

## Corporate Governance Principles

**The main objectives for Team Tankers International Ltd.'s (the "Company") (together with its subsidiaries, the "Group") principles of good Corporate Governance (the "Corporate Governance Principles") is to develop a strong, sustainable and competitive company that operates in the best interest of employees, shareholders and the third parties we interact with. The Board of Directors of the Company (the "Board") and management aim for long term profitable growth and development of the Company, following well-founded governance principles, and putting in place sound operational procedures, financial controls and risk management processes.**

The Company is incorporated in Bermuda and is subject to Bermuda law. The Company seeks to comply with the applicable legal framework for companies listed on the Oslo Stock Exchange and has adopted the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board on 23 October 2012, and revised on 30 October 2014 (the "**Code**"). The following chapters explain how the Company complies with each of the recommendations therein or explain why an alternative approach has been chosen according to the "comply or explain" principle.

### **1. Implementation and reporting on corporate governance**

The Board ensures that the Company is subject to good corporate governance, and that the Company complies with all applicable laws and regulations in this respect as well as the Code.

The Company has developed documents named "**Corporate Social Responsibility Guidelines**" and a "**Code of Conduct**", which focus on ethical behaviour in everyday business activities to be followed by all employees. The Corporate Social Responsibility Guidelines, the Code of Conduct and these Corporate Governance Principles are published on the Company's website.

The topic of corporate governance is subject to assessment and discussion by the Board annually or more often if deemed necessary.

### **2. Business**

In accordance with common practice for Bermuda incorporated companies, the Company's objectives as set out in its Bye-laws are wider and more extensive than recommended by the Code. Accordingly, this represents a deviation from section 2 of the Code. However, the Company, together with its subsidiaries (collectively the "**Group**") has a clearly defined vision and mission statement and a set of core values, which we strongly believe will ensure that the Group grows a value-creating and sustainable business.

### **3. Equity and dividends**

The Group shall have a capital structure which is tailored and appropriate to its objectives, strategy and risk profile. The Board of Directors, at its discretion, will consider paying dividends and/or repurchasing stock.

A Bermuda incorporated company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than its liabilities. "Contributed surplus" is defined for purposes of section 54 of the Companies Act 1981, as amended, of Bermuda to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company. Under the Company's

Bye-laws, the Board may declare dividends and distributions without the approval of the shareholders in general meetings.

Further, the Company's subsidiaries may be subject to applicable legal constraints on the distribution of dividends in the jurisdiction in which they are incorporated, such as sufficiency of distributable reserves.

In accordance with Bermuda law and common practice for Bermuda incorporated companies, the Company's Bye-laws provides the Board with extensive powers to purchase its own shares and to issue any authorised but unissued shares on such terms and conditions as it may decide, subject to any resolution of the Company's shareholders to the contrary. These authorisations are neither limited to specific purposes nor to a specific period as recommended in the Code.

#### **4. Equal treatment of shareholders and transactions with close associates**

The Company has only one class of shares and each share entitles the holder to one vote. The shares are registered with the Norwegian Registry of Securities (VPS). The shares have no preferential rights attached to the shares.

The Company has established a Code of Conduct which applies to all employees and the Board, and promotes core values including transparency and integrity. The members of the Board and executive personnel are required to notify the Board if they have any interest in any transaction entered into by the Company. In addition the Company has established directives for insider trading and trading in own shares.

#### **5. Freely negotiable shares**

All the Company's shares carry equal rights and are freely negotiable.

#### **6. General meetings**

The Company seeks to ensure that the general meetings are an effective forum for the views of shareholders and the Board. The annual general meeting ("**Annual General Meeting**") should be held where possible every year before the end of December. The financial statements and auditor's report shall be laid before the Annual General Meeting in accordance with Bermuda law. The appointment of board members ("**Directors**"), approval of Directors' remuneration, appointment of the chairman of the Board (the "**Chairman**") and other decisions required under existing laws and regulations shall be approved at the Annual General Meeting where applicable or by special general meetings (as the case may be).

The Board shall, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up share capital on such date, convene a special general meeting of the Company.

Notices of general meetings are published (and distributed by mail for those shareholders who have not accepted electronic distribution) so that at least 14 days' notice (and not 21 days as recommended by the Code) is given to shareholders prior to the date of the general meeting. Within the same time the notice is also made available on the Company's website, including supporting information.

The shareholders may give notice of their intent to be represented at the meeting by mail, courier, facsimile or e-mail within 48 hours prior to the meeting. Shareholders who are unable to attend may vote by proxy. Proxy forms which allow separate voting instructions to be given for each matter to be considered by the meeting, and separate voting for each candidate nominated for election, shall be

provided with the notice of such meeting. The Company will make a person available to vote on behalf of shareholders as their proxy.

The Chairman, the auditor, the Chief Executive Officer (the “CEO”) and the Chief Financial Officer (the “CFO”) of the Company should be present, or accessible by phone and/or electronic systems, where possible at the general meetings to answer questions. The remaining Directors, the nomination committee, if there is one, and other executives, should also attend or make themselves available as necessary.

The general meetings should be opened by the Chairman, or someone appointed by him, and the Chairman, or someone appointed by him, will also chair the Company’s general meetings unless otherwise resolved by majority vote. It is common under Bermuda law, that the chairman of Boards of Directors shall, as a general rule, chair the general meetings.

### **7. Nomination Committee**

The Company’s Bye-laws provide that the shareholders may appoint a nomination committee comprising such number of persons as the general meeting may determine from time to time, and which members shall be elected by a resolution by the shareholders, including the chairman of the nomination committee.

The members of the nomination committee shall be appointed to take into account the interests of the shareholders in general

The nomination committee’s duties are to propose candidates for election to the Board and to propose fees to be paid to such Directors. The Company shall provide information on the nomination committee and any deadlines for submitting proposals to the committee.

### **8. Corporate Assembly and Board of Directors: composition and independence**

The Company is not required to have a corporate assembly and has chosen not to include such requirement to its Bye-laws.

The Board, including the Chairman, are to be elected by the general meeting.

Pursuant to the Company's Bye-laws, the Board shall have a minimum of three and maximum seven members, as the Board may determine, or such other minimum and maximum numbers as the shareholders may from time to time determine. The Board shall have a strong combination of shipping and financial experience. A summary of the Directors’ professional background is available on the Company’s website.

The composition of the Board shall ensure that it can act independently of any special interests. A majority of the shareholder-elected Directors must be independent of the Company’s executive personnel and material business connections of the Company. In addition, at least two of the Directors must be independent of the Company’s major shareholder(s).

For the purposes of these Corporate Governance Principles, a “major” shareholder shall mean a shareholder that owns 10% or more of the Company’s common shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

Pursuant to the Code, the Board should not include members of the executive management. However, the Chairman, Mr. Morten Arntzen, also holds the position as Executive Chairman of the Company, and thus the Company does not fully comply with the Code on this point. It is however customary for companies operating within the same business as the Company to have certain executive powers represented on the Board. The Company is also predominantly owned by US shareholders and it is not uncommon in the USA to have a Chairman with executive powers.

Pursuant to the Bye-laws all Directors will be elected annually from the annual general meeting in 2016 or until their successors are elected or appointed or their office is otherwise vacated.

### **9. The work of the Board**

The business of the Company is managed and conducted by the Board.

The Board will schedule at least four board meetings per calendar year. Interim meetings may be convened if a Director so requires.

The Board meetings are to be chaired by the Chairman unless otherwise agreed by a majority of the Directors attending. If the Chairman is not present, the Directors shall elect among themselves a chair for the Board meeting.

The Board issues instructions for its own work, as well as for the executive personnel, with particular emphasis on clear internal allocation of responsibilities and duties. The Board works under an annual plan with particular emphasis on objectives, strategy and implementation.

The Board has appointed an audit committee (the “**Audit Committee**”), with effect from the first day of listing of the Company's shares on the Oslo Stock Exchange. Currently the Audit Committee consist of three members, the majority being independent from the shareholders, the executive management and the Company's material business contacts.

The Board evaluates its performance and expertise annually.

### **10. Risk management and internal control**

The Board is kept updated on the Company's activities through regular reporting, including monthly financial reporting. The Audit Committee ensures that the Company has adequate financial risk management, and effective internal control systems.

The Company is also subject to external control and review by its auditors, ship classification societies, port and flag state control, and other regulatory bodies. The management of the Company monitors that the Company acts in accordance to applicable law and regulations.

### **11. Remuneration of the Board**

Remuneration of the Chairman and the Directors is approved by the Annual General Meeting (or any special general meeting as the case may be) and will be disclosed in the notes to the annual financial statements of the Company. The remuneration will reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities, as well as the level of activity in both the Board and any board committees. The remuneration will not be linked to the Company's performance.

The Executive Chairman has been granted rights to a certain number of shares in the Company for his executive role, subject to certain conditions.

## **12. Remuneration of executive personnel**

The CEO has been granted rights to certain restricted shares subject to continued employment.

The Board has established a management incentive plan where the financial interests of the executive personnel and the shareholders are aligned through a discretionary bonus scheme. Furthermore, the Board has appointed a compensation committee which shall assist the Board in determining remuneration for the Company's executive personnel. Since there is no requirement under Bermuda law to have remuneration of employees (or guidelines for such) approved by the shareholders, the guidelines for remuneration of executive personnel has not been approved by the Company's general meeting and thus the Company does not fully comply with the Code on this point. Furthermore, the compensation committee has the authority to approve (and not only recommend to the Board) annual compensation of executive officers which is common in the USA.

## **13. Information and communication**

The Company has established guidelines for reporting to the market, and is committed to provide timely and precise information to its shareholders, the Oslo Stock Exchange and the financial markets in general (through the information system of the Oslo Stock Exchange). Such information will be given in the form of annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations.

The Company's communication to the market is based on openness and equal treatment of all participants in the securities market.

Furthermore, the Company publishes an annual financial calendar with an overview of the dates of important events such as the annual general meeting, the dates for publishing of interim reports, payments of dividends etc. The Company will present preliminary annual financial results with the fourth quarter results in February. The Annual Report will ordinarily be published in late March or April. The Company publishes financial reports on a quarterly basis.

Information to the Company's shareholders is posted on the Company's website at the same time that it is sent to the shareholders. In connection with the Company's presentation of quarterly reports, open investor presentations and webcasts may be conducted.

In addition, the Company maintains dialog with analysts and investors.

## **14. Take-overs**

There are no specific defence mechanisms against take-over bids in the Company's Bye-laws, nor have other measures been implemented to obstruct such take-overs. However, under the Bye-laws, subject to any resolution of the shareholders to the contrary, the Board has the authority to issue shares within the authorised share capital of the Company or applicable law, without the consent from the shareholders.

The Board will not seek to obstruct any takeover bid for the Company's activities or shares unless there are compelling reasons for doing so. In the event of such a bid the Board will seek to comply with the recommendations made in section 14 in the Code and other relevant laws and regulations.

## **15. Auditor**

The Company's auditor is appointed by the shareholders at the general meeting, and the shareholders shall authorise the Board or the Audit Committee to fix the auditor's remuneration.

The auditor prepares an annual audit plan which is presented to the Audit Committee in the autumn each year. The auditor also presents to the Audit Committee the results of their assessment and testing of the Company's internal controls. The auditor is present at the Audit Committee meetings and participates at the Board meeting approving the annual financial statements. At these meetings, the auditor reports on any material changes in the Company's accounting principles, and on financial items which include material estimation or judgement. The auditor also reports any material matters of contention between the auditor and the management. Further, the Board has a session with the auditor without the presence of the CEO or other members of the management.

In order to secure consistency in controls and audits of the Group, the Company uses the same audit firm for all subsidiaries worldwide. The Board is kept updated on the use of the auditor by the Company's executive management for services other than the audit. The Board 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 specific assignments. Such details will be disclosed in the notes to the consolidated financial statements for the Group.

Adopted by the Board of Directors,  
16 December 2015,  
Hamilton, Bermuda