

# TEEKAY TANKERS LTD.

## Corporate Governance Guidelines

The following guidelines have been approved by the Board of Directors (the "Board") of Teekay Tankers Ltd., a Marshall Islands corporation (the "Company") and, together with the charters of the Board committees, provide the framework for the Company's corporate governance. The Board or the Nominating and Corporate Governance Committee of the Board will review these guidelines and other aspects of the Company's corporate governance annually or more often if deemed necessary. The Corporation is a subsidiary of Teekay Corporation, a Marshall Islands corporation ("TKC").

### Board and Management Roles

The Company's directors oversee the Company's management and business. The day-to-day affairs of the Company are managed by officers of the Company. Employees of certain subsidiaries of TKC (a) may serve as Company officers and (b) provide assistance to the Company and its subsidiaries pursuant to management agreements.

Both the Board and management recognize the overarching importance of ensuring the Company conducts its business in full compliance with health, safety and environmental regulations, and that the shareholders' long-term interests are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, customers, suppliers, partners, government agencies and the public at large.

### Board Functions and Responsibilities

The Board has four regularly scheduled meetings each year. At these meetings, the Board reviews and discusses, among other things: management reports on the Company's performance including the Company's health, safety and environmental performance; the Company's plans, objectives and prospects; Board committee or management proposals; and immediate issues facing the Company. The Board may also call special meetings to act on important matters as needed. Directors are expected to review in advance all meeting materials and to attend all scheduled Board and committee meetings. In addition to its general oversight of management, the Board or designated Board committees also perform a number of specific functions. Some of these functions include:

- reviewing and approving policies and overseeing the Company's response to and compliance with health, safety and environmental matters;
- reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- overseeing the assessment of major risks facing the Company and available options to address those risks;
- reviewing and approving certain Securities and Exchange Commission ("SEC") filings;

- reviewing specific material matters that the Board believes may involve conflicts of interest, including certain conflicts of interest that may arise between the Company and TKC;
- evaluating and overseeing compliance with the Company's corporate governance policies and practices; and
- monitoring that processes are in place for maintaining the Company's integrity, including oversight of financial statement integrity, compliance with law and ethics, and the integrity of relationships with customers and other stakeholders.

The Board recognizes that its actions set the tone for ethical business conduct by officers and employees of the Company.

### **Director Qualifications**

The Nominating and Corporate Governance Committee evaluates director candidates for recommendation to the Board for approval. Although the Committee considers the entirety of each proposed director nominee's credentials and does not have any specific minimum qualifications, the Committee has established director selection guidelines that the Committee and the Board consider in evaluating proposed nominees. These guidelines are attached to the Committee's charter and include both individual criteria and Board composition criteria that are reviewed in light of the overall mix of skills, characteristics and experience of the Board. The qualifications for individual director candidates include:

- High standards of personal and professional ethics, integrity and values;
- Training, experience and ability at making and overseeing policy in business, government or education sectors;
- Willingness and ability to keep an open mind when considering matters affecting interests of the Company and its constituents;
- Willingness and ability to devote the required time and effort to fulfill effectively the duties and responsibilities related to Board and committee membership;
- Willingness and ability to serve on the Board for multiple terms, if nominated and elected, to enable development of a deeper understanding of the Company's business affairs;
- Commitment not to engage in activities or interests that may create a conflict of interest with a director's responsibilities and duties to the Company and its constituents; and
- Commitment to act in the best interests of the Company and its constituents, and objectively assess Board, committee and management performance.

In assessing the overall composition of the Board, the Committee and the Board also consider the candidate's independence, diversity, industry knowledge, specific skills and experience, leadership qualities and other factors.

The Board does not believe that arbitrary term limits or a mandatory retirement age applicable to directors' service are appropriate, nor does it believe that directors should expect to be re-nominated until they resign.

A director is generally not eligible for re-election after his or her 72nd birthday, but may be invited by the Nominating and Corporate Governance Committee to allow his or her name to stand for re-election to the Board where the Nominating and Corporate Governance Committee is of the view that the director is otherwise eligible for re-election and is fully capable of continuing to fulfill the requirements of Board service, and the candidate's industry knowledge, specific skills, experience and leadership are required on the Board. If a director changes the principal occupation he or she held when elected to the Board, the director is expected to tender his or her resignation to the Nominating and Corporate Governance Committee. The Committee will then assess the appropriateness of continued Board membership by that person and make a recommendation to the Board regarding the acceptance of the resignation. The Board self-evaluation process described below is an important determinant for Board tenure.

### **Director Independence**

To be considered independent under the NYSE standards, the Board must determine that a director does not have any direct or indirect material relationship with TKC, or any subsidiary thereof, including the Company (each a "Teekay Entity"). The Board has established the following guidelines to assist it in determining director independence in accordance with the NYSE rules:

A director will not be independent if:

1. The director is, or has been within the preceding three years, employed by a Teekay Entity;
2. An immediate family member of the director is, or has been within the preceding three years, employed as an executive officer of a Teekay Entity;
3. During any 12-month period within the preceding three years, the director, or an immediate family member of the director, has received more than \$120,000 in direct compensation from Teekay Entities, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
4. The director, or an immediate family member of the director, is a current partner of a firm that is the internal or external auditor of a Teekay Entity (each a "Teekay Auditor");
5. The director is a current employee of a Teekay Auditor;
6. An immediate family member of the director is a current employee of a Teekay Auditor and personally works on a Teekay Entity's audit;
7. The director, or an immediate family member of the director, (a) was within the preceding three years (but is no longer) a partner or employee of a Teekay Auditor and (b) personally worked on a Teekay Entity's audit within that time;

8. The director, or an immediate family member of the director, is, or has been within the preceding three years, employed as an executive officer of another company where any present executive officer of a Teekay Entity at the same time serves or served on that company's compensation committee; or
9. The director is a current employee, or an immediate family member of the director is a current executive officer, of a company (other than any tax exempt organization) that, during any of the three preceding fiscal years, made payments to, or received payments from, the Teekay Entities for property or services in an amount which exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

NYSE has indicated that its independence standards are based on a concern with independence from management, and that it does not view ownership of even a significant amount of equity, by itself, as disqualifying a director from being independent. Accordingly, the direct or beneficial ownership by a director, or an immediate family member of a director, of a significant amount of the Company's stock will not be considered a material relationship that would impair the director's independence.

For relationships not covered by the guidelines outlined above, the determination of whether or not the relationship is material, and therefore whether the director would be independent, will be made by the directors who satisfy the independence guidelines set forth above.

The Board will annually review all relationships of directors. Whether directors meet these categorical independence tests will be reviewed and will be publicly disclosed annually prior to the Company's annual shareholders meeting at which directors are elected.

#### **Audit Committee and Conflicts Committee Member Independence**

In addition to the general independence standards discussed above, members of the Board's Audit Committee must also satisfy additional NYSE and SEC independence requirements. The Board also requires members of the Conflicts Committee to satisfy these heightened requirements.

Specifically, members of the Audit Committee or the Conflicts Committee may not receive, directly or indirectly, any compensation from any Teekay Entity other than their directors' compensation, and they may not be an affiliated person of a Teekay Entity.

#### **Size and Structure of Board**

The Company's directors are elected at the annual meeting of shareholders to serve until the next annual meeting. The Board, with the assistance of the Nominating and Corporate Governance Committee, determines from time to time the number of directors on the Board, within a range specified in the Company's charter documents. This range is currently from three to twelve directors.

## **Director Selection Process**

The Board, in consultation with the Nominating and Corporate Governance Committee, proposes for each annual shareholder meeting nominees for election to the Board. In addition, the Nominating and Corporate Governance Committee regularly assesses whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated or otherwise arise between annual shareholder meetings, the Nominating and Corporate Governance Committee considers potential director candidates and may recommend to the Board for approval the election of directors to serve until the next annual shareholders meeting. The Committee uses a variety of methods for identifying and evaluating director nominees.

Candidates may come to the attention of the Committee through professional search firms, shareholders, current Board members, or others. Shareholders may propose nominees for consideration by the Committee by submitting the names and supporting information to: Corporate Secretary (Teekay Tankers Ltd.), Suite No. 1778, 48 Par-la-Ville Road, Hamilton, Bermuda. All director candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee, and may be considered at any time during the year.

## **Board Committees**

The Board has established the following committees to assist the Board in discharging its responsibilities and to function more effectively:

- Audit Committee;
- Conflicts Committee; and
- Nominating and Corporate Governance Committee.

The Conflicts Committee reviews specific material matters that the Board believes may involve conflicts of interest, including certain conflicts of interest that may arise between the Company and TKC. If the Board refers a particular matter to the Conflicts Committee, the Committee will determine such matter in accordance with the standards set forth in the Conflicts Committee charter as then in effect, the Company's articles of incorporation and by-laws and applicable law.

Because the Company is a "foreign private issuer" and 50% of the voting power of the Company is held by another company, NYSE does not require the Board to have a Compensation Committee or a Nominating and Corporate Governance Committee. Despite this exemption, the Board has established the Nominating and Corporate Governance Committee to fulfill the duties set forth in its charter.

The current charters of the Audit Committee, the Nominating and Corporate Governance Committee and the Conflicts Committee are available on the Company's website at [www.teekaytankers.com](http://www.teekaytankers.com), and will be mailed to shareholders on written request. The committee Chairs report the highlights of their meetings to the full Board following each meeting of the respective committees. The Nominating and Corporate Governance Committee, among other things, recommends to the Board director membership on Board committees and advises the Board and the committees about the selection of committee Chairs.

## **Non-management Directors Meetings**

The Board will hold at least four regularly scheduled meetings each year for the non-management directors without management present. A non-management director will preside over each executive session of the non-management directors, although the same director is not required to preside over each session. Any non-management director may request that additional executive sessions of the non-management directors be held, and the presiding non-management director for the previous session will determine whether to call any such meeting.

## **Board and Committee Self-Evaluations**

The Board and each of the committees will perform an annual self-evaluation, as indicated in the Board committee charters. As part of these evaluations, the directors will provide their assessments of the effectiveness of the Board and the committees on which they serve.

## **Setting Board Agenda**

The Board is responsible for its agenda. Prior to each Board or committee meeting, the Chair of the Board or committee Chair, in consultation with management, other directors or appropriate advisors, will discuss specific agenda items for the meeting. The Chair of the Board or committee Chair will determine the nature and extent of information that will be provided regularly to the directors before each scheduled Board or committee meeting. Directors are encouraged to suggest agenda items or additional pre-meeting materials to the Chair of the Board or appropriate committee Chair.

## **Ethics and Conflicts of Interest**

The Board expects the Company's directors, as well as the Company's officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Standards of Business Conduct. If an actual or potential conflict of interest arises for a director, the director is expected to promptly inform the Chair of the Board and the Conflicts Committee. If a significant conflict exists and cannot be resolved, the director should resign. All directors are expected to recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Conflicts Committee will resolve any conflict of interest question involving any director or executive officer, and the CEO will resolve any conflict of interest issue involving any non-executive officer.

## **Board Compensation**

The Nominating and Corporate Governance Committee will annually review the Company's director compensation practices and recommend to the Board the form and amount of compensation and benefits for non-employee directors. The Nominating and Corporate Governance Committee will consider the following principles in discharging these duties:

- compensation should fairly pay directors for work required in a company of the Company's size and scope;
- compensation should align the directors' interests with the long-term interests of shareholders; and

- the structure of the compensation should be simple, transparent and easy for shareholders to understand.

### **Management Succession Plans**

The Board will be responsible for long-range succession planning for the CEO and other senior executives. The Board will also develop and maintain, in consultation with the CEO, a short-term succession plan for unexpected situations affecting the CEO or other executive officers.

### **Director Access to Senior Management**

Non-employee directors are encouraged to contact directly the Company's senior managers, either alone or with other members of senior management present. The Company's CEO, CFO and, as invited, other members of senior management are encouraged to attend Board meetings when practical.

### **Board and Committee Access to Independent Advisors**

In fulfilling their duties, the Board and its committees have the right at any time to retain independent outside financial, legal or other advisors at the Company's expense. Also, in fulfilling their duties, individual directors have the right at any time to retain independent legal advisors at the Company's expense, provided that all other directors and the General Counsel of the Company are immediately informed of such retention and the reasons therefor.

### **Director Orientation and Continuing Education**

The Board or the Nominating and Corporate Governance Committee will be responsible for providing an orientation program for new directors, and periodically to provide materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Directors are also encouraged to participate in continuing education programs at the Company's expense.

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