

**Consideration of the Board of Directors' statement regarding the determination of salaries and other remuneration to the management pursuant to Section 6-16a of the Norwegian Public Limited Companies Act**

In accordance with Section 6-16a of the Norwegian Public Limited Companies Act the Board has prepared a statement on the determination of the salaries and other compensation to the management which has been made available on the Company's webpage for the General Meeting 2012. At the General Meeting a consultative vote over the statement will be held.

**THE BOARD OF DIRECTORS' STATEMENT REGARDING THE DETERMINATION OF SALARIES AND OTHER COMPENSATION TO THE MANAGEMENT**

**Responsibility**

The Board of Saga Tankers ASA determines the principles applicable to the Saga Tankers Group's policy for senior executive compensation.

The Board is directly responsible for the determination of the CEO's and CFO's salary and other benefits.

The CEO is, in consultation with the chairman of the Board, responsible for the determination of the salary and other benefit for the Group's other employees.

The Saga Tankers Group's senior executives include the CEO and CFO.

**Goal**

The purpose of Saga Tankers' compensation principles for senior executives is to attract employees with the competence required by the Group, retain employees with important competence and motivate employees to contribute in the long-term in order to reach the Saga Tankers Group's business goals.

The Group's most important competitive advantage shall be the ability to offer each employee meaningful and challenging responsibilities in a good working environment.

**Guidelines**

The following guidelines shall form the basis of the determination of compensation to the Saga Tankers Group's senior executives:

- The total compensation offered to senior executives shall be competitive.
- The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.
- The compensation shall be motivating, both for the individual and for the Group's senior executives as a group.
- Variable elements in the total compensation to the Group's senior executives shall be linked to the values generated by the Group for Saga Tankers ASA's shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.

- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

## **Principles for determination of salary and other remuneration in 2012**

### Fixed salary

The fixed salary which each individual senior executive in the Saga Tankers Group will receive in 2012 is a consequence of existing employment agreements.

When and if recruiting, the salary level offered will reflect this.

Adjustments of individual fixed salaries will be carried out in accordance with trends in local labor markets, the results achieved, and individual contributions to the development of the Group.

### Benefits in kind

Saga Tankers Group's compensation schemes include only a limited number of benefits in kind. These benefits are offered in line with what is common practice in international labor markets and typically include personal communication equipment, access to media, and car and parking arrangements.

These schemes will be continued in 2012 according to signed agreements or practice.

Such schemes will be included in the terms for new employees in accordance with established practice.

### Pension

The Group currently has a number of pension schemes for its employees. These are further described in the notes to the Group's annual accounts.

The pension schemes comply with local statutory requirements which the individual companies in the Group are obliged to comply with, and / or meet expectations in the international labor market when recruiting internationally.

Schemes which go beyond what is required by law are mainly contribution based.

These schemes will be continued in 2012. New employees will be included in the schemes in accordance with local practice.

### Termination payment

Saga Tankers Group has individual agreements on termination payments upon dismissal with several of its senior executives. The right to receive a termination payment is linked to a waiver of the general protection against termination.

The period of termination payment is maximum 24 months from resignation.

There are no plans to change existing agreements for senior executives in this area in 2012.

The current practice on the use of termination payments will be continued in 2012 in relation to new recruits.

### Bonus

Saga Tankers Group's senior executives have, as a part of their employment terms, a right to receive an annual bonus.



The scheme is cash-based and is triggered for each individual if set goals for the Group and the individual entitled to bonus are met. The size of the bonus is, for each individual, limited to a share of the person's fixed salary.

The bonus scheme is further described in the notes to the Group's annual accounts for 2011.

There are no plans to change the current bonus scheme.

New employees at senior executive level in 2012 will be included in this scheme.