

SONGA BULK ASA



CORPORATE GOVERNANCE GUIDELINES

Adopted by the Board of Directors on 31 March 2017

1 SCOPE AND APPLICABILITY OF THE GUIDELINES

These Corporate Governance Guidelines (the "**Guidelines**") have been adopted by the Board of Directors (the "**Board**") of Songa Bulk ASA (the "**Company**") to express the corporate governance principles by which the Company conducts its business. The Guidelines apply to the Company and its consolidated subsidiaries (together the "**Group**"), and will be evaluated by the Board and the executive management annually.

The Company is incorporated and registered in Norway, and is subject to Norwegian law. Hence, the reporting requirements on corporate governance as set forth in Section 3-3b of the Norwegian Accounting Act of 17 June 1998 no. 56 and the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board ("**NUES**") on 30 October 2014, as amended from time to time (the "**NUES Code**"), apply to the Company. The Company is in the process of applying for listing on Oslo Axess. As such, the continuing obligations issued by Oslo Stock Exchange (the "**Continuing Obligations**") will also apply to the Company with effect from the first day of listing. These Guidelines are secondary to provisions set out in law, in regulations made pursuant to law, and in the Company's articles of association (the "**Articles of Association**").

These Guidelines shall apply until the Board decides otherwise.

2 MAIN OBJECTIVES FOR THE COMPANY'S CORPORATE GOVERNANCE

The Board shall ensure that the Company has good corporate governance to, inter alia, support achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. The Company believes that good corporate governance involves openness and a trustful cooperation between the shareholders, the Board and executive management, employees, customers, suppliers, public authorities and society in general.

The Company endorses the NUES Code. The NUES Code is based on a "comply or explain" principle, which entails that listed companies must comply with the NUES Code or explain why an alternative approach has been chosen. The Company will comply with the NUES Code, and any deviations will be included in a statement of policy on corporate governance in the annual report.

The Company's corporate governance policies are based on the following main objectives:

- Open, reliable and relevant communication with the outside world regarding the Company's business and matters related to corporate governance.
- Equal treatment of the Company's shareholders.
- Independence between the Board, the management and the shareholders in order to avoid conflicts of interests.
- A clear division of work between the Board and the management.
- Good control and corporate governance mechanisms in order to achieve predictability and reducing the level of risks for shareholders and other interest groups.

The Company has in addition to these Guidelines adopted the following internal instructions:

- A Code of Conduct for Business, Ethics and Corporate Social Responsibility.
- Instructions to the Board.
- Instructions to the Chief Executive Officer ("CEO").

The above-mentioned internal instructions form an integral part of the Company's corporate governance policies. In addition, the Company has adopted an Inside Information and Additional Disclosure Routines.

3 BUSINESS OF THE COMPANY

The operations of the Company shall be in compliance with the business objective as set forth in the Articles of Association, which reads as follows:

"The business of the Company is investments (directly or indirectly) in dry bulk, operation of dry bulk ships and other activities related thereto."

The business objective of the Company shall be stated in the Company's annual report together with the Group's primary objectives and strategies.

4 EQUITY AND DIVIDENDS

The Company shall maintain a level of equity that is appropriate by reference to the Group's goals, strategy and approved risk profile, and in accordance with the applicable laws and regulations.

The Board proposes any distribution of dividends to the general meeting. The general meeting determines any distribution of dividends in accordance with Sections 8-1 and 8-2 of the Norwegian Public Limited Companies Act of (the "NPLCA"). The background to any proposal for the Board to be given an authorisation to approve the distribution of dividend shall be explained.

The Board shall 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 shall be available on the Company's website.

Any authorisation to the Board to increase the Company's share capital shall be restricted to defined purposes. If the general meeting is to consider authorisations to the Board for the issue of shares for different purposes, each authorisation shall be considered separately by the meeting. Authorisations granted to the Board shall be limited in time to the date of the next annual general meeting, and in any event no later than 30 June the same year. This also applies to any authorisation to the Board for the company to purchase its own shares.

5 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

5.1 Equal treatment of shareholders

The Company has only one class of shares, and all shares carry equal rights. Each share carries one vote at general meetings.

All shareholders shall be treated on an equal basis, unless there is a just cause for treating them differently in accordance with applicable laws and regulations. In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to an authorisation granted by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the shares issue.

Any transactions carried out by the Company in the Company's own shares shall be carried out through Oslo Stock Exchange and in any case to prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders.

5.2 Transactions with close associates

In the event of any not immaterial transactions between the Company and shareholders, members of the Board, members of the executive management or close associates of any such parties, the Board shall obtain an independent third party evaluation of the transaction, unless the transaction in questions shall be resolved by the general meeting of the Company in accordance with the NCPLA.

Any Board member shall immediately notify the Board in writing if they, or any of their close associates, have any material direct or indirect interest in any transaction entered into or to be entered into by the Company.

6 FREELY NEGOTIABLE SHARES

All shares are freely negotiable, and the Articles of Association contain no restrictions on negotiability of the shares.

7 GENERAL MEETINGS

7.1 Exercise of rights

The Board shall arrange for as shareholders as possible being able to exercise their voting rights in general meetings, and that the general meetings are an effective forum for shareholders and the Board. This shall be facilitated through the following:

- The notice to general meetings and any supporting documents, as well as information on the resolutions to be considered by the general meeting shall be available on the Company's website no later than 21 days prior to the date of the general meeting.

- The resolutions and any supporting documentation shall be sufficiently detailed and comprehensive allowing shareholders to understand and form a view on all matters to be considered at the general meetings.
- The deadline for shareholders to give notice of their attendance at the general meetings shall be no earlier than [2 days] prior to the date of the general meeting [in accordance with the Articles of Association].
- The Board and the chairperson of the general meeting shall ensure that the shareholders are able to vote separately on each candidate nominated for election to the Board and other corporate bodies (if applicable).
- Representatives of the Board shall be present at general meetings, while representatives of the Audit Committee (see Section 10.2 below), as well as the auditor should be present at general meetings where matters of relevance for such committees/persons are on the agenda.
- The Board shall make arrangements to ensure that the chairperson for the general meeting is independent.

7.2 Participation without being present

Shareholders who are unable to be present at the general meeting shall be given the opportunity to vote by proxy. The Company shall in this respect:

- Provide information in the notice to the general meeting on the procedure for attending by proxy.
- Nominate a person who will be available to vote on behalf of shareholders as their proxy.
- Prepare a proxy form, which shall, insofar as possible, be set up so that it is possible to vote on each of the items on the agenda and candidates that are nominated for election.

8 NOMINATION COMMITTEE

Although it is recommended in the NUES Code, the Company will not appoint a nomination committee.

9 BOARD COMPOSITION AND INDEPENDENCY

The Board shall be composed so that it can act independently of special interests. The majority of the shareholder-elected members of the Board shall be independent of the executive management and significant business contacts. At least two of the members of the Board shall be independent of the Company's major shareholder(s). For the purposes of this corporate governance policy, a *major shareholder* shall mean a shareholder who owns or controls more than 10% of the Company's shares or votes, and *independence* shall entail that there are no circumstances or relations that may be expected to be able to influence an independent assessments of the person in question. The Board shall not include members of the Company's executive management.

The chairperson of the Board is elected by the general meeting. The term of office for members of the Board of directors shall not be longer than two years at a time. Members of the Board may be re-elected.

The Company's annual report will provide information regarding the expertise of the members of the Board, as well as information on their history of attendance at board meetings. Further, the annual report will identify the members of the Board that are considered to be independent. Members of the Board are encouraged to own shares in the Company.

10 THE WORK OF THE BOARD

10.1 General

The Board will produce an annual schedule for its work, with particular focus on objectives, strategy and implementation. The Board has implemented instructions for the Board and the executive management, focusing on determining allocation of internal responsibilities and duties. The respective objectives, responsibilities and functions of the Board and the CEO shall be in compliance with rules and standards applicable to the Company and are described in the Company's "**Instructions for the Board**" and "**Instructions for the CEO**".

10.2 Board committees

The Board has established an audit committee (the "**Audit Committee**"). The committee is a working committee for the Board, preparing matters and acting in an advisory capacity.

The duties, tasks and composition of the Audit Committee shall be in compliance with the NCPLA, and the committee's mandate is described in the Company's "**Instructions for the Audit Committee**". In particular, the Audit Committee shall act as a preparatory body and support the Board in the exercise of its responsibility relating to financial reporting, auditing, internal controls, compliance with ethical guidelines and overall risk management. The members of the Audit Committee are elected by and amongst the members of the Board for a term of up to two years. The entire Board shall not act as the Company's Audit Committee. At least one member of the Audit Committee should be competent in respect of finance and audit and be independent of the Company.

The mandate for the Audit Committee is subject to annual revision. The Board will provide details of the appointment or members to the committee in the Company's annual report. The Board may as well also establish other board committees from time to time, in which case information thereof will be provided in the annual report.

11 RISK MANAGEMENT AND INTERNAL CONTROL

The Board shall ensure that the Company has sound internal control and systems for risk management. The internal control shall encompass the corporate values and guidelines for the Company's ethics and corporate social responsibility.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control measures. The review shall pay particular attention to:

- Changes relative to previous years' reports in respect of the nature and extent of material risks and the Company's ability to cope with changes in its business and external changes.
- The extent and quality of management's routine monitoring of risks and the internal control system and, where relevant, the work of the internal audit function.
- The extent and frequency of management's reporting to the Board on the results of such monitoring, and whether this reporting makes it possible for the Board to carry out an overall evaluation of the internal control situation in the Company and how risks are being managed.
- Events of material shortcomings or weaknesses in internal control that come to light during the course of the year which have had, could have had or may have had a significant effect on the Company's financial results or financial standing.
- How well the Company's external reporting process functions.

Based on the instructions by the Board, the CEO shall implement internal control measures and propose the same to the Board.

The CEO shall effectuate internal control measures on the basis of the instructions by the Board and report the results to the Board annually in accordance with the Board's annual plan. The report to the Board shall provide a balanced presentation of all material risks and how such risks are handled through the internal control measures of the Company.

The main areas of internal control related to financial reporting shall be described and included in the corporate governance report to be prepared by the Board pursuant to the Norwegian Accounting Act of 17 July 1998 no. 56 Section 3-3 b) and Oslo Stock Exchange's Continuing Obligations. This account should include sufficient and properly structured information to make it possible for shareholders to understand how the Company's internal control system is organized. The account should address the main areas of internal control related to financial reporting. This includes the control environment, risk evaluation, control activities, information and communication and follow-up.

12 REMUNERATION OF THE BOARD

The general meeting determines each year the remuneration of the Board. The Board's remuneration shall reflect the Board's responsibilities, expertise, and use of time and the complexity of the business. Remuneration shall not be dependent on results and no options shall be issued to board members.

Board members, or companies to whom they are connected, should not undertake separate assignments for the Group in addition to the board appointment. If nevertheless they do so, the whole Board shall be informed. Fees for such assignments shall be approved by the Board. If remuneration has been paid above the normal board fee, this is to be specified in the annual report.

13 REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Company's guidelines for determining remuneration to the CEO and other members of the Company's executive management team should, at all times, support prevailing strategy and values.

The total remuneration to the CEO and other senior executives consists of basic salary (main element), benefits in kind, variable salary, pension and insurance schemes.

Performance-related remuneration of the executive management in the form of warrants, share options, bonus programmes or similar shall be linked to value creation for shareholders or the Company's profit over time. Such arrangements, including warrants and share option arrangements, shall incentivise performance and be based on quantifiable factors that the employee may influence. Although it is recommended in the NUES Code, the Company does not have an absolute limit for the performance-related remuneration. The reason for the deviation is that the current warrants does not have a set limit and are in theory uncapped.

The Board prepares guidelines for the remuneration of executive management. Such guidelines shall include the main principles for the Company's remuneration policy and shall contribute to aligning the interests of shareholders and executive management. These guidelines shall be communicated to the annual general meeting.

14 INFORMATION AND COMMUNICATIONS

14.1 Financial reporting and communication

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Reporting must fulfil statutory requirements and provide sufficient information to allow the Company's stakeholders to form as accurate a picture of the business as possible. The Company shall report in accordance with the rules in the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "NSTA"), as well as the requirements pursuant to Oslo Stock Exchange's Continuing Obligations.

The Company shall at all times provide its shareholders, the Oslo Stock Exchange and the financial market in general with timely and precise information. Such information will be given in the form of annual reports, quarterly reports, press releases, stock exchange announcements and investor presentations. The Company's report on corporate social responsibility shall be integrated in the annual report. The Board has set guidelines for the Company's reporting of financial and other information.

The company shall each year publish a financial calendar with details of the dates of important events such as the general meeting, publication of interim reports, open presentations and payment of the dividend.

The Board has adopted routines for, inter alia, the handling of inside information, please see section 2 and the reference therein to the "**Inside Information and Additional Disclosure Routines**".

14.2 Information to the Company's shareholders

In addition to the Board's dialogue with the Company's shareholders in general meetings, the Board should make suitable arrangements for shareholders to communicate with the Company at other times in order to facilitate an understanding of which matters affecting the Company from time to time are of particular concern to the Company's shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in consideration of the principle of equal treatment of the Company's shareholders.

Information to the Company's shareholders shall be published on the Company's website at the same time as it is sent to the shareholders. The Board has guidelines for the Company's contact with shareholders outside the general meeting.

15 TAKE-OVERS

In the event of a take-over bid for the shares in the Company, the Board shall ensure that shareholders in the Company are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board shall ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board shall not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons to do so.

Any agreement with a bidder on the shares of the Company 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 the shareholders. This 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 cost the bidder has incurred in making the bid.

In the event of a take-over bid for the Company's shares, the Board shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

If an offer is made for the shares in the Company, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if such is not the case, the Board shall explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board shall arrange for a valuation of the offer by an independent expert. The valuation shall include an explanation, and shall be made public no later than at the time of the public disclosure of the Board's statement.

16 AUDITOR

The auditor shall participate in Board meetings dealing with the annual accounts. The auditor shall at least once a year participate in a Board meeting in which the executive management of the Company is not present.

The Board shall establish guidelines for the executive management regarding the use of the auditor for work not related to the statutory audit review.

The auditor shall at least once a year review the internal control of the Company with the Audit Committee, including identified weaknesses and proposals for improvements. The Audit Committee and auditor shall give a report on their work during the year and any issues relating to the annual accounts. The Board shall 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.