

1. Implementation and reporting on corporate governance

*1.1 The board of directors (the "**Board**") must ensure that the Company implements sound corporate governance.*

1.2 The Board must provide a report on the Company's corporate governance in the director's report or in a document that is referred to in the directors' report. The report on the Company's corporate governance must cover every section of the Code of Practice.

1.3 If the Company does not fully comply with the Code of Practice, the Company must provide an explanation of the reason for the deviation and what solution it has selected.

Saga Tankers ASA ("**Saga Tankers**" or the "**Company**") has chosen to publish the corporate governance document on its website www.sagatankers.no and through www.newsweb.no.

The Board has decided that Saga Tankers shall follow the Norwegian Code of Practice for Corporate Governance (the "**Code of Practice**"). 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 deviations from the Code of Practice with regards to this section of the Code of Practice.

2. Business

2.1 The Company's articles of association should clearly describe the business that the Company shall operate.

2.2 The Board should define clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders.

2.3 The Company should have guidelines for how it integrates considerations related to its stakeholders into its value creation.

2.4 The Board should evaluate these objectives, strategies and risk profiles at least yearly.

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 with regards to this section of the Code of Practice.

3. Equity and dividends

3.1 The Board should ensure that the Company has a capital structure that is appropriate to the Company's objective, strategy and risk profile.

3.2 The Board should establish and disclose a clear and predictable dividend policy.

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

3.4 Mandates granted to the Board to increase the Company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

Equity

Saga Tankers shall have equity suitable for the character of its operations. The Group's consolidated equity as of 31 December 2019 amounted to NOK 371 million, and cash of NOK 88 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, 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.

Authorization to increase the Company's share capital

The Board is authorized to increase the share capital with a total par value of up to NOK 1,330,749.15, corresponding to 133,074,915 shares which represents 50% of the Company's share capital, each share with a par value of NOK 0.01. 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 was approved by the annual general meeting in 2018 and is valid until annual general meeting in 2020, however the Board propose that this authorization is renewed until the Annual General Meeting in 2022. As a result, the Company deviates from the Code of Practice in this respect as the authorization is valid for a longer period than until the next annual general meeting.

Authorization to repurchase own shares

The Board is authorized to purchase own shares with a par value of up to NOK 266,149.83, corresponding to 10% of the current share capital. The authorization was approved by the annual general meeting in 2018 and is valid until the General Meeting in 2020, however the Board will propose that this authorization is renewed until the annual general meeting in 2022. As a result of this, the Company deviates 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 annual 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 with regards to this section of the Code of Practice.

4. Equal treatment of shareholders and transactions with close associates

4.1 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. Where the Board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

4.2 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.

4.3 In the event of any not immaterial transactions between the Company and shareholders, a shareholder's parent company, members of the Board, executive personnel 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.

Class of shares

Saga Tankers ASA has one class of shares only. 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.

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 an ongoing lease contract and a service agreement with companies affiliated to the Board member and shareholder Mr. Øystein Stray Spetalen. The transaction is described in annual report 2019. All contracts entered into with an affiliated company, has been completed on arm's length basis.

The Company has no other deviations from the Code of Practice with regards to this section of the Code of Practice.

5. Shares and negotiability

5.1 The Company should not limit any party's ability to own, trade or vote for shares in the Company.

5.2 The Company should provide an account of any restrictions on owning, trading or voting for shares in the company.

The Company has no deviations from the Code of Practice with regards to this section of the Code of Practice.

6. General meetings

6.1 The Board should ensure that the Company's shareholders can participate in the general meeting.

6.2 The Board should ensure that:

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

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

6.2.3 the members of the Board and the chairman of the nomination committee are present at the general meeting

6.2.4 the general meeting is able to elect an independent chairman for the general meeting

6.3 Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the general meeting in person should be given the opportunity to vote. The Company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

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

The Company has no deviations from the Code of Practice with regards to this section of the Code of Practice.

7. Nomination committee

The Company's shareholders elected to dissolve the Nomination Committee at an extraordinary general meeting in 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 in this regard.

8. Board of directors: composition and independence

8.1 The composition of the Board 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 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 Board members elected by shareholders should be independent of the Company's main shareholder(s).

8.3 The Board should not include 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 general meeting (or the corporate assembly where appropriate) should elect the chairman of the Board.

8.5 The term of office for members of the Board 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, 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 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 with regards to this section of the Code of Practice.

9. The work of the board of directors

9.1 The Board 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.

9.2 The Board should ensure that Board members and executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board.

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 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 should also consider appointing a 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 Board members who are independent of the Company's executive personnel.

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

9.7 The Board should evaluate its performance and expertise annually.

The procedures for the Board has been in effect since 14 May 2010. The instructions comprise the following items: members of the Board, the Board'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's work being carried out in an effective and proper manner in accordance with the duties the Board 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 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.

The Board has assessed the need for a remuneration committee, and decided that it is not currently necessary to establish a remuneration committee. The Board fulfills the obligations and responsibilities applicable to audit committees, cf. section 6-41 (2) of the Norwegian Public Limited Liability Companies Act.

The Company has no other deviations from the Code of Practice with regards to this section of the Code of Practice.

10. Risk management and internal control

10.1 The Board 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 guidelines etc. for how it integrates considerations related to stakeholders into its creation of value.

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

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 with regards to this section of the Code of Practice.

11. Remuneration of the board of directors

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

11.2 The remuneration of the Board 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 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 directors' fees should be specifically identified in the annual report.

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

The Company has no deviations from the Code of Practice with regards to this section of the Code of Practice.

12. Remuneration of the executive personnel

12.1 The Board 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'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. Performance-related remuneration should be subject to an absolute limit.

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 with regards to this section of the Code of Practice.

13. Information and communications

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

Saga Tankers 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 with regards to this section of the Code of Practice.

14. Take-overs

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

14.2 In a bid situation, the Company's Board and management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted

unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of offer.

14.3 The Board should not seek to hinder or obstruct take-over bids for the Company's activities or shares.

14.4 Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the Company 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 should be limited to the costs the bidder has incurred in making the bid.

14.5 Agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

14.6 In the event of a take-over bid for the Company's shares, the Company's Board should not utilize authorizations to issue shares or implement other measures with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

14.7 If an offer is made for the Company's shares, the Company's Board should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. If the Board statement on the offer should make it clear whether the view 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 arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the Board's statement.

14.8 Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting (or the corporate assembly where relevant).

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 with regards to this section of the Code of Practice.

15. Auditor

15.1 The Board should ensure that the auditor submits the main features of the plan for the audit of the Company to the audit committee annually.

15.2 The Board should invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor should report on any material changes in the Company's accounting principles and key aspects of the audit, 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 Board should at least once a year review the Company's internal control procedures, including weaknesses identifies by the auditor and proposals for improvement.

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

The Board 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 advice the annual 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 2019.

The Company has no other deviations from the Code of Practice with regards to this section of the Code of Practice.