

Corporate Governance Report

Rederi AB TransAtlantic is a Swedish public limited company listed on NASDAQ OMX Stockholm, Small Cap list. TransAtlantic is governed through the Annual General Meeting (AGM), the Board of Directors and the President in accordance with the Swedish Companies Act and the Swedish Code for Corporate Governance. The company is majority-owned by Kistefos AS (via Viking Invest AS), which accounted for 62.9% of the equity at December 31, 2013.

Corporate Governance in TransAtlantic

This Corporate Governance Report has been prepared in accordance with the provisions of the Swedish Code of Corporate Governance ("The Code") and Chapter 6, sections 6-9 of the Swedish Annual Accounts Act and Chapter 6, section 31 of the Swedish Companies Act, and pertains to the 2013 fiscal year. The auditor has expressed an opinion as to whether the preparation of the Corporate Governance Report and disclosures in accordance with Chapter 6, section 6, second paragraph 2-6 of the Annual Accounts Act (for example, the principal features of the company's system for internal control and risk management in conjunction with financial reporting) correspond with the other sections of the Annual Report. TransAtlantic's Articles of Association and other additional information on corporate governance at TransAtlantic are available at www.rabt.se.

The company's governance, management and control are based on external laws and regulations, as well as internal regulations, policies and instructions. TransAtlantic's Board of Directors and management strive for TransAtlantic to comply with the demands placed on the company by the stock market, shareholders and other stakeholders. By being transparent and accessible, TransAtlantic strives to provide shareholders and other stakeholders with insight into decision channels, delegation of responsibility, authorities and control systems. In addition, the Articles of Association constitute a central control document. The Articles of Association stipulate where the Board has its registered head office, its operational focus and its authorized signatories, as well as information on the number of shares and share capital. The highest governing body in TransAtlantic is the General Meeting of Shareholders, where the company's shareholders exercise their influence. The Board of Directors manages, on behalf of the shareholders, the company's interests and transactions. TransAtlantic's Board of Directors is led by the Chairman of the Board, Christen Sveaas. The Board appoints the President.

Distribution of responsibility between the Board of Directors and the President is regulated in the Board's rules of procedure and the instructions for the President, both of which are established annually. Administration by the Board of Directors and the President, as well as the company's financial reporting is reviewed by an external auditor, appointed by the AGM.

Application of the Code

The Board of Directors and management believe that the company complies with and applies all regulations included in the Code, with the exception of the composition of the Nomination Committee. The Code states that the majority of the Nomination Committee members must be independent in relation to the company and company management. TransAtlantic's Nomination Committee includes Christen Sveaas (Chairman) and Henning E. Jensen, both of whom are

dependent in relation to Kistefos AS, which is the company's largest owner, and Lena Patriksson Keller, who is dependent in relation to one Board member (Folke Patriksson) and one member of company management (Britta Stolt). However, the Board of Directors believes that this is reasonable based on the company's shareholder structure.

Shareholders

Since 1991 TransAtlantic's Series B shares have been listed on NASDAQ OMX Stockholm, in the Small Cap segment. The share capital amounts to SEK 147,870,266, represented by 147,870,266 shares with a quotient value of SEK 1 each. There are a total of 9,695,789 Series A shares and 138,174,477 Series B shares. Series A shares carry ten votes each and Series B shares carry one vote each. The number of shareholders at December 31, 2013 was 5,349 (5,346). Both types of shares carry dividend entitlement.

Further information on the share and shareholders, refer to page 58.

Annual General Meeting (AGM)

TransAtlantic's highest decision-making body is the General Meeting of Shareholders, which must be held within six months of the end of the fiscal year. Notice of the Annual General Meeting (AGM) is to be issued not earlier than six weeks and not later than four weeks prior to the Meeting. All shareholders included in the shareholders' register and who have registered for participation in time are entitled to

Corporate governance structure at TransAtlantic



participate and vote at the Meeting. Those shareholders who cannot attend in person may be represented by proxy.

The Annual General Meeting was held on April 24, 2013 at the Quality Hotell 11, Eriksberg, in Gothenburg. The Meeting was attended by 52 shareholders, representing 85.0% of the votes.

The entire Board of Directors, Group Management and the company's auditors were present at the Meeting. The President informed the shareholders about the development of the company during the past year, and the heads of the business areas, Heléne Mellquist (Industrial Shipping) and Christian Berg (Viking Supply Ships) gave an account of the particular business area. The resolutions passed by the Annual General Meeting included following:

- that no dividend will be paid for the 2012 fiscal year
- that fees for the Board of Directors will total SEK 800,000, distributed among Board members elected by the Meeting, including the Chairman, with the exception of Henning Jensen, who refrained from a fee
- guidelines for remuneration of senior executives
- procedures for the appointment and work of the Nomination Committee.

At the Annual General Meeting, Christen Sveaas, Folke Patriksson, Henning Jensen, Håkan Larsson and Magnus Sonnorp were

reelected. In addition to these AGM-elected Board members, Christer Lindgren will remain as the trade-union representative. Christen Sveaas remained as Chairman and Folke Patriksson as the Deputy Chairman.

During the Meeting, shareholders were provided the opportunity to submit questions to the President and the Board of Directors. Resolutions at the Meeting are usually made with a simple majority, but certain motions require a higher proportion of the votes represented at a General Meeting. It is not possible to follow or participate in the Meeting from another location using communication technology and no change has been planned in this regard for forthcoming meetings.

Nomination Committee

The Annual General Meeting resolved to establish a Nomination Committee comprising three members representing the three largest shareholders in terms of voting power on September 30 each year. At the AGM in April 2013, the Nomination Committee's Chairman, Christen Sveaas, reported on the work of the Nomination Committee. In its work, the Nomination Committee took into account the demands that can be placed on the Board of Directors resulting from the company operations and development phase, as well as the competency, experience and background of the Board members. Independence issues were also highlighted, as well as issues pertaining to gender distribution.

The task of the Nomination Committee is to prepare proposals concerning election of the members and the Chairman of the Board, as well as remuneration of Board members and proposals for regulations for the Nomination Committee ahead of the forthcoming AGM. The composition of the Nomination Committee was announced on TransAtlantic's website and through a press release published on October 22, 2013. The Nomination Committee comprises Christen Sveaas, Chairman of the Board (representing Kistefos AS/Viking Invest AS), Henning E. Jensen representing Kistefos AS/Viking Invest AS, Lena Patriksson Keller representing Enneff Rederi AB/Enneff Fastigheter AB, as well as Jenny Lindén Urnes. The members of the Nomination Committee represent 83.7% of the voting rights (at December 30, 2013) of all shares in the company.

Although the composition of the Nomination Committee does not comply with the requirements of the Code relating to independent members, the Board of Directors is of the opinion that the composition of the Committee is reasonable based on the company's ownership structure.

The Nomination Committee's proposals, its reasoned statement about the proposed Board, as well as supplementary information on the proposed Board members, are announced in conjunction with the notice convening the AGM and presented jointly with a report on the Nomination Committee's work at the 2013 AGM.

Board of Directors

Composition of the Board of Directors and number of meetings during period in office	Elected	Board meetings	Independent of major shareholders
Christen Sveaas, Chairman	2010	15/15	No
Folke Patriksson, Deputy Chairman	1972	14/15	No
Henning E. Jensen	2011	15/15	No
Håkan Larsson	1993	14/15	Yes
Magnus Sonnorp	2010	15/15	Yes
Christer Lindgren, employee representative	2001	14/15	Yes

Board of Directors

According to the Articles of Association, the Board of Directors is to consist of no fewer than five and no more than ten members, and no more than five deputies. The Board members are elected annually at the AGM, with a period in office from the AGM until the next AGM. The AGM decides the exact number of Board members.

At the AGM on April 24, 2013, Christen Sveaas, Folke Patriksson, Henning Jensen, Håkan Larsson and Magnus Sonnorp were elected to the Board. Christen Sveaas was elected Chairman of the Board. Folke Patriksson remains Deputy Chairman. In addition to the AGM-elected Board members, Christer Lindgren remains as the trade-union representative. The number of AGM-elected Board members who are considered independent in relation to the company, according to requirements of the Code, is estimated to be four and those independent in relation to major shareholders is three.

No other remuneration was paid apart from that resolved by the AGM, with the exception of a consulting fee of about SEK 65,000 received by Folke Patriksson; Refer to Note 31, Related-party transactions, page 53. Fees to the Board of Directors are approved by the AGM following a proposal from the Nomination Committee. For more information on fees, see Note 7 on page 38.

Board of Directors' work

The Board of Directors is elected by the shareholders at the AGM. The Board of Directors' responsibilities and tasks are determined by a formal work plan, in addition to laws and regulations. The work plan is reviewed by the Board on an annual basis, and established through a decision by the Board. The Board's tasks include determining the company's goals, strategies, business plans and budgets, as well as approving major investments and loans raised by TransAtlantic. Another Board task is to evaluate operational management, and to ensure that there are systems in place to monitor and control the established goals. It is also the Board's task to appoint the President and CEO, and where applicable, a Deputy CEO. The Finance Policy, Attestation Policy and the Communication Policy, which are established annually, represent important control instruments. The Board also ensures the quality of the financial statements through

detailed reviews of interim reports, annual reports and year-end reports at Board meetings. The Board addresses various issues in their entirety and, considering the Group's size and complexity, has not regarded sub-committees necessary to prepare certain issues. This means that the Board as a whole constitutes the Audit Committee and the Remuneration Committee.

The Board usually meets on seven occasions per year and additional meetings are held as necessary. Scheduled meetings are held in connection with quarterly reports and additional meetings are held to address strategic issues and decide on budgets for future fiscal years. Based on this, the Board held 15 meetings in 2013, including seven scheduled meetings, seven unscheduled meetings and one statutory meeting. The Chief Financial Officer (CFO) of Rederi AB TransAtlantic serves as secretary of Board meetings. The Board of Directors also receives monthly reports pertaining to the company's financial position. At scheduled Board meetings, reports are also submitted on the current work of each business area with detailed analyses and action proposals.

Chairman's responsibility

The Chairman of the Board is elected by the AGM. The role of the Chairman of the Board is to organize and lead the Board's work in accordance with applicable rules for listed companies, the Code and the Articles of Association. The Chairman is also tasked with supporting the President. The Chairman and the President prepare proposals for the agenda for Board meetings. The Chairman conducts a dialog with the President and is responsible for ensuring that other Board members receive the information and documentation needed to make decisions. The Chairman of the Board is also responsible for ensuring the annual review of the Board's work.

The Chairman of the Board is Christen Sveaas and the Deputy Chairman is Folke Patriksson.

Christen Sveaas owns Kistefos AS which, indirectly via Viking Invest AS, is the majority owner of TransAtlantic with 62.9% of the share capital and 58.5% of the voting rights on December 31, 2013. In addition to his Chairmanship of TransAtlantic, Christen Sveaas is the Chairman of the Board of Kistefos Holding AS and a number of other companies.

President

The President, Tom Ruud, succeeded Henning E. Jensen as President and CEO of TransAtlantic on December 20, 2013. The President is responsible for the continuous management of the operations based on the terms of reference issued by the Board of Directors. The President's responsibilities include decisions regarding current investments and divestments, HR, financial and accounting issues, continuous contact with the company's stakeholders, as well as ensuring that the Board receives the information required to make well-substantiated decisions. The President reports to the Board of Directors. The President attends all Board meetings, except Board meetings where the President is being evaluated.

The CEO directs the work of Group management and reaches decisions in consultation with the other members of management.

Just like his predecessor, Henning E. Jensen, Tom Ruud is not employed by TransAtlantic but works as a consultant through Kistefos AS. For more information, refer to Note 31 on page 53.

Group Management

The President has appointed a Group Management team that had five members during 2013. In addition to the President, the Group Management team included Tomas Bergendahl as CFO (as of July 2013, when he succeeded the interim CFO Erik Hansen), Heléne Mellquist, Head of Industrial Shipping, Britta Stolt as HR Manager and Christian W. Berg, Head of Viking Supply Ships. Group Management is responsible for planning, controlling and following up daily operations. Group Management held regular meetings to monitor the business operations and follow up on financial development and other operational, development and strategy issues. Group Management ensures that the right competency exists in the organization in relation to the company's strategies. Authorities and responsibilities for the President and Group Management are defined in the policies, job descriptions and attestation instructions.

For more detailed information about the President and Group Management, refer to page 21.

Auditors

The auditors are elected by the AGM and, at the AGM in April 2013, the auditing firm of Ernst & Young AB was elected for a period in office until the 2014 AGM. Authorized Public Accountant Staffan Landén was elected Auditor-in-Charge. The auditors' task is to review the management of the company by the President and the Board and the quality of the company's financial reports, and to review the Annual Report. The company's auditors participate once annually at a Board meeting to submit a report on the year's accounting and their views of the company's internal control system. Information on remuneration of auditors is found in Note 8, page 39 of the Annual Report.

Principles governing remuneration of senior executives

The 2013 AGM adopted the principles governing remuneration of senior executives, encompassing the President and Group Management, which comprised five members during 2013, and are based on the following general principles:

The principles for remuneration of senior executives from a short- and long-term perspective are designed to attract, motivate and create favorable conditions for retaining competent employees and managers. To achieve this, it is important to maintain fair and internally balanced conditions that are also competitive in market terms with respect to structure, scope and level. The employment terms and conditions for senior executives are to contain a well-balanced combination of fixed salary, pension benefits and other benefits, as well as special terms for remuneration in the event of employment termination. There is to be a possibility of paying variable remuneration.

The total annual cash remuneration to senior executives is to be competitive in the market. The total level of remuneration is to be reviewed annually to ensure that it is in line with comparable positions in the relevant market. Remuneration is to be based on performance and positions.

The company's remuneration system is to contain various forms of remuneration aimed at creating well-balanced remuneration that verifies and supports the achievement of short- and long-term goals.

The fixed salary is to be set individually and be based on the individual's responsibility and

role, as well as the individual's competency and experience in the relevant position. The President and other senior executives may receive variable remuneration should the Board resolve to this effect. Any variable remuneration must be based on extraordinary performance in relation to defined and measurable goals, be capped in relation to fixed salary and must always be justified specifically in a joint Board discussion.

When new pension agreements are signed, senior executives entitled to pension, excluding the President, are to receive the customary pension benefits within the framework of the general pension plan. The retirement age for senior executives is 65 years. Pension provisions are to be based only on fixed salary. In respect of the President, it is to be possible to make defined-contribution pension payments corresponding to 25% of his basic salary until retirement. Other benefits, such as company car, compensation for preventive healthcare and sickness insurance, are to comprise a small portion of the total compensation, correspond to market levels and contribute to the executive's possibilities of fulfilling his or her work assignment.

In addition to fixed salary and ongoing remuneration, such as pension provisions and other benefits, decisions have been taken concerning variable remuneration for all members of the Group's Executive Management team, with the exception of the President, to whom no variable remuneration will be paid. The variable remuneration (which may not exceed 60% of fixed salary) is based on (i) outcomes in relation to established targets regarding the company's earnings and cash flow and (ii) fulfillment of established individual goals.

In addition to the above, the Board of Directors has decided to enter into remuneration agreements with personnel in senior positions, which is to constitute a long-term incentive. This comprises one-off remuneration and the decision does not entail a recurring remuneration program. The incentive is based exclusively on the earnings (EBIT) of Industrial Shipping for the 2015 and 2016 fiscal years. Any remuneration will be payable in January 2017. A prerequisite for payment of the remuneration is that the individuals in question continue to be employed on the payment date. Since amounts from the remuneration agreements are not capped in relation to fixed salary, this

constitutes a deviation from the principles for remuneration of senior management. However, the Board of Directors is of the opinion that there are particular reasons for deviating from the principles in order to attract and retain senior executives. Even though amounts from the remuneration agreements are not capped, the remuneration is capped in relation to Industrial Shipping' earnings.

The period of notice for senior executives is six months when the executive resigns and, in the event of notice from the company, six to twelve months. The President is subject to a period of notice of up to six months if notice is served by the company. Severance may be payable but is capped at 12 monthly salaries; refer to Note 7 on page 38.

Audit Committee and Remuneration Committee

The Board in its entirety has decided to deal with auditing matters and one meeting was held with the Group's auditors during the year. Planned and completed audits were discussed at this meeting. The audit encompasses such issues as risk assessment, risk management, financial control, accounting issues, Group policies and administrative issues. Considerable emphasis is placed on follow-ups and implementing measures. The auditors also keep the Board informed of current developments in relevant areas.

The Board has also decided to address remuneration issues within the framework of Board duties. Remuneration of the President was addressed, as were the principles for remuneration of senior executives. Remuneration related to the Board of Directors' work is approved by the AGM.

The Board's description of internal control and risk management in financial reporting

This description of internal control and risk management is submitted by the Board of TransAtlantic and is prepared in accordance with the Swedish Code of Corporate Governance. The Board of Directors of TransAtlantic has overall responsibility for the internal control pertaining to the financial statements. Good internal control is based on efficient Board work. The Board's formal work plan and instructions for the President are aimed at establishing a clear role and distribution of

responsibilities to efficiently manage operational risks. Based on established procedures and also on the auditor's review of the internal control, company management reports regularly to the Board of Directors, should the observations have any impact on the financial statements. Group Management is responsible for the system of internal controls that is required to handle significant risks in operating activities. The aim of this is to ensure that the operation is conducted appropriately and efficiently, that the financial statements are reliable and that rules, regulations and ordinances are complied with.

The company has prepared procedures for the assessment of risks in the financial statements, as well as to attain high reliability in the external reporting and that the reporting is prepared in accordance with laws and other requirements for listed companies.

Risk assessment and control activity

The purpose of TransAtlantic's assessment of financial reporting is to identify and evaluate the significant risks that influence the internal control with respect to the financial reporting of the Group's companies, business areas and business processes. Considerable emphasis has been placed on formulating the controls to prevent and recognize errors in these areas. The company's Finance Policy is the key instrument for controlling financial reporting. See also page 24, Risks and uncertainties.

Control environment

The Board of Directors has overall responsibility for the internal control of financial reporting. The Board has established a formal work plan to clarify the Board's responsibilities and to regulate the distribution of work among Board members. Responsibility for maintaining an efficient control environment is based on an

organization with distinct decision routes and clear instructions and with common values, where each employee has insight into his/her role in maintaining good internal control.

Information and communication

TransAtlantic's Board of Directors has established a Communication Policy, which states what is to be communicated, by whom and the manner in which the information is to be issued to ensure that the external information is correct and complete. In addition, there are instructions governing how financial information is to be communicated between management and other employees. TransAtlantic's shareholders and other stakeholders can monitor the company's operations and its development on the website, where current information is published on a continuous basis. Events deemed as having a potential impact on the share price are published through press releases. Financial information is provided through quarterly reports and year-end reports, as well as through the company's annual report.

Follow-up

The Board continuously evaluates the information submitted by company management and the auditors. The work includes ensuring that measures are implemented that address inadequacies and preparing proposals for measures arising from the external audit.

Internal audit

The Board has not found any reason to establish an internal audit function considering the size of the Group and the centralization of the finance administration.

Significant guidelines that are important to financial reporting are continuously updated and communicated to employees concerned.

Fees and remuneration

Fees and remuneration of the President and Group Management are described in more detail in Note 7 on page 38.

Key policies

In addition to those listed above, the Board's responsibilities include ensuring that the Group's policies are kept updated and are observed. The Group has policies on such issues as investments, financing and foreign currency matters, anti-corruption, approval and authorization of and attestation instructions for financial undertakings, communications/Investor Relations, as well as ethics and a code of conduct. The Group's responsibility also includes policies for health, safety, environmental and quality (the HSEQ policy) for the company's operations at sea and on land.

Gothenburg, March 26, 2014

Christen Sveaas
Chairman

Folke Patriksson
Deputy Chairman

Henning E. Jensen
Board member

Håkan Larsson
Board member

Magnus Sonnorp
Board member

Christer Lindgren
Employee representative

Auditor's report on the Corporate Governance Report

To the annual meeting of the shareholders of Rederi AB TransAtlantic, corporate identity number 556161-0113

The Board of Directors is responsible for the Corporate Governance Report for the year 2013 on pages 14–19 and that it was prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, March 26, 2014

Ernst & Young AB

Staffan Landén
Authorized Public Accountant