

1. Implementation and reporting on corporate governance

1.1 The Board of directors must ensure that the Company implements sound corporate governance.

1.2 The Board of directors must provide a report on the Company's corporate governance in the annual report. The report must cover every section of the Code of Practice. If the Company does not fully comply with this Code of Practice, this must be explained in the report.

1.3 The Board of directors should define the Company's basic corporate values and formulate ethical guidelines in accordance with these values.

Saga Tankers has chosen to publish the corporate governance document on its website www.sagatankers.no and through www.newsweb.no rather than in the annual report. The annual report does however include a reference to the website with respect to this information.

The Board has decided that Saga Tankers shall follow the Norwegian Code of Practice for Corporate Governance. The Board has reviewed the code of practice and the Company's implementation of corporate governance.

The Company's Code of Ethics can be found on the Company's website.

The Company has no other deviations from the code of practice.

2. Business

2.1 The Company's business should be clearly defined in its articles of association.

2.2 The Company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association.

2.3 The annual report should include the business activities clause from the articles of association and describe the Company's objectives and principal strategies.

The business activities clause from the articles of association is investment, management and consultancy and other services related to shipping, rig, real estate, stock trading and similar business activities, including partnership share and interest in companies engaged in the same or similar business.

The Company's core objectives and strategies are clearly stated in the Company's Annual Report.

The Company has no deviations from the code of practice.

3. Equity and dividends

3.1 The Company should have an equity capital at a level appropriate to its objectives, strategy and risk profile.

3.2 The Board of directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed.

3.3 The background to any proposal for the board of directors to be given a mandate to approve the distribution of dividends should be explained.

3.4 Mandates granted to the Board of directors to increase the Company's share capital should be restricted to defined purposes. If the general meeting is to consider mandates to the Board of directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the Board should be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the Board for the Company to purchase its own shares.

Equity

Saga Tankers shall have equity suitable for the character of its operations. The Group's consolidated equity as of 31 December 2015 amounted to NOK 612 million, and cash of NOK 344 million. The Board deems this to be adequate for the Group's strategy and risk profile.

Dividend policy

Saga Tankers' objective is to yield a competitive return on invested capital to the shareholders through a combination of distribution of dividends and increase in share price. In evaluating the amount of dividend the Board places emphasis on certainty, foresee ability and stable development, the Company's dividend capacity, the requirements for sound and optimal equity capital as well as for adequate financial resources to enable future growth and investments, and the desire to minimize the cost of capital.

Authorization to increase the Company's share capital

Board of Directors have the authorization to increase the share capital with a total par value of up to NOK 143 366 305, corresponding to 143 366 305 shares, each with a par value of NOK 1. The shareholders preferential right to the new shares, cf. the Norwegian Public Limited Liability Companies Act section 10-14, may be deviated from. The authorization is valid until Annual General Meeting 2017, however not later than 30 June 2017. As a result from this, the Company has deviated from the code of practice as the authorization is valid for a longer period than until the next general meeting.

Authorization to repurchase own shares

The Company has authorization to purchase own shares with a par value of up to NOK 28 673 611, corresponding to 10% of the current share capital. As a result of this, the Company has deviated from the code of practice as the authorization does not state a specific purpose for when it may be used and as the authorization is valid for a longer period than until the next general meeting.

Authorization to raise convertible loans

The Company does not hold any authorization to raise convertible loans.

The Company has no other deviations from the code of practice.

4. Equal treatment of shareholders and transactions with close associates

4.1 The Company should only have one class of shares.

4.2 Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital must be justified.

4.3 Any transactions the Company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.

4.4 In the event of any not immaterial transactions between the Company and shareholders, members of the Board of directors, members of the executive management or close associates of any such parties, the Board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

4.5 The Company should operate guidelines to ensure that members of the Board of directors and the executive management notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Class of shares

Saga Tankers ASA has exclusively class A shares. The articles of association include no restrictions on voting rights.

Transactions in own shares

The Company's shares are liquid. In the event of transactions in own shares the Board aims to comply with the code of practice. On 23 February 2016, the Company purchased 7 million own shares. The shares were purchased for a purchase price per share of NOK 2.47 and was conducted on the open market.

Transactions with related parties

Members of the Board are obliged to report to the Board's secretary (the management) as to any material involvement (work or investments) they might have which might have relevance for their work on the Board. Saga Tankers ASA has entered into a lease contract with a company affiliated to the board member and shareholder Mr. Øystein Stray Spetalen. The transaction is described in Annual Report 2015. All contracts entered into with affiliated company, has been completed on arm's length basis.

The Company has no other deviations from the code of practice.

5. Freely negotiable shares

5.1 Shares in listed companies must, in principle, be freely negotiable. Therefore no form of restriction on negotiability should be included in a Company's articles of association.

The Company has no deviations from the code of practice.

6. General meetings

6.1 The Board of directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the Company, and that general meetings are an effective forum for the views of shareholders and the Board. Such steps should include:

6.1.1 making the notice calling the meeting, and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the Company's website and through www.newsweb.no no later than 21 days prior to the date of the general meeting.

6.1.2 ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting

6.1.3 setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible

6.1.4 the Board of directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies

6.1.5 ensuring that the members of the Board of directors and the nomination committee and the auditor are present at the general meeting

6.1.6 making arrangements to ensure an independent chairman for the general meeting

6.2 Shareholders who cannot attend the general meeting in person should be given the opportunity to vote. The Company should:

6.2.1 provide information on the procedure for representation at the meeting through a proxy

6.2.2 nominate a person who will be available to vote on behalf of shareholders as their proxy

6.2.3 to the extent possible prepare a form for appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

Saga Tankers follows the guidelines under clause 6 to the best of their ability.

The Company has no deviations from the code of practice.

7. Nomination committee

The Company's shareholders elected to dissolve the Nomination Committee at an extraordinary general meeting in Q4 2012 as it was not considered expedient for the Company to have a Nomination Committee. As a result from this, the Company has deviated from the code of practice.

8. The corporate assembly and its Board, composition and independence

8.1 The composition of the Board of directors should ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

8.2 The composition of the Board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the Company's main shareholder(s).

8.3 The Board of directors should not include representatives of the Company's executive personnel. If the Board does include members of the executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of Board committees to help ensure more independent preparation of matters for discussion by the Board, cf. Section 9.

8.4 The chairman of the Board of directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman shall be appointed either by the corporate assembly or by the Board of directors as a consequence of an agreement that the Company shall not have a corporate assembly.

8.5 The term of office for members of the Board of directors should not be longer than two years at a time.

8.6 The annual report should provide information to illustrate the expertise of the members of the Board of directors, and information on their record of attendance at Board meetings. In addition, the annual report should identify which members are considered to be independent.

8.7 Members of the Board of directors should be encouraged to own shares in the Company.

Members of the Board are presented in the Company's annual report. The members of the Board are not elected for more than 2 years, and are hence in line with the code of practice. The record of attendance can be found in the Company's annual report.

The Company has no deviations from the code of practice.

9. The work of the Board of directors

9.1 The Board of directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

9.2 The Board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

9.3 In order to ensure a more independent consideration of matters of a material character in which the chairman of the Board is, or has been, personally involved, the Board's consideration of such matters should be chaired by some other member of the Board.

9.4 The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of directors should not act as the Company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

9.5 The Board of directors should also consider appointing Board remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the Board who are independent of the Company's executive personnel.

9.6 The Board of directors should provide details in the annual report of any Board committees appointed.

9.7 The Board of directors should evaluate its performance and expertise annually.

The procedures for the Board of directors has been in effect since 14 May 2010. The instructions comprise the following items: members of the Board, the Board of director's duties and obligations, responsibilities and authority, Board meetings, the group CEO's duties and objectives, participation in Board meetings, procedures in meetings and minutes.

The chairman of the Board is responsible for the Board of directors' work being carried out in an effective and proper manner in accordance with the duties the Board of directors has. The group's CEO is responsible for the Company's executive personnel. The Board has drawn up special instructions for the group's CEO.

The Board shows particular diligence in connection with cases related to financial reporting and fees for the executive personnel. In addition, parts of the Board of directors are constituted as ad hoc working groups. In cases where Board committees are used, the purpose is case preparation where final decisions are to be made by the Board of directors.

Saga Tankers ASA has no remuneration committee. The Board of Directors acts as the Audit committee.

The Company has no other deviations from the code of practice.

10. Risk management and internal control

10.1 The Board of directors must ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems should also encompass the Company's corporate values and ethical guidelines.

10.2 The Board of directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

10.3 The Board of directors should provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

The Board has through the year regular thorough reviews of the most important risks of the Company with an emphasis on financial risks.

The Board will present an annual review of the Company's most important areas of risk factors and in the annual report.

The Company has no deviations from the code of practice.

11. Remuneration of the Board of directors

11.1 The remuneration of the Board of directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

11.2 The remuneration of the Board of directors should not be linked to the Company's performance. The Company should not grant share options to members of its Board.

11.3 Members of the Board of directors and/or companies they are associated with should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments, this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

11.4 Any remuneration in addition to the normal Board of directors' fees should be specifically identified in the annual report.

There is not proposed any options to the members of the Board of Directors.

The Company has no deviations from the code of practice.

12. Remuneration of the executive personnel

12.1 The Board of directors is required by law to establish guidelines for the remuneration of the members of the executive personnel. These guidelines are communicated to the annual general meeting. The board of director's statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting. It should also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines.

12.2 The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.

12.3 Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence.

The remuneration of the executive personnel is explained in detail in the Company's annual report.

The Company has no deviations from the code of practice.

13. Information and communications

13.1 The Board of directors should establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

13.2 The Company should publish an overview each year of the dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

13.3 All information distributed to the Company's shareholders should be published on the Company's web site at the same time as it is sent to shareholders.

13.4 The Board of directors should establish guidelines for the Company's contact with shareholders other than through general meetings.

Saga Tankers ASA emphasizes to have an open dialogue with the equity market. Relevant information is presented in the form of press releases, in compliance with the Stock Exchange Regulations.

The Company's financial calendar can be found on the Company's website.

The Company has no deviations from the code of practice.

14. Take-overs

14.1 The Board of directors should establish guiding principles for how it will act in the event of a take-over bid.

14.2 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 have an independent responsibility to help ensure that shareholders in the target Company are treated equally, and that the target Company's business activities are not disrupted unnecessarily. The Board of the target Company has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

14.3 The Board of directors should not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this. In the event of a take-over bid for the Company's shares, the Company's Board of directors should 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.

14.4 If an offer is made for the Company's shares, the Board of directors should 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 should explain the background for not making such a recommendation. The Board's statement on a bid should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis

on which specific member of the Board have excluded themselves from the Board's statement. The Board should consider whether to arrange a valuation from an independent expert. If any member of the Board or executive management, or close associate of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in the bid, the Board should obtain an independent valuation in any case. This shall also apply if the bidder is a major shareholder. Any such valuation should be either appended to the Board's statement, be reproduced in the statement or referred to in the statement.

14.5 Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

The Company has set forth the corporate governance policy of the Company, which can be found on the Company's website.

The Company has no deviations from the code of practice.

15. Auditor

15.1 The auditor should submit the main features of the plan for the audit of the Company to the audit committee annually.

15.2 The auditor should participate in meetings of the Board of directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company.

15.3 The auditor should at least once a year present to the audit committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvements.

15.4 The Board of directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present.

15.5 The Board of directors should establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

15.6 The Board of directors must report 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 specific assignments.

The Board of directors seeks to have close and open communication with the Company's auditor. The Board obtains annual confirmation that the auditor satisfies the independence and objectivity requirements pursuant to the Auditors Act. The main features of the auditor's planned work are presented to the Board once a year.

The auditors have and will participate at Board meetings that deal with the annual accounts.

The Board will have meetings with the auditors without the management present to review the auditor's report on their view on the Company's accounting principles, risk areas and internal control procedures.

The Board plans to advise the ordinary general meeting about the remuneration of the auditors, and the auditor's fee is divided between auditing and other services as explained in the relevant notes in the annual report.

Auditors work beyond auditing is explained in the Company's procedures and the annual report for 2015.

The Company has no other deviations from the code of practice.