be mailed to any shareholders who request this service. The notice and supporting documentation include all the necessary information to allow shareholders to form a view on the matters to be considered. The Annual Report for 2017 is available on the Company's website.

In accordance with the Company's Articles of Association, the deadline for shareholders to notify the Company of their intention to attend the General Meeting is at the latest three days before the day of the meeting. The Company's financial calendar is notified to the market by issuing a stock exchange announcement and is also published on its website.

Each General Meeting appoints a chairperson for the meeting, thereby ensuring that the General Meeting has an independent chairperson in accordance with the recommendations of the Norwegian Code of Practice of Corporate Governance.

The General Meeting is open for all shareholders, and any shareholder not in attendance can give proxy to vote on his/her behalf. Forms of Proxy are made available on the Company's website and are mailed to any shareholders who request this service, together with the notice of the call for the meeting. The Form of Proxy allows separate voting instructions to be given for each matter to be considered by the meeting. The proceedings in the General Meeting follow the agenda outlined in the call for the meeting. Shareholders who wish to raise a topic in the General Meeting have the option to do so, but must notify the Board of Directors of this in writing and in reasonable time before the call for the meeting is dispatched. The AGM cannot decide for a higher dividend than the Board of Directors has proposed for that year.

Shareholders are given the opportunity to vote separately either in person or by proxy for each candidate nominated for election to the Company's Board. The Board of Directors may also resolve that the shareholders may, within a limited time period prior to the shareholders' meeting, deliver their votes in writing, which shall include the use of electronic means. The right to vote in writing prior to the shareholders' meeting is conditioned upon the existence of an adequately secure method to authenticate the sender and will be subject to guidelines for advance voting in writing that are specified by the Board of Directors. The notice to the shareholders' meeting shall provide information about whether the shareholders may vote in advance in writing, and about the guidelines that apply to such voting.

Shareholders are currently not allowed to participate in the General Meeting through the internet.

In accordance with the Norwegian Public Limited Liability Companies Act, the AGM is required to approve the annual financial statements, the Board of Directors' report and the distribution of dividends. The AGM should also deal with the Board of Directors' declaration relevant to the guidelines for determination of compensation to executive personnel and an advisory vote shall be held at the AGM following the Board of Directors' guidelines for the determination of salary and other remuneration to senior managers. The AGM shall also deal with the report on corporate governance.

The last Ordinary General Meeting was on 9 May 2017, and the minutes are available on the Company's website at www.tgs.com.

Any other matters to be dealt with in the AGM will follow from the notice.

7. Nomination Committee

As required in the Company's Articles of Association, the Nomination Committee is responsible for the nomination of directors to the Board and the recommended remuneration payable to the directors. The Annual General Meeting stipulates guidelines for the duties of the Nomination Committee.

The Nomination Committee consists of a chairman and two members elected by and amongst the shareholders who also determine the Nomination Committee's own remuneration. The members serve for a period of two years. The members of the Nomination Committee currently are Tor Himberg-Larsen (Chair), Herman Kleeven and Christina Stray, all independent of the Board of Directors and executive personnel. Himberg-Larsen and Stray were elected for a two-year term

at the Annual General Meeting on 9 May 2017, while Kleeven was elected for a two-year period at the Annual General Meeting on 10 May 2016.

The Company posts an invitation to shareholders at www.tgs.com prior to the Annual General Meeting every year to propose to the committee candidates as directors and members of the Nomination Committee.

As part of its work, the Nomination Committee meets at least annually with the Board of Directors and members of the executive management. Also, the committee consults relevant shareholders to ensure that its recommendations have their support.

The committee's recommendation provides a justification of how its recommendations take into account the interests of shareholders in general and the Company's requirements. The justification includes information on each candidate's competence, capacity and independence. If the committee recommends the re-election of a member of the Board of Directors, the justification also provides information on how long the candidate has been a member of the Board of Directors and his or her record in respect of attendance at Board meetings. If the recommendation includes candidates for election to the Nomination Committee, it also includes relevant information on these candidates.

In accordance with Section 6 above, the Nomination Committee's recommendations and report are made available in accordance with the 21-day deadline for the notice calling a general meeting.

8. Board of Directors: Composition and Independence

The Board of Directors currently consists of eight members, and all are independent. The Board members are elected by the shareholders for a term of one year.

The members of the Board of Directors are proposed by the Nomination Committee and elected by the AGM. The Chairman of the Board is also elected by the AGM.

The constitution of the Board reflects a strong background that balances specific industry experience with broader industrial, financial and management experience.

All directors are shareholders of TGS. Information on shares in TGS held by members of the Board can be found in Note 7 to the Consolidated Financial Statements.

A brief background description for each board member is listed below:

Henry H. Hamilton III, Chairman

Born 1959. Mr. Hamilton served as CEO of TGS from 1995 through June 2009. He started his career as a Geophysicist with Shell Offshore (1981-1987) before he became employed by Schlumberger (1987-1995), where he ultimately held the position of VP and General Manager for all seismic product lines in North and South America. Mr. Hamilton joined TGS as its CEO in 1995 and remained in the position following the 1998 merger with NOPEC International. He also serves on the Board of Odfjell Drilling. Mr. Hamilton was first elected as a director in 1998 and as Chairman in 2009.

Mark Leonard, Director

Born 1955. Mr. Leonard is currently the President of Leonard Exploration, Inc. He retired in 2007 from Shell Oil Company after 28 years of service. During his tenure at Shell, Mr. Leonard held a number of executive positions including Director of New Business Development in Russia/CIS, Director of Shell Deepwater Services, Director of Shell E&P International Ventures and Chief Geophysicist for Gulf of Mexico. He was first elected as a director in 2009.

Vicki Messer, Director

Born 1949. Ms. Messer is currently an independent consultant. She has 32 years of geophysical industry experience in various executive, management and supervisory positions for CGG Veritas, Veritas DGC, Halliburton Energy Services/Halliburton Geophysical, and Geophysical Services Inc. She was first elected as a director in 2011.

Tor Magne Lønnum, Director

Born 1967. Mr. Lønnum is currently Group Chief Financial Officer of Falck. Prior to joining Falck last year, he was CFO of Aimia Inc, and before that CFO in Tryg AS and Tryg Forsikring AS from 2011 to 2016. He was first elected as a director in 2013.

Wenche Agerup, Director

Born 1964. Ms. Agerup is EVP, General Counsel and Chief Corporate Affairs Officer of Telenor ASA. From 1997 to 2010, Ms. Agerup held various leading positions within Norsk Hydro ASA, including Plant Manager at Årdal Metal

Plant in Norway and Project Director in Hydro UMC Joint Venture in Australia. From 2010 to 2015, Ms. Agerup was Executive Vice President, Corporate Staffs & General Counsel of Norsk Hydro and member of the Corporate Management Board, reporting to the Chief Executive Officer. Ms. Agerup serves as a board member of Statoil. She was first elected as a director in 2015.

Elisabeth Grieg, Director

Born 1959. Ms. Grieg is currently CEO of Grieg International AS, co-owner of the Grieg Group and a member of the founding family. Ms. Grieg serves on the board of several of the Grieg Group companies. She has also been a board member of many prominent Scandinavian companies, such as Statoil, Norsk Hydro and Nordea AB, as well as a member of the corporate assembly of Orkla ASA. Ms. Grieg has chaired the board of GIEK (Norwegian Guarantee Institute for Export Credits) and been the President of the Norwegian Shipowners' Association. She was first elected as a director in 2015.

Torstein Sanness, Director

Born 1947. Mr. Sanness served as the Chairman of Lundin Norway from April 2015 to March 2017, when he moved to the board of International Petroleum Corp., a Lundin Group company. He previously served as the Managing Director of Lundin Norway from 2004 to 2015. From 2000 to 2004, he served as Managing Director of Det Norske Oljeselskap AS, and from 1972 to 2000, he served in various capacities for Saga Petroleum, working primarily in the exploration and development of Saga's oil and gas interests globally. Mr. Sanness serves as a board member for Panoro Energy ASA and Sevan Marine ASA. He was first elected as a director in 2016.

Nils Petter Dyvik, Director

Born 1953. Mr. Dyvik is educated from the Norwegian Business School (1974-1978) and received his MBA in Finance from the University of Wisconsin in 1979. Since 1996, he has served in various capacities for Wilh Wilhelmsen, a global maritime company, most recently as Group CFO from 2007 to 2016. From 2002 to 2007, he served as CEO of Wallenius Wilhelmsen, from 1999 to 2002, as Deputy CEO of Wilh Wilhelmsen, and from 1996 to 1999, as Deputy CEO of Wilhelmsen Lines AS. Prior to joining Wilh Wilhelmsen, he served as CEO and Deputy CEO for Norwegian American Line from 1988 to 1996, and worked with Kreditkassen (Nordea) from 1986 to 1988, L.M. Skaugen from 1980 to 1986, and Saga Petrokjemi from 1979 to 1980. Mr. Dyvik has extensive board experience, and currently serves as the Chair of NorSea Group and Wilhelmsen Ferd Offshore AS and as a member of the Board for The Maritime Rescue School. He was first elected as a director in 2017.

9. The Work of the Board Of Directors

The Board of Directors' tasks include the overall management and supervision of the Company. The Board is responsible for establishing control systems and for ensuring that TGS operates in compliance with laws and regulations, with TGS' Statement of Values and Code of Conduct, as well as in accordance with the owners' expectations of good corporate governance. The Board emphasizes the safeguarding of the interests of all shareholders, but also the interests of TGS' other stakeholders.

The Board prepares an annual plan for its work, emphasizing goals, strategies and execution.

The Board operates under specific rules of procedure, which define the duties, tasks and responsibilities of the Board of Directors and individual members of the Board, and also states guidelines for the CEO's work and duties of the Board of Directors.

The Board of Directors currently consists of eight members. (Refer to section 8).

The Board normally schedules six regular meetings each year but typically holds additional meetings as circumstances dictate. Three of the regularly scheduled board meetings deal with strategic issues. On at least a monthly basis the CEO updates the entire Board on the financial progress of the Company as well as on other significant matters. The Board also sets specific objectives for the CEO on an annual basis.

The Board conducted a total of nine meetings in 2017: three scheduled physical meetings, three by scheduled videoconference, and three by unscheduled teleconference. One of the three physical meetings lasted two days, with the remainder lasting one day. Mark Leonard was unable to attend one of the unscheduled teleconference meetings, Tor Magne Lønnum was unable to attend one of the scheduled physical meetings, and Elisabeth Grieg was unable to attend one of the unscheduled teleconference meetings and one of the scheduled videoconference meetings. All other directors attended all meetings.

Board Committees

The following committees are established by the Board to monitor and guide certain activities. Each committee operates under a defined charter that may be viewed at: www.tgs.com/about-tgs/policies/corporate-governance.

Audit Committee

The Audit Committee is appointed by the Board, and its primary responsibility is to

supervise the Company's internal controls over financial reporting and to ensure that the Company's external auditor is independent. Further the responsibility of the committee is to ensure that the annual accounts provide a fair picture of the financial results and financial condition of the Company in accordance with generally accepted accounting practice. The Audit Committee receives reports on the work of the external auditor and the results of the audit.

The Audit Committee conducted a total of six meetings in 2017. Elisabeth Grieg was unable to attend one of the meetings. All other members attended all meetings.

The members of the Audit Committee with effect from the 2016 AGM are:

- Tor Magne Lønnum, Chairman
- Vicki Messer
- Nils Peter Dyvik

Mr. Lønnum is currently the Group CFO of Falck, a global healthcare service provider, while Mr. Dyvik served as Group CFO from 2007 to 2016 for Wilh Wilhemsen, a global maritime company.

Compensation Committee

The Compensation Committee reviews the compensation practices of TGS and its peer group and makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO and other executive personnel. These proposals are also relevant for other employees.

The Compensation Committee conducted six meetings in 2017. Wenche Agerup was unable to attend one of the meetings. All other members attended all meetings.

The members of the Compensation Committee with effect from the 2016 AGM are:

- Mark Leonard, Chairman
- Elisabeth Grieg
- Wenche Agerup
- Torstein Sanness

The Board of Directors carries out an annual evaluation of its own performance, working arrangements and competence. The assessment is made available to the Nomination Committee. The Board also carries out an annual evaluation of the CEO's performance.

10. Risk Management and Internal Control

The Board of Directors monitors TGS' risk exposure, and the Company continually strives to maintain and improve its internal control processes.

Executive management carries out an annual risk evaluation process to assess total enterprise risk in the Company. Through risk workshops, a number of strategic and operational risk factors are evaluated and prioritized in a risk matrix. Action plans are developed to manage any significant risk factors, and the process is made continuous with annual workshops and quarterly updates regarding action plan status. The key risk factors and related action plans are part of the annual Board presentation on risk management and internal control by the CEO and CFO. The Board also considers the need for any further measures in relation to the risk factors identified.

The Company's Audit Committee oversees the Company's routines for financial risk management and internal control which includes documentation for internal control and financial reporting procedures. Neither TGS' executive management nor its Audit Committee reported any material weaknesses in the related internal control systems at 31 December 2017.

TGS has implemented a regime with a Corporate Authorization Matrix and guidelines to specify the level of authority granted to management. The matrix is part of the Financial Manual which is approved by the Board, and the CEO has operational responsibility for ensuring that it is enforced.

TGS has a separate legal department, managed by the corporate General Counsel who reports to the CEO. Procedures and guidelines are in place to ensure that the legal department is involved in matters that could represent a material legal risk for the Company, including entering into material agreements. The Company has standard policies for contract terms and conditions.

TGS is committed to fair business conduct and compliance with all legal and ethical requirements and standards of the geoscientific industry and the communities where TGS employees live and work. TGS considers its values based culture and environment a key element in continued success as a company.

As a function within the TGS executive team, the Compliance Program sets ethical standards, provides training and educational resources and responds to all concerns raised by TGS' internal and external stakeholders. The TGS Compliance Officer provides quarterly and annual reports to the Board of Directors, and

the TGS CEO provides updates on a regular basis. The Board has endorsed and fully supports the continued implementation of the compliance program. All compliance reports are maintained as confidential to the extent possible, and no retaliation is allowed against reporting persons.

TGS investigates all potential violations of its Statement of Values and Code of Conduct, such as illegal acts, conflicts of interest, financial fraud, unfair business practices, corruption issues or breaches of TGS' corporate policies. TGS also engages internal or external legal counsel as needed, in dealing with possible violations of its corporate policies. Employees are encouraged to report any violation of TGS' values or policies to the Corporate Compliance Officer or through the TGS hotline.

All agents, officers and key employees working for the Company must sign an annual anti-corruption compliance certification. Each employee of the Company must read and acknowledge the Company's Code of Conduct, Statement of Values and Policy on Insider Trading on an annual basis.

11. Remuneration of Board of Directors

The remuneration to the Board of Directors is designed to attract and retain an optimal Board structure in a competitive environment. Procedurally, the directors' compensation is recommended by the Nomination Committee and determined by the shareholders at the Annual General Meeting each year.

In recent years, the directors' compensation has been composed of both a fixed fee and a number of restricted TGS shares. The remuneration is not related to the Company's financial result. Note 7 to the Consolidated Financial Statements details the remuneration for 2017. TGS believes the remuneration reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

No Board member has taken on specific assignments for the Company in addition to their appointment as a member of the Board.

12. Remuneration of Executive Personnel

Declaration on Executive Personnel

TGS has prepared a Declaration on Executive Remuneration which is released alongside the Annual Report and is available for download at tgs.com

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a (2), the Board will present the Declaration on Executive Remuneration to the 2018 Annual General Meeting.

The Declaration describes:

- TGS' Executive Remuneration Policy Statement
- 2018 Executive Remuneration including proposals and implementation
- 2017 Remuneration results and assessment

Philosophy

TGS' Total Compensation Philosophy, as approved by the Board, is to provide a robust and competitive total rewards package that attracts and retains talented people and provides the greatest rewards for its employees who consistently and continually demonstrate the highest levels of performance. TGS uses a blend of components: base salary, incentive compensation (short-term and long-term awards) and non-financial benefits. TGS base salaries are targeted below the median of the compensation peer group. TGS' total actual cash compensation, defined as base salary and Short Term Incentives (an annual performance cash bonus directly linked to the TGS Group's operating profit), is intended to exceed the market average in years where the Company performs above market (target above 50th and up to 75th percentile of the market). It is also heavily weighted in variable pay so that employees share in the same risk and rewards as its shareholders. The Board of Directors believes that the issuance of Long Term Incentives is a valuable tool to aid in the retention of key employees and serves to reinforce the importance of maintaining a longer-term focus towards shareholder value creation.

Executive Remuneration

TGS is an international company operating in the global geoscience industry. Its operations are conducted world-wide and the Company's employment base is and needs to be largely international. The Company's CEO and a large part of the Executive team are based in the U.S. The total compensation package for the CEO and other executive officers therefore must be competitive within the Norwegian labor market, the U.S. labor market and internationally. Both the level of total compensation and the structure of the compensation package (in particular the variable pay component) for the CEO and other executive officers must attract and retain talented international leaders.

The compensation program for Executives consists of industry competitive benefit programs, base salaries, short-term incentives and long-term incentives. Since 2015, the Long Term Incentives have been implemented through an annual

Performance Share Unit (“PSU”) plan. The various compensation elements are balanced in a way that recognizes the individual Executive’s responsibilities and his or her abilities to influence the short and long-term profitable growth of the Company. Compensation is reviewed annually with performance assessed based on fulfillment of pre-defined goals. Base salaries are consciously set low for executives (around 25th percentile of the Company’s peer group) while the short-term incentive can be comparatively high.

Governance

The Board of Directors has established a Compensation Committee with responsibility for reviewing Executive remuneration and making recommendations to the Board. The Compensation Committee is composed of independent directors: Mark Leonard (Chair), Wenche Agerup, Torstein Sanness and Elisabeth Grieg (appointed in 2017).

The CEO is responsible for proposing the compensation packages (excluding his own) for all Executives for Compensation Committee review and Board approval. The CEO’s proposal will be based on performance assessed against pre-defined goals.

The Compensation Committee is responsible for recommending the CEO’s compensation package to the Board for final review and approval. This includes the CEO’s target bonus, which is specifically set by the Board.

The Board believes executive compensation should be reasonable and fair according to prevailing industry standards in the geographical markets where TGS operates, and should be understandable relative to scale, complexity and performance. The Board strives to ensure that executive compensation is administered consistently according to the TGS Total Compensation Philosophy.

The Compensation Committee retains an independent third-party compensation benchmarking firm to assess and recommend changes to TGS’ executive compensation practices relative to its peer group. The peer group is composed of several competitors and international oil and gas services companies (18 companies in total, seven of which are U.S. and five Norwegian). The peer group is determined by considering a combination of relative factors including annual revenue, profit, market capitalization, return on equity (ROE) and return on average capital employed (ROACE). This independent executive compensation analysis is conducted annually.

For further information on executive management compensation, please refer to Note 7 of the Consolidated Financial Statements and the Declaration on Executive Compensation.

13. Information And Communications

TGS’ investor relations policy is designed to inform the stock market and all shareholders of the Company’s activities and status in a timely and accurate manner. The Company submits quarterly and annual financial reports to Oslo Børs. In addition, any interim information of significance for assessing the Company’s value is distributed as stock exchange announcements through InPublic – Nasdaq OMX, a commercial publisher of financial information. This information is also available via the Company’s website at tgs.com.

The Company places great emphasis on complying with the Stock Exchange regulations by providing the same information to all investors, national and international. The Company uses the Code of Practice for Reporting of IR information issued by Oslo Børs and the Norwegian Investor Relations Association (NIRA) as a guideline for IR reporting. All press releases and news are published in English only and the Company has been granted exemption from the Norwegian Tax Authority to publish its Annual Report in English only.

The Company’s quarterly earnings presentations are recorded and made available as webcasts or slide presentations in real time. The Company also makes national and international presentations and conducts road shows throughout the year to inform existing and potential investors about TGS.

The financial calendar displaying the dates for the coming years’ interim reports and General Meetings for shareholders is posted at: www.tgs.com/investor-center/financial-reports/financial-calendar/.

14. Take-Overs

The Board of Directors has established guiding principles for how it will act in the event of a take-over bid received.

During the course of a take-over process, the Board of Directors and management of both the party making the offer and the target company are responsible to help ensure that shareholders in the target company are treated equally and the target company’s business activities are not disrupted

unnecessarily. The Board is particularly responsible to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors will not hinder or obstruct take-over bids for the Company's activities or shares.

In the event of a take-over bid for the Company's shares, the Board of Directors will not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following announcement of the bid.

Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for TGS shares will only be entered into where it is self-evident that such an agreement is in the common interest of TGS and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation will be limited to the costs the bidder has incurred in making the bid.

If an offer is made for TGS' shares, the Board of Directors will issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it will explain the background for not making such a recommendation. The Board's statement on a bid will make it clear whether the views expressed are unanimous, and if this is not the case, the Board will explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board will arrange for a valuation of TGS from an independent expert and the valuation will be made public no later than at the time of the public disclosure of the Board's statement. This will also apply if the bidder is a major shareholder, a member of the Board or executive management, or close associates of such individuals, or anyone who has recently held such a position. Any such valuation will be either appended to the Board's statement, be reproduced in the statement or be referred to in the statement.

Any transaction that is in effect a disposal of the Company's total activities shall be decided by a General Meeting.

15. Auditor

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. The auditor attends at least one meeting each year with the Audit Committee of the Board as well as the Board of Directors where the Company's management is not represented. In addition, the auditor participates at meetings of the Board relating to the preliminary annual financial statements. If there are any significant changes from the preliminary accounts, the auditor will also participate in the meeting that approves the annual financial statements. In 2017, the auditor participated in all Audit Committee meetings except for one meeting.

The Company's external auditor presents the primary features of the plan for the execution of the audit to the Audit Committee and reports on the key accounting principles and estimates and the results of the audit to the Audit Committee and the Board of Directors. The auditor also presents to the Audit Committee and the Board any internal control weaknesses and improvement opportunities.

TGS has established guidelines for the right of management to use the external auditor for services other than auditing. The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to TGS. The auditor also presents any threats to his/her independence and documents measures implemented to reduce these, as required by the Audit and Auditors Act Section 5a-3 3. The external auditor provides the Audit Committee with an annual written confirmation of independence. The Board of Directors reports the remuneration paid to the auditor at the Annual General Meeting, including details of the fee paid for audit work and any fees paid for other assignments.

The auditor's fee is determined at the Annual General Meeting. Refer to Note 7 to the Consolidated Financial Statements for auditor's compensation for 2017.

The auditor is required to attend a General Meeting if the business to be transacted is of such a nature that his or her attendance must be considered necessary. In addition, the auditor is, in any case, entitled to participate in the General Meeting.