

CONTENT

CORPORATE GOVERNANCE POLICY

Saga Tankers ASA

Adopted by the Board of Directors on 26 April 2013

	Page
1 INTRODUCTION.....	3
1.1 Background	3
1.2 Purpose.....	3
1.3 Regulatory framework.....	3
1.4 Management of the Saga Tankers Group	3
2 THE BOARD OF DIRECTORS	3
2.1 Role.....	3
2.2 Financial control	4
2.2.1 Supervision	4
2.2.2 Adequate capitalisation	4
2.3 Composition.....	4
2.3.1 Number of directors.....	4
2.3.2 Independent directors.....	4
2.4 Appointment and termination.....	5
2.5 Proceedings	5
2.6 Annual evaluation.....	5
3 REMUNERATION OF DIRECTORS AND EMPLOYEES	5
3.1 General	5
3.2 Share options.....	6
3.3 Remuneration for management	6
3.4 Severance payments.....	6

4	DISCLOSURE AND TRANSPARENCY	6
4.1	General	6
4.2	Communication with Shareholders	6
5	FAIR TREATMENT OF SHAREHOLDERS.....	7
5.1	General	7
5.2	Agreements with shareholders and other related parties.....	7
6	AUDIT	7
6.1	Auditor	7
6.2	Audit committee.....	7
7	DIVIDEND POLICY	8
8	SHAREHOLDER MEETINGS	8
9	CHANGE IN CONTROL, TAKEOVERS	9
9.1	No poison pills.....	9
9.2	Overview of applicable statutory provisions on takeovers.....	9
9.2.1	Voluntary offer	9
9.2.2	Mandatory offer	9
9.2.3	Compulsory Acquisition (“Squeeze out”).....	9

INTRODUCTION

1.1 Background

Saga Tankers ASA ("**Saga Tankers**" or "**Company**") is established and registered in Oslo, Norway and must comply with Norwegian law.

The Board of Directors ("**Board**") has adopted this Corporate Governance Policy ("**CG Policy**") to reflect Saga Tankers' commitment to good corporate governance. In furtherance of this goal, the Board has adopted Procedures for the Board of Directors ("**Procedures**") and an Insider Trading Policy ("**IT Policy**").

The Company endeavours to be in compliance with the Norwegian Code of Practice for Corporate Governance, published on 21st October 2009 by the Norwegian Corporate Governance Board ("**Code**").

1.2 Purpose

This Policy includes the measures implemented for the purpose of ensuring an efficient management of and control over Saga Tankers' operations. The main goal is to have systems for communication, monitoring, accountability and incentives that enhance and maximise corporate profit, the long-term health and overall success of the business, and the shareholders' return on their investment. The development of and improvements on the Company's corporate governance is a continuous and important process, to which the Board and the management will devote a strong focus.

1.3 Regulatory framework

Saga Tankers ASA is a public limited liability company registered in Norway and listed on the Oslo Axess ("*Oslo Axess*").

Saga Tankers has adopted the corporate governance requirements set out in the Norwegian Securities Trading Act ("*verdipapirhandelloven*") ("**STA**") and the Norwegian Stock Exchange Regulations ("*børsforskriften*") ("**SER**") and rules and regulations promulgated thereunder.

Saga Tankers has also adopted the Norwegian guidelines on Corporate Governance, in which compliance/deviations is outlined on a yearly basis in the Company's annual report.

1.4 Management of the Saga Tankers Group

Management and control of the Saga Tankers Group ("**Group**") is shared between the shareholders, represented in the General Meeting, the Board, the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"). The Company has an external independent auditor.

2 THE BOARD OF DIRECTORS

2.1 Role

Saga Tankers shall be directed by an effective Board with collective responsibility for the success of the Company. The Board is ultimately accountable to, the shareholders of the Company.

The Board's duties shall include the strategic guidance of Saga Tankers, an effective monitoring of the senior management, the control and monitoring of the financial position of the Company and the Company's accountability and communication to its shareholders.

The Board shall ensure that the Company is well organised and its operations are carried out in accordance with all applicable laws and regulations, in accordance with the objectives of Saga Tankers pursuant to its Memorandum and Articles of Association and directions given from time to time by the shareholders through resolutions in general meetings.

The Board shall initiate such investigations as it deems necessary in order to carry out its responsibilities. The Board shall also initiate such investigations as demanded by one or more directors of the Board ("**Directors**").

2.2 Financial control

2.2.1 Supervision

The Board shall ensure that it is updated on the financial situation of the Company and has a duty to ensure that the Company's operations, accounting and asset management are subject to satisfactory control, and the Directors have full and free access to the books and records of the Company as well as full communication with officers and employees of the Company. The Board shall ensure that the CEO reports monthly to the Board on the financial situation of the Company.

Management shall provide the Board with timely, reliable and accurate information, especially with regard to facts which changed or may change the prospects or financial condition of Saga Tankers. In the event that such information volunteered by management is insufficient, the Directors should make further enquiries. The Chairman of the Board ("**Chairman**") should ensure that all Directors are suitably informed on issues arising during Board meetings.

2.2.2 Adequate capitalisation

The Board shall evaluate whether the Company's capital and liquidity are adequate with respect to the risks and the scope of the Company's operations at all times and whether it fulfils the minimum requirements established by law or regulation. The Board shall immediately take adequate steps should it be apparent at any time that the Company's capital or liquidity is less than adequate.

2.3 Composition

2.3.1 Number of directors

The Board shall have between three and five directors.

2.3.2 Independent directors

The Board shall include at least one directors that are independent of the Company's major shareholders, i.e. shareholders holding more than 10 % of the shares.

Independence shall for these purposes mean that there are no circumstances or relationships that are likely to affect or could appear to affect the director's independent judgement. The test of independence includes whether the independent director:

- has been an employee of the Company for the last three years
- has received or receives additional remuneration from the Company apart from director's fee
- has for the last three years had a material business relationship with the Company

- has close family ties with any of the Company's directors or senior employees
- has been on the Board for more than eight years from the date of first election

The Directors of the Board are encouraged to hold shares in the Company.

2.4 Appointment and termination

The Directors are appointed by the shareholders in a general meeting either to fill a vacancy or as additional directors. The general meeting also elects the Chairman of the Board. The Board may also appoint a person as a member of the Board but such Director will only hold office until the next annual general meeting where he shall be eligible for re-appointment. The shareholders in a general meeting can resolve to remove directors.

Saga Tankers does not operate with an Election Committee. This is a reflection of the ownership in Saga Tankers

2.5 Proceedings

More detailed provisions on the role, the proceedings and confidentiality obligations of the Board is set out in a separate document, the Procedures.

The roles of the Board, the CEO and the CFO of Saga Tankers have been separated and the division of responsibilities has been set out in writing and agreed by the Board in the Procedures.

2.6 Annual evaluation

Annually, in connection with the first Board meeting in each calendar year, the Board shall evaluate its performance in the previous year. The evaluation shall include its own performance, the performance of the sub-committees and the performance of the individual directors. In order for the evaluation to be effective, the Board shall set objectives, on both a collective and individual level, against which their performance can be measured. The results of the evaluation shall not be made available to the public.

Directors should, at least annually, conduct a review of the effectiveness of the Company's internal control systems as well as of the procedures used to confirm the accuracy, completeness and validity of the information provided to investors. The review should cover all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks, which threaten the attainment of the Company's objects.

3 REMUNERATION OF DIRECTORS AND EMPLOYEES

3.1 General

The remuneration of the Directors shall be determined by the shareholders in a general meeting and be disclosed in the annual accounts of Saga Tankers. Remuneration shall not be made subject to the Company's profitability.

The Directors, or companies with which they are associated, shall not accept other appointments or engagements for the Company, without the Board's knowledge. In such cases, the Board shall approve any remuneration.

Directors may receive shares as part of their remuneration.

3.2 Share options

The Company does not have a share option program for its employees. However, the Company may from time to time operate a share option incentive program for its employees and Directors. The general terms of the share option program shall be approved by the shareholders in a general meeting.

Any share options to the directors, and the terms of such options, shall be approved by the shareholders in a general meeting.

3.3 Remuneration for management

The Board shall adopt guidelines for remuneration of employees at management level ("Executive Employees"). The general meeting shall be informed of the guidelines. The guidelines should provide the remuneration needed to attract, retain and motivate Executive Employees of the knowledge and experience required but should avoid paying more than is necessary for this purpose.

Salary and other remunerations to the CEO and CFO shall be determined by the Board.

All elements of remuneration to the CEO and CFO, and the total remuneration for management shall be disclosed in the annual report.

3.4 Severance payments

No employees of the Group shall be entitled to more than 24 months severance pay (unless otherwise required by applicable laws).

4 DISCLOSURE AND TRANSPARENCY

4.1 General

Saga Tankers shall at all times provide its shareholders, Oslo Axess, the Financial Supervisory Authority of Norway ("Finanstilsynet") and the financial markets generally with timely and accurate information. Such information will take the form of annual reports, quarterly interim reports, press releases, stock exchange notifications and investor presentations, as applicable. The Company shall seek to clarify its long-term potential, including its strategy, value drivers and risk factors. The Company shall maintain an open and proactive investor relations policy, a best-practice website and shall give presentations regularly in connection with annual and interim results.

Generally, Saga Tankers shall comply with all applicable disclosure requirements in accordance to Norwegian laws, STA, SER and the Continuing Obligations of Oslo Axess as well as other relevant legislation. The Company will under all circumstances disclose certain events including, without limitation, board and shareholder resolutions regarding dividends, mergers/de-mergers or changes in share capital, issue of warrants, convertible loans other material loan agreements and all agreements of material importance that are entered into between group companies or connected parties.

4.2 Communication with Shareholders

The Chairman shall make himself available for discussions with the major shareholders to develop a balanced understanding of the issues and concerns of such shareholders, subject always to the provisions of the NCA, the STA, the SER and the Continuing Obligations of Oslo Axess. The Chairman shall ensure that the views of shareholders are communicated to the Board as a whole.

Information given to the Company's shareholders shall simultaneously be made available on the Company's web site. Disclosures made to shareholders should be such that they are able to clearly understand the underlying circumstance and consequence of the event.

5 FAIR TREATMENT OF SHAREHOLDERS

5.1 General

The Board shall take into account the interest of all the shareholders of the Company and treat all shareholders fairly.

5.2 Agreements with shareholders and other related parties

All transactions that are material between the Company and a shareholder, a Director or senior manager of the Company (or related parties to such persons) will be subject to valuation from an independent third party.

The Directors and senior management shall disclose to the Board if they have any material direct or indirect interest in any transaction entered into by Saga Tankers in accordance to Norwegian laws but shall in accordance to the Articles of Association have a right to vote on such matters.

6 AUDIT

6.1 Auditor

Under Norwegian law, the Company's auditor is elected by the shareholders in annual general meeting ("AGM").

The Board shall make recommendations to the general meeting on the auditor's appointment, removal and remuneration and shall also monitor the auditor's independence, including the performance by the auditor of any non-audit work. The Board will at least once a year have a meeting with the auditor without the presence of any representatives from the management. In the Procedures, the Board has adopted guidelines for the management's use of the Company's auditor for non-audit work.

The Board will inform the shareholders in the AGM on the auditor's fees divided on audit and non-audit work.

6.2 Audit committee

The Board of Directors shall act as the audit committee.

The duties of the audit committee are to:

- a) carry out preparatory work for the Board's monitoring of the financial reporting;
- b) monitor the Company's systems for internal control and risk management, and the Company's internal audit function;
- c) maintain regular contact with the Company's elected auditor in respect of the statutory audit of the annual accounts;

- d) review and monitor the independence of the auditor, and in particular the extent to which services other than statutory audit provided by the auditor or audit firm represent a threat to the auditor's independence.

The audit committee shall also issue a recommendation to the Board on the election of the auditor, and this recommendation shall be put before the general meeting prior to such election.

7 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, foreseeability 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.

8 SHAREHOLDER MEETINGS

The shareholders represent the ultimate decision-making body of Saga Tankers through the operation of general meetings.

The AGM of Saga Tankers will be held each year no later than the end of June. The AGM shall approve the annual accounts, auditors and Directors reports and the distribution of dividend, and otherwise make such resolutions as required under the applicable laws and regulations.

The Board may convene an extraordinary general meeting whenever it deems appropriate for the furtherance of the operations of Saga Tankers.

Saga Tankers' shareholder or group of shareholders representing more than 5 % of the current issued share capital of Saga Tankers conferring a right to vote on the business to be transacted at the meeting may require that the Board convene an EGM.

The Board will send notices of general meetings no later twenty one (21) days prior to the meeting (or fourteen (14) days or depending on the matter to be put forward to the general meeting and in accordance to applicable law, se the STA 6-17 sixth para) and will observe that the notice and any supporting material be sufficiently detailed and comprehensive. The shareholders may be asked to notify their attendance prior to the meeting. Shareholders who are unable to attend may vote by proxy. A proxy form will be attached to the notification, and it will also be possible to give proxy to the Chairman of the Board or the Company's CEO or any other desired person. Saga Tankers will publish the minutes from general meetings on its web-site as well as keeping them available for inspection at the Company's offices.

The Board will not make contact with shareholders of the Company outside the general meeting in a way that may unfairly discriminate between the shareholders or infringe on any applicable laws or regulations.

The Board shall adopt procedures that ensure an independent chairing of the general meeting. The directors and the auditor shall attend the annual general meetings.

9 CHANGE IN CONTROL, TAKEOVERS

9.1 No poison pills

The shares in Saga Tankers are freely transferable, and Saga Tankers shall not establish any mechanisms that may hinder a takeover or deter takeover-bids, unless this has been resolved in a general meeting by a two-third majority (of votes cast and share capital represented). However, the Board may, in the case of a takeover-bid, take such actions that evidently are in the best interest of the shareholders, such as, *inter alia*, advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder (“white knight”).

9.2 Overview of applicable statutory provisions on takeovers

9.2.1 Voluntary offer

An offer to acquire shares in Saga Tankers which, if accepted, will trigger an obligation to put forward a mandatory offer (ref. section 9.2.2 below), must be made in an offer document and according to the requirements for voluntary offers set forth in Chapter 6 of the STA. The acquirer will in such event be obliged to treat all shareholders equally.

9.2.2 Mandatory offer

Subject to certain exceptions, a mandatory offer has to be made in the event an acquirer (together with parties acting in concert) acquires more than 33% of the shares having right to vote in Saga Tankers.

The requirement to make a mandatory offer is triggered when a purchaser becomes the owner of such percentage of the shares. A mandatory offer must be made within four weeks after the threshold was passed. The only alternative to a mandatory offer at this stage is to sell a sufficient number of shares to fall below the relevant threshold.

All shareholders must be treated equally and the price to be paid shall be the higher of (i) the highest price paid by the purchaser during the last six months, and (ii) the market price when the obligation to make the mandatory offer was triggered. The offer must be made in cash or contain a cash alternative at least equal in value to any non-cash offer.

9.2.3 Compulsory Acquisition (“Squeeze out”)

Compulsory acquisition of the remaining shares may be initiated by a shareholder who holds more than 90 % of the issued shares (and corresponding voting rights) of Saga Tankers. It is initiated through a Board decision of the 90 % owner and payment of the price offered. Failing agreement between the parties, the price shall be determined through a valuation by the court, but the acquirer will obtain title to the shares immediately.

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