

Corporate Governance

Corporate Governance Policy of Siem Offshore

The principles for corporate governance adopted by the Company is based on the "Norwegian Recommendation for Corporate Governance" issued on the 21st October 2009, which is a revised version of the recommendation issued on the 4th December 2007, and good common sense.

As a company incorporated in the Cayman Islands, Siem Offshore Inc. is subject to Cayman Island Laws and regulations with respect to corporate governance. Cayman Islands corporate law is to a great extent based on English Law. In addition, due to the Company's listing on the Oslo Stock Exchange, certain aspects of Norwegian Securities law apply to the Company and there is a requirement to adhere to the Norwegian Code of Practice for Corporate Governance. The Company endeavours to maintain high standards of corporate governance and is committed to ensure that all shareholders of the Company are treated equally and the same information is communicated to all shareholders at the same time.

It is the opinion of the Board of Directors that the Company complies with the Norwegian Code of Practice for Corporate Governance, but would like to comment on the following:

Business

Cayman Islands laws and regulation do not require the objects clause of the Companies Memorandum and Articles of Association to be clearly defined. The Company has however adopted clear objectives and strategies for its business.

Siem Offshore aims to grow the company within offshore support vessels, both organically and through combination with other operators, in order to achieve economies of scale and stronger presence in the market.

Siem Offshore aims to become a preferred supplier of marine services to the oil & gas industries based on quality and reliability and provide cost efficient solutions for its customers by understanding their operation and applying technology and experience.

The Company builds its business around a motivated workforce with the appropriate technical solutions and creating sustainable value to all shareholders.

Equity and Dividends

The priorities of the use of Company funds are firstly the investment opportunities in the business, secondly the repayment of debt and thirdly the return of capital to the shareholders in form of dividends or share buy-back.

The Board's mandate to increase the Company's share capital is limited only to the extent of the authorised share capital of the Company but with pre-emption rights for shareholders and in accordance with the Company's Memorandum and Articles of Association which comply with Cayman Island law.

Under the Articles of Association, the Board can issue new shares, convertible bonds or warrants at any time within the limits of the authorised capital without the consent of the general meeting but with pre-emption rights for shareholders. A General Meeting has further authorised the Board to issue new shares without pre-emption rights to all shareholders up to a limit of 50% of Siem Offshore' shares at the time the authorisation was given. The Board holds authorisation from General Meeting 8 May 2009 to issue 140,225,781 new shares. The authority gives the Board flexibility to finance investments, acquisitions and other business combinations on short notice through the issue of shares or certain other equity instruments in the Company. Furthermore the Board considers the granting of a new standing authority at the time of holding an Annual General Meeting rather than convening an Extraordinary General Meeting at some future time to be in the best interests of the Company, as this will result in cost savings and more effective time management for both the Company's senior management and its Shareholders.

Equal Treatment of Shareholders, Freely Tradable Shares and Transactions with Related Parties

The Company is committed to ensuring that all shareholders of the Company are treated equally and all the issued shares in Siem Offshore are freely tradable and carry the same rights with no restrictions on voting.

Siem Industries which owns 33,68% of Siem Offshore is represented by its Chairman, Kristian Siem, and President, Michael Delouche, on the Board of Siem Offshore. The Company pays an annual fee to Siem Industries as compensation for directorships, provision of an office and presence in the Cayman Islands, and other services. The fee is adopted by the annual general meeting based on a recommendation from the independent Board Members. Related part transactions are disclosed in the notes to the accounts.

General Meetings

The annual general meeting of the Company is held at the registered office of the Company in Cayman Islands on May 7, 2012 12:00 noon local time and Shareholders can be represented by proxy.

Board of Directors

The appointment of a nomination committee is not a requirement under Cayman Islands Law. In the appointment of board of directors, the Board consults with the Company's major shareholders and ensures that the board is constituted by directors with the necessary expertise and capacity. In addition, there is no requirement under Cayman Islands Law for the Company to establish a corporate assembly.

The Board of Directors as a group have extensive experience in areas which are important to Siem Offshore, including offshore services, international shipping, ship broking, financing and corporate governance and restructuring.

Work of the Board of Directors

The Board monitors the performance of management through regular meetings and reporting. The Company has a Compensation Committee and an Audit Committee.

Remuneration of Board of Directors

The remuneration of the Board members reflect their experience and is adopted by the annual general meeting based on the recommendation from the Board. The Board members do not have options or profit based remuneration.

Remuneration of Leading Employees

The Company has a Compensation Committee which reviews and approves the compensation of the CEO and the bonuses to all leading employees. The Articles of Association of the Company permit the board to approve the granting of share options to employees. Currently there are no option programs in force. The remuneration of the CEO is disclosed in the notes to the accounts.

Information and Communication

The Company has a policy of treating all its owners equally, and keeping them properly updated of significant developments which impact on the Company. It does this through notices to the Oslo Stock Exchange, and placements of notices and other information on the Company's website (www.siemoffshore.com).

Take-over Situations

The shares in the Company are freely tradable and the Articles of Association of the Company does not hold specific defence mechanisms against take-over situations.

Auditor

The Auditor of the Company is elected at the annual general meeting which also approves its remuneration. The auditor reports on internal controls, risk areas and improvement potential in control systems once a year to the Audit Committee and Chairman. The audit process is planned in detail and the findings of the auditors are discussed with management and potential bigger issues are brought to the attention of the Audit Committee.