

Corporate Governance

Rederi AB TransAtlantic is a Swedish public limited company listed on NASDAQ OMX Stockholm. TransAtlantic is governed through the Annual General Meeting, the Board of Directors and the President, in accordance with the Swedish Companies Act, the Articles of Association and the Swedish Code for Corporate Governance.

Swedish Code of Corporate Governance

In 2005, the Stockholm Exchange introduced the Swedish Code for Corporate Governance (The Code) to its rules and regulations for listed companies. The Code was revised in 2008 and addresses the Annual General Meeting, election of the Board of Directors, Auditors and appointment of a Nomination Committee.

TransAtlantic's Board of Directors and Management believe that the company follows and applies all regulations included in the Code, with the exception of the composition of the Nomination Committee. The Code states that Board members may be members of the Nomination Committee but should not be in the majority. TransAtlantic's Nomination Committee includes representatives from the three largest shareholders. Two of these appointed representatives, Folke Patriksson and Jenny Lindén Urnes, are TransAtlantic Board members. The Board believes that this relationship reflects the ownership structure of the company and is thus a reasonable situation.

This Corporate Governance report applies The Code's rules and application instructions.

Annual General Meeting

The Annual General Meeting was held on April 23, 2009 at the Nordic Watercolour Museum in Skärhamn. At the Meeting, 93 shareholders and their representatives were present, which represented 52% of the votes. At the Meeting, the entire Board of Directors, Group Management and the company's auditors were present. Resolutions made at the Meeting included:

- adopting a dividend of SEK 2.50 in accordance with the proposal by the Board of Directors and the President
- fees totaling SEK 1,600,000 to be paid to the Board, distributed as SEK 400,000 to the Chairman and SEK 200,000 to each Board member
- adopting the Meeting's principles for remuneration of senior executives
- regulations for the appointment and work of the Nomination Committee
- resolution pertaining to the authorization of the Board for acquisitions and transfer of treasury shares.

During the Annual General Meeting, shareholders were given the opportunity to put questions to the President and Board of Directors. It was not possible to follow or participate in the Annual

General Meeting from another location using communication technology and no change has been planned for the 2010 Annual General Meeting.

Nomination Committee

The Annual General Meeting has resolved to establish a Nomination Committee, which shall consist of three members representing the three largest shareholders, in terms of voting rights, on September 30 each year. Prior to the 2009 Annual General Meeting, the Nomination Committee comprised Folke Patriksson, representative of Villa Costa AB and Roger Karlsson, who were appointed on October 23, 2008. At the Annual General Meeting in April 2009, the Nomination Committee's Chairman, Folke Patriksson, 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 competency, experience and background of the Board members. Independence issues were also highlighted as well as issues pertaining to gender distribution.

Pursuant to the resolution of the Annual General Meeting in April 2009, the Chairman was given the task to appoint a Nomination Committee, based on the company's three largest shareholders at the end of September 2009, according to EuroClear Sweden AB. The Nomination Committee shall prepare proposals for Board members, the Chairman of the Board, as well as remuneration of Board members and proposals for regulations for the Nomination Committee for the 2010 Annual General Meeting. The composition of the Nomination Committee was announced on TransAtlantic's website and through the press release on October 28, 2009. The Nomination Committee comprises Folke Patriksson, Chairman of TransAtlantic and represents Enneff Rederi AB and Enneff Fastigheter AB, Jenny Lindén Urnes, representing Villa Costa AB and Fabian Hielte representing Ernström Finans AB. The members of the Nomination Committee represent slightly more than 49% of the voting rights of all shares in the company.

At the Nomination Committee's first meeting, Folke Patriksson was elected Chairman. The Nomination Committee held three (three) meetings, which were documented.

The Nomination Committee's proposal, its motivated statement about the proposed Board, as well as supplementary information

on the proposed Board members, is announced in conjunction with the Notice convening the Annual General Meeting and is presented jointly with a report on the Nomination Committee's work at the 2010 Annual General Meeting

Board of Directors

The Board of Directors shall consist of not less than five and not more than ten members according to the Articles of Association. The Board members are elected annually at the Annual General Meeting, with a mandate period from the Annual General Meeting until the end of the next Annual General Meeting. The Annual General Meeting decides the exact number of Board members.

The Board of Directors comprises seven members and one employee representative. At the 2009 Annual General Meeting, the following individuals were re-elected as members of TransAtlantic Board of Directors: Folke Patriksson, Håkan Larsson, Helena Levander, Christer Olsson, Björn Rosengren and Lena Patriksson Keller. Jenny Lindén Urnes was elected new Board member. Folke Patriksson was elected Chairman of the Board. In addition to the Board members elected by the Meeting, Christer Lindgren remained as trade union representative. Fees to Board members are determined by the Annual General Meeting based on proposals from the Nomination Committee. For 2009, payments were made according to the table below.

Board of Directors' work

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 resolution by the Board. The Board's tasks include determining the company's goals, strategies, business plans, budgets, as well as approving major investments and loans raised by TransAtlantic. Furthermore, it is the Board's task to evaluate the operating management, as well as ensure systems to monitor and control the established goals. Furthermore, it is the Board's task to appoint the President, and where applicable, the Vice President. The Finance Policy, approval list and the Information Policy, which are established annually, represent important steering instruments. The Board also ensures the quality of the financial reporting through detailed reviewing of interim reports, annual reports and year-end reports at Board meetings. The Board addresses different issues in their entirety and, considering the Group's size and complexity, has expressly made the decision not to have sub-committees to prepare various matters. This means that the Board as a whole constitutes the Audit Committee and Remuneration Committee.

The Board usually meets on six 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 deal with strategic issues and decide on budgets for future financial years. Based on this, the Board held five scheduled meetings during the mandate period in 2009, one statutory meeting and one extraordinary general meeting, at which current matters and issues related to the structure and development of the operations were discussed. The CFO, Ola Helgesson, was Secretary to the Board meetings. Comprehensive, written material on issues to be addressed at meetings is distributed to all Board members prior to every Board meeting. The Board of Directors also receives monthly reports pertaining to the company's financial position. During the year, the Board devoted considerable time on the company's financial position and liquidity. At the scheduled Board meetings, reports were also submitted pertaining to the current work in each business area with detailed analyses and proposals for measures. Each Board member's presence is presented in the table below.

Chairman's responsibility

The Chairman of the Board is elected by the Annual General Meeting. The Chairman of the Board is responsible for organizing and leading the Board's work in accordance with applicable rules for listed companies, the Swedish Code for Corporate Governance and the Articles of Association. Furthermore, the Chairman shall support the President. The Chairman and President prepare proposals for the agenda for Board meetings. The Chairman monitors operations through dialog with the President and is responsible for ensuring that other Board members receive the information and documentation needed to make decisions. Folke Patriksson is, as previously, the Chairman of the Board.

President

Anders Källström, who was appointed President in November 2008, resigned in December 2009 and Stefan Eliasson was appointed Acting President, and CEO. The President is responsible for the continuous management of the operations based on the terms of references issued by the Board of Directors. The President's responsibilities include current investments and divestments, HR, financial and accounting issues, current contacts 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. He is not a member of the Board but attends all Board meetings.

The President leads the corporate management work and makes decisions in consultation with other members.

Composition of the Board of Directors, number of meetings and fees during the term of office

	Elected	Board meetings	Independent	Fee, SEK
Folke Patriksson, Chairman	1972	7/7		400,000
Håkan Larsson	1993	5/7		200,000
Helena Levander	2005	7/7	x	200,000
Jenny Lindén Urnes	2009	7/7		200,000
Lena Patriksson Keller	2007	7/7		200,000
Christer Olsson	1999	7/7	x	200,000
Björn Rosengren	2003	7/7	x	200,000
Christer Lindgren, employee representative	2001	7/7	x	—

Group Management

The President appointed a management team comprising five persons. In addition to the President, the management team comprises Mårten Carlquist, Head of the Industrial Shipping business area, Balder Hansson, Head of Ship Management, Ola Helgesson, CFO, Britta Stolt, HR Manager and Stefan Eliasson acting CEO and Head of the Offshore/Icebreaking business area. The management team is responsible for planning, managing and following up the daily operations. The management team held continuous meetings every two weeks to discuss current financial trends, as well as issues relating to the operations, development and strategies. In addition to these meetings, the management team held strategy meetings twice per year. Authorities and responsibilities for the President and the management team are defined in the policies, job descriptions and attestation instructions.

Auditors

The auditors are elected by the Annual General Meeting and at the Meeting held in April 2008, the auditing firm PricewaterhouseCoopers AB was elected for a period of four years. Public Authorized Accountant Helen Olsson Svärdröm was elected Auditor in Charge and signs the auditors' report together with Olof Enerbäck, Public Authorized Accountant. The auditor's task is to review the Board's and President's management of the company and the quality of the company's financial reports, as well as review the annual report. The Auditor in Charge also presents the auditors' report to the Annual General Meeting. The company's auditors participate in three Board meetings annually to present reports on the year's accounting and their view of the company's internal control system. The auditors report directly to the Board of Directors. Information regarding remuneration to auditors is contained in Note 8.

Principles governing remuneration of senior executives

The 2009 Annual General Meeting adopted the guidelines governing remuneration of senior executives, which cover the CEO and his management group, (six people in 2009), and are based on the following general principles:

The principles for remuneration to senior executives from a short and long-term perspective shall attract, motivate and create favorable conditions for retaining competent employees and managers. To achieve this, it is important to maintain fairness and internally balanced conditions that are also competitive in market terms regarding structure, scope and level. The employment terms and conditions for senior executives shall contain a well-balanced combination of fixed salary, pension benefits and other benefits, as well as special terms for remuneration in the event of termination of employment. The possibility shall exist to pay an annual bonus.

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

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

Fixed salary shall be set individually and be based on the individual's responsibility and role, as well as the individual's compe-

tence and experience in the relevant position. The President and other senior executives may receive an annual bonus if the Board resolves to this effect.

When new pension agreements are signed, senior executives entitled to pension – excluding the President – shall receive the customary pension benefits within the framework of the general pension plan. The retirement age for senior executives is 65 years. For the President, pension premium payments are made corresponding to 25% of basic salary until the time of retirement.

Other benefits, such as company car, compensation for preventive healthcare and sickness insurance, shall 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.

Apart from fixed and current remuneration, there is no remuneration approved earlier for senior executives that has not been paid.

The period of notice for senior executives shall be six months and, in the event of notice from the company, six to twelve months. For the President, a period of notice of up to six months shall apply if notice is served by the company. In the event of such termination, the President is entitled to severance pay corresponding to 18 months' salary.

Audit Committee and Remuneration Committee

The Board has decided that it shall handle auditing matters in its entirety and, thus, held three meetings with the Group's auditors during the year. Planned and completed audits were discussed at these meetings. 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. The matter of remuneration of the President was addressed, as were the principles for remuneration to senior executives. Remuneration related to the Board of Directors' work is approved by the Annual General Meeting.

Fees and remuneration

Fees and remuneration to the President and Group Management are described in more detail in Note 7.

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 currency matters, approval and authorization of financial commitments, communications, Investor Relations and a Code of Conduct/Ethics. There are personnel and equal opportunities policies for employees, in which the company's core values of involvement, willingness to change, reliability and goal orientation are given special importance. As part of the Group's responsibility, there are also health, safety and environmental policies (HSE policy) for the company's sea and land operations.

This Corporate Governance Report has not been reviewed by the company's auditors.

Board of Directors' Report on internal control

The Board of Directors' and the President's responsibility for internal control is regulated in the Swedish Companies Act. This report is prepared in accordance with the Swedish Code of Corporate Governance.

Internal control

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.

The Board has established a number of policies and basic guidelines for internal control work, such as finance policy, communication policy and policy for authorization instructions.

The management group reports regularly to the Board of Directors, based on established procedures and also the auditors review of the internal control. Company management is responsible for the system of internal controls that is required to handle significant risks in operating activities. This includes guidelines, also known as job descriptions, for various executives and other employees, so that they will understand and realize the significance of their individual roles in maintaining good internal control.

Risk assessment and control activity

The Board of Directors is responsible for the internal control pertaining to financial reporting. The company has prepared a model for assessing risks in the financial reports, in which a number of high-risk areas were identified. Considerable emphasis was placed in formulating the controls to prevent and recognize risks in these

areas. The internal control instrument for financial reporting comprises primarily the company's finance policy.

Information and communication

Significant guidelines that are important to financial reporting are continuously updated and communicated to employees concerned. There are formal and informal information channels to company management and the Board for important information from employees. In terms of external communication, guidelines and policies were established to ensure that the company maintains its high demand for correct information in the market.

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 that arose in the external audit.

Internal audit

To date, the company has not found reason to establish an internal audit function considering the size of the Group and the centralization of the accounting administration.

Skärhamn, February 22, 2010

Folke Patriksson
Chairman of the Board

Håkan Larsson
Board member

Helena Levander
Board member

Lena Patriksson Keller
Board member

Jenny Lindén Urnes
Board member

Christer Olsson
Board member

Björn Rosengren
Board member

Christer Lindgren
Employee representative