

TORM plc – Corporate Governance practices related to the UK Corporate Governance Code, as issued by the Financial Reporting Council in August 2018 (the “Code”)

TORM plc (the “**Company**”) has elected to adopt the Code, a copy of which is available on www.frc.org.uk.

As a company incorporated in the UK and listed on Nasdaq both Copenhagen and New York, the Company is required to report on its compliance with the Code in accordance with the “comply or explain” principle. The Company’s position with respect to compliance (or non-compliance) with the individual recommendations of the Code is required to be included in the directors’ report forming part of the Company’s Annual Report and Accounts (the “**Annual Report**”), the contents of which are summarized in more detail in this corporate governance statement. Prior to publication of the 2018 Annual Report, any references to the Annual Report should be viewed as reference to details which will appear in that Annual Report.

The Company has a one-tier board governance structure in accordance with UK legislation and is governed, subject to its Articles of Association, by its board of directors, consisting of both executive and non-executive directors, which undertakes both the management and monitoring functions of the Company (the “**Board**”).

Practices of the Board in general of the Company and any Executive Director(s):

- The Directors are entrusted with overall responsibility for the Company. The duties of the Directors include establishing policies for strategy, accounting, organization and finance and the appointment of executive officers. The primary responsibilities of the Directors are to manage the business and affairs of the Company within the limits prescribed by the Company’s Articles of Association or by special resolution of the shareholders. The Directors must act in what they consider the best interests of the Company consistent with their fiduciary duties.
- The non-Executive Directors of the Board select the Executive Director(s) and determine the terms and conditions of employment and the duties of the Executive Director(s). The Executive Director(s), together with the other members of the Group’s Senior Management (together, the “**Senior Management**”) is/are responsible for the day-to-day management of the Company, including the Company’s operational development, results and internal development, and for implementing the strategies and overall decisions approved by the Board.
- The Board has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Risk Committee. Terms of reference for each of these committees are available on the Company’s website (www.torm.com).

This Corporate Governance statement provides a detailed account of how the Company has applied the Code’s principles and how it complies with its provisions. It sets out the Company’s approach to governance and supplements the information given in the Company’s Annual Report, as approved by the Board.

14 August 2019

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
1: BOARD LEADERSHIP AND COMPANY PURPOSE			
Principles			
A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholder and contributing to wider society.			<p>The Board agrees with the Board leadership and Company purpose principles given in the Code, which it contemplates in its internal Rules of Procedure:</p> <ul style="list-style-type: none"> • To provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risks to be assessed and managed. • To safeguard the interests of the shareholders in the Company with due regard to other stakeholders.
B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.			<p>The Board agrees with the Board leadership and Company purpose principles given in the Code, which it contemplates alongside its internal Rules of Procedure:</p> <ul style="list-style-type: none"> • To set the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance; and • To set the Company's values and standards and ensure effective engagement with its members, in order that its obligations to its shareholders and others are understood and met. • To lead by example, promoting the desired culture. <p>All of the Company's Directors are briefed on the duties they owe as Directors of an English public company when they join the Board, including their statutory duties under the Companies Act 2006.</p>
C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.			<p>The Board agrees with the Board leadership and Company purpose principles given in the Code, which it contemplates alongside its internal Rules of Procedure:</p> <ul style="list-style-type: none"> • Agrees a number of strategic KPIs that the Company believes are vital for the fulfillment of the strategic ambition. • Assesses the Company's performance across a wide range of measures and indicators against strategic targets. • Reviews the metrics and tests the relevance of these KPIs to the strategy on an ongoing basis.

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			<ul style="list-style-type: none"> • On an annual basis, conduct an Enterprise Risk Management process, during which the key risks facing the Company are identified, assessed, addressed and reported at different levels of the organization. • The Companies risk management approach emphasizes management accountability and oversight. Risks identified through the Company's risk management processes are prioritized based on probability and severity. Identified risks are discussed, and responsibility is assigned to the Senior Management Team member most suited to manage the risk. • The Company's financial controls are defined and monitored in a compliance framework consistent with the recognized framework established by the Committee of Sponsoring Organizations (COSO 2013)
<p>D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.</p>			<p>The Company aspires to maintain a consistent and distinctive dialogue with potential and existing shareholders and analysts, and the Chairman regularly discusses the Company's governance and strategy with major shareholders.</p> <p>The main platform for updated information regarding the Company and the development of the business is on the Company's website, the Annual Report, quarterly statements, Company announcements, investor presentations and newsletters are readily available for download or for automatic news updates, should shareholders wish to subscribe to the Company's mailing list.</p> <p>Furthermore, the Annual General Meeting invites shareholders to engage in dialogue with the Company and express their views actively during the meeting.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.</p>			<p>The central duty of the Directors is the duty to act in good faith and in a way most likely to promote the success of the Company for the benefit of its members as a whole. In fulfilling this duty, Directors should have regard (amongst other matters) to the likely consequences of any decision in the long term:</p> <ul style="list-style-type: none"> • the interests of its workforce • the need to foster business relationships with suppliers, customers and others • the impact of operations on the community and the environment • the desirability of maintaining a reputation for high standards of business • the need to act fairly between members of the Company. <p>The Board ensure that the Rules of Procedure and internal board policies for the Company's Board of Directors and Executive Management define the Board's most important tasks related to financial and managerial control of the Company.</p>
<p>1. The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.</p>	<p>In compliance</p>		<p>In the Strategic Report contained within the Annual Report, the Directors have included an explanation of the Company's business model and the strategy for delivering the objectives of the Company.</p> <p>One of the key accountabilities of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. Effective risk management is critical to the Board achieving its strategic objectives. The Company's financial controls are defined and monitored in a compliance framework consistent with the recognized framework established by the Committee of Sponsoring Organizations (COSO 2013).</p> <p>The Board reports annually on the review of the effectiveness of the systems in the Annual Report.</p>
<p>2. The board should assess and monitor culture. Where it is not satisfied that policy, practices or behavior throughout the business are aligned with the company's purpose, values</p>	<p>In compliance if wording is accepted</p>		<p>Through the use of the Company's annual employee motivation and satisfaction survey, the Board is able to assess and monitor culture this ensuring that policy is aligned to the company's purpose, values and strategy. All shore-based</p>

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<p>and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.</p>			<p>employees worldwide are invited to participate in the voluntary survey. The outcome of the survey is discussed within the organization and with the Board and corrective action is taken where deemed appropriate. The results from the survey are published in the Annual report under the Corporate Social responsibility section.</p> <p>The Company aims to attract and retain the best employees by living the TORM Leadership Philosophy values and by ensuring that the Company's leaders invest in their employees. Through the One TORM platform, the Company strives to continuously develop the employees' abilities to do what they do best.</p> <p>In accordance with the Companies Remuneration Policy, the Board of Directors has as part of the long-term incentive program granted certain employees Restricted Share Units (RSUs) in the form of restricted stock options. The RSUs aim at incentivizing the employees to seek to improve the performance of TORM and thereby the TORM share price for the mutual benefit of themselves and the shareholders of TORM.</p>
<p>3. In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board as a whole has a clear understanding of the views of shareholders.</p>	<p>In compliance</p>		<p>The Board and the Executive Management encourage an active dialogue with the Company's shareholders, AGM's, through investor meetings and Company's road show activity's.</p> <p>The Company aspires to maintain a consistent and distinctive dialogue with potential and existing shareholders and analysts, and the Chairman regularly discusses the Company's governance and strategy with major shareholders. The Board (including non-Executive Directors) and the Executive Management regularly discuss the market's expectations for the Company's results and receive regular feedback from shareholders.</p> <p>The main platform for updated information regarding the Company and the development of the business is on the Company's website, the Annual Report, quarterly statements, Company announcements, investor presentations and newsletters are readily available for download or for automatic news updates, should shareholders wish to subscribe to the Company's mailing list.</p>

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			<p>Furthermore, the Annual General Meeting invites shareholders to engage in dialogue with the Company and express their views actively during the meeting.</p> <p>The Senior Independent Director is also available for shareholders as required, and attends selected investor meetings in connection with the Company's road show activities and will continue to do so under his role.</p>
<p>4. When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.</p>	<p>In compliance if wording is accepted</p>		<p>The Company's registrar will record all proxy votes received up to 48 hours prior to the general meetings and report the votes 'For', 'Against' or 'Vote Withheld' to the Chairman prior to the relevant meeting.</p> <p>In the event of vote being cast against a board recommendation of more than 20 percent, the company would take action to understand the reasons behind the voting results and provide a summary in the annual report on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.</p> <p>The final result of all votes, including an explanation of what actions the company will take to consult with shareholders would be announced by the Company following the close of the meeting and shown on the Company's website. A further notice would be made within six months, containing an update on shareholder views and actions taken.</p>
<p>5. The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.</p> <p>For engagement with the workforce one or a combination of the following methods should be used:</p> <ul style="list-style-type: none"> • a director appointed from the workforce; 	<p>In compliance if wording is accepted</p>		<p>The Board understand their duties as described under section 172 of the Companies Act 2006 and duly consider all aspects of the section when looking to promote the success of the Company. In both the Strategic and Corporate Social Responsibility reports contained within the Annual Report, the Directors include explanations of the Company's business model and the strategy for delivering the objectives of the Company, including the methods used for engaging with its workforce.</p> <p>To ensure consistent communication to all investors, quarterly and annual financial statements and other stock exchange announcements are the main channels of communication. In 2019, TORM maintained regular capital market contact through analyst and industry presentations, investor meetings and</p>

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<ul style="list-style-type: none"> • a formal workforce advisory panel; • a designated non-executive director. <p>If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.</p>			<p>conference calls. Roadshows are primarily held in Copenhagen and in the major European and US financial centers.</p> <p>Employees are the core and most valuable asset of the Company. Through the workforce the company continues to grow and thrive. Engaging with the workforce is therefore seen as a priority by the company. This is accomplished through the use of quarterly meetings “town halls”, as these gatherings constitute a valuable forum for sharing knowledge and best practice and encouraging feedback. In addition, the Company has three Board Observers who attend all Board meetings. Two of the observers are employee-elected and per Article 76 of the Articles are entitled to attend and speak at the Board meetings, but not vote, the third is a Deputy Minority Director.</p> <p>In addition the Board receive and review the Company employee survey.</p>
<p>6. There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously. The board should routinely review this and the reports arising from its operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.</p>	In compliance		<p>The audit committee has ensured that the whistleblower function established by TORM A/S in early 2006, has also been adopted by the Company. Details of the whistleblower function is accessible at www.torm.com (http://www.torm.com/about-torm/corporate-governance/whistle-blower).</p>
<p>7. The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.</p>	In compliance		<p>Three of the non-Executive Directors are considered to be independent.</p> <p>The Chairman is not considered independent under the Code, as Mr. Boehringer is a partner and managing director of the major shareholder, Oaktree Capital Management.</p> <p>The Board contemplates in its internal Rules of Procedure, matters surrounding, conflicts of Interest.</p> <p>Listed on the Company website and contained within Governance section of the Annual Report, the Board of Directors declare all Directorships and or management duties in other Boards.</p>

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			In addition, the integrated nature of TORM's business model provides transparency and additional alignment of management and shareholder interests, which mitigates the potential for actual or perceived conflicts of interest with related parties and allows for close control over operating expenses.
8. Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.	In compliance		Directors' concerns which cannot be resolved about the running of the Company or a proposed action will be recorded in the Board minutes. On resignation, a Director with such concerns would be expected to provide a written statement to the Chairman, for circulation to the Board. No such concerns have been highlighted.
2: DIVISION OF RESPONSIBILITIES			
Principles			
F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.			The Chairman leads the Board and ensures that the Board's work is carried out effectively. The non-Executive Directors are committed to contribute to constructively challenge and help develop proposals on strategy. The Executive Director and Senior Management ensure that the Directors receive accurate, timely and clear information. The Board receives regular updates on business performance against the annual business plan, details of strategic and investment decisions, and presentations from members of the Senior Management Team at Board meetings
G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.			The Board excluding the Chairman, consists of three non-executive directors, all of whom are considered to be independent. The division of responsibilities between the Chairman and any CEO or sole Executive Director is stated in the Rules of Procedure for the Board, which has been reviewed and approved by the Board.

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<p>H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.</p>			<p>All Directors have committed to allocating sufficient time to the Company. Upon appointment, each of the Board members committed to allocating sufficient time to fulfill his/her responsibilities towards the Company. The non-Executive Directors have undertaken that they have sufficient time to carry out their duties. The other significant commitments of each non-Executive Director were disclosed to the Board before appointment. Changes to such commitments are reported to the Board as they arise, and details of these commitments are included in the Annual Report.</p> <p>The Nomination Committee ensure via its terms of reference that appointments to the Board are able to constructively challenge, offer relevant advice/guidance and hold the senior management to account.</p>
<p>I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>			<p>The Board is confident that it has in place the Rules of Procedure, internal board policies, time and resources in order to function effectively and efficiently. In addition, the Executive Director and Senior Management ensure that the Board receives accurate, timely and clear information.</p> <p>The Company Secretary is responsible to the Board for keeping all statutory minutes and records. The directors have access to advice and services from the Company Secretary</p>
<p>9. The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.</p>	<p>In compliance</p>		<p>The Chairman will be a different person to any CEO or sole Executive Director appointed from time to time. The division of responsibilities between the Chairman and any CEO or sole Executive Director is stated in the Rules of Procedure for the Board, which has been reviewed and approved by the Board.</p>

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<p>10. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:</p> <ul style="list-style-type: none"> • is or has been an employee of the company or group within the last five years; • has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company; • has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme; • has close family ties with any of the company's advisers, directors or senior employees; • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; • represents a significant shareholder; or • has served on the board for more than nine years from the date of their first appointment. <p>Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.</p>	In compliance		<p>The annual report identifies within the corporate governance section under composition of the board of directors, those non-Executive Directors that are considered to be independent.</p> <p>The Chairman is not considered independent under the Code, as Mr. Boehringer is a partner and managing director of the major shareholder, Oaktree Capital Management.</p> <p>The Board has determined that each non-Executive Director is independent in character and judgments; commits sufficient time and energy to the role and continues to make a valuable contribution to the Board and its committees. The Board keeps under review whether there are relationships or circumstances which are likely to affect or could appear to affect their independence.</p> <p>The rights of the C share enable the C shareholder to elect all of the directors other than the B Director. Mr. Trapp and Mr. Janholt were originally nominated to the Board of TORM plc by the C shareholder (as they have served in an equivalent capacity on the Board of TORM A/S) but are nevertheless considered by the Board to be independent due to having no other affiliation.</p> <p>Mr. Weinstein is appointed by the holder of the B share. The B share is held by a trustee on behalf of independent A shareholders. Accordingly, Mr. Weinstein does not represent the B shareholder and so is considered by the Board to be independent.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
11. At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.	In compliance		The Board excluding the Chairman, consists of three non-executive directors, all of whom are considered to be independent.
12. The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.	In compliance		<p>The Company has issued one B share with a nominal value of USD 0.01, which is held by a trustee on behalf of the minority shareholders of the Company. Under the Company's Articles of Association, the holder of the B share has the right to elect one member of the Board (in the role of a "B Director" and also as Deputy Chairman) as well as one Board Observer.</p> <p>Given the responsibilities of the B Director contemplated in the Articles of Association with respect to the protection of the rights of the minority shareholders, the Company has appointed the B Director as the Senior Independent Director.</p> <p>The Senior Independent Director ensures that the views of each non-Executive Director are given due consideration and is available to both non-executive directors and shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate. On an annual basis the Senior Independent Director will meet with each non-Executive Director to appraise the chairs performance.</p>
13. Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinize and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors' present.	In compliance if wording is accepted		<p>The Nomination Committee, consisting of three Non-executive directors is responsible for assessing the composition, development, risk and succession plans for the Executive Director at least annually.</p> <p>Each year, the Board conducts a self-evaluation which addresses performance and achievements of the Board as a collective body and its individual members. Furthermore, the cooperation between the Board and Senior Management is evaluated at least once a year. In addition to the formal Board evaluation, the Board Chairman meets with each Non-Executive Director individually during the year to discuss their contribution to the Board.</p>

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			<p>Performance objectives of the executive management are clearly defined within the companies Remuneration Policy and further explained within the Remuneration report contained within the Annual report.</p> <p>The non-Executive Directors are committed to contribute to constructively challenge and help develop proposals on strategy.</p> <p>In addition, on every ordinary board meeting there is an agenda item which is designed for the board to meet without the presence of the Executive Director.</p>
<p>14. The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.</p>	<p>In compliance</p>		<p>Per the Companies Act 2006, Chapter 5, Section 228 (1) b, the Company has chosen to issue a written memorandum setting out the terms of the non-executive and executive directors' contracts. The memorandum is available for viewing at the Companies registered office upon demand.</p> <p>The Annual Report contains information on the chairman of the Board (the "Chairman"), the deputy chairman, the Executive Director and the chairmen and members of all committees appointed or established by the Board.</p> <p>The Annual Report provides information regarding the number of meetings of the Board and the individual attendance by Directors. Likewise, the Annual Report provides information regarding number of meetings of the committees and the individual attendance by the Directors.</p> <p>Any Director who is unable to attend a Board or committee meeting will still be provided with an opportunity to review the relevant papers and to provide comments in advance to the Chairman or the chairman of the relevant committee, as appropriate.</p> <p>The Company's annual report lists important activities of the committees during the year, and it includes a summary of the role for each of the Audit Committee, the Remuneration Committee, the Risk Committee and the Nomination Committee.</p>

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<p>15. When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the board, with the reasons for permitting significant appointments explained in the annual report. Full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.</p>	In compliance		<p>The non-Executive Directors have undertaken that they have sufficient time to carry out their duties.</p> <p>The other significant commitments of each non-Executive Director were disclosed to the Board before appointment. Changes to such commitments are reported to the Board as they arise, and details of these commitments are included in the Annual Report.</p> <p>The Executive Director does not hold any non-executive directorships in FTSE 100 companies, and his other directorships are stated in the Annual Report.</p>
<p>16. All directors should have access to the advice of the company secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the company secretary should be a matter for the whole board.</p>	In compliance		<p>The Company Secretary is responsible to the Board for keeping all statutory minutes and records. The directors have access to advice and services from the Company Secretary.</p> <p>The appointment or removal of the Company Secretary is a matter for the Board as a whole.</p>
3: COMPOSITION, SUCCESSION AND EVALUATION			
Principles			
<p>J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>			<p>The Company's procedures for the appointment of new Directors to the Board are set out in the Annual Report, Articles of Association and under the Terms of Reference of the Nomination Committee (available on the Company's website).</p> <p>The relevant and desired competency profiles of potential candidates for new Board members will be discussed by the Board as part of the preparation for each Annual General Meeting. The need for integration of new talent and the need for diversity in relation to e.g. international experience, gender and age are taken into consideration. Appointments will be made on merit and against objective criteria to ensure that the Board maintains a balance of skills and experience</p>

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K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.			The Board of Directors has established four committees for which formal Terms of Reference have been approved by the Board of Directors. The Board are confident that the Board itself and the Committees have the requisite combination of experience and knowledge.
L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.			The Nomination Committee is responsible for assessing the composition, development, risk and succession plans for the Executive Director at least annually. The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The review focuses on Board accountability and composition, the Board's role in setting strategy, risk management and succession planning and the effectiveness of the Board committees
17. The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.	In compliance		<p>The Board of Directors has established a Nomination Committee. The Nomination Committee consists of two independent non-Executive Directors and the Chairman, who is not considered by the Board to be independent. Accordingly, all members of the Nomination Committee are non-Executive Directors. The Nomination Committees Terms of Reference can be found on the Company's website</p> <p>The Nomination Committee consists of Christopher H. Boehringer, as Chairman, Torben Janholt and David Weinstein.</p> <p>If the Nomination Committee is considering the appointment of a successor to the Chairmanship of the Company, the terms of reference of the Nomination Committee provide that the Chairman shall not chair the committee in such circumstances. The Nomination Committee's terms of reference are available on the Company's website.</p>
18. All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.		Not in compliance	<p>The Company's procedures for re-election of Directors are set out in the Company's Articles of Association and within the Nomination Committees Terms of Reference, which are available on the Company's website.</p> <p>Under the Company's Articles of Association, apart from the B Director, each Director must retire at the end of the second annual general meeting after his</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
			<p>appointment or last re-appointment unless he has been re-appointed at that annual general meeting.</p> <p>The Board of Directors believes that given its controlling shareholder structure and Articles of Association and the past practices of TORM A/S, it is appropriate for all Directors to seek re-election every second years (except for the B Director).</p> <p>The holder of the B share has the right to elect the B Director to the Board of Directors. Given the role of the B Director in monitoring the rights of the minority shareholders, the Board of Directors does not believe that the B Director should be subject to re-election.</p> <p>Each of the other Directors excluding the B share Director, was re-appointed at the first annual general meeting after their initial appointment.</p> <p>The Board conducts an annual self-evaluation, which includes evaluation of the individual Directors. The review focuses on Board accountability and composition, the Board's role in setting strategy, risk management and succession planning and the effectiveness of the Board committees. In addition to the formal Board evaluation, the Board Chairman meets with each Non-Executive Director individually during the year to discuss their contribution to the Board</p>
<p>19. The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.</p>	<p>In compliance</p>		<p>None of the non-Executive Directors have served longer than nine years.</p>
<p>20. Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search</p>	<p>In compliance</p>		<p>Due to the way the Company was formed, the acquisition of TORM A/S and the importance of leadership and continuity following that event, and due to the combination of its controlling shareholder, Mr. Boehringer was appointed as</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>consultancy is engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.</p>			<p>Chairman of the Board and Messrs. Weinstein, Trapp and Janholt were appointed as non-Executive Directors without the use of any external search company or the use of open advertising.</p> <p>Future appointments to the Board of Directors will follow the Terms of reference of the Nomination Committee, which clearly sets out under Exhibit A the selection procedures to be used and, if required, the engagement of an external consultancy to assist the Committee in the identification of Board member candidates.</p> <p>The Nomination Committee will regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of Directors and make recommendations to the Board of Directors with regard to any changes.</p>
<p>21. There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.</p>	<p>In compliance</p>		<p>The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.</p> <p>Each year, the Board conducts a self-evaluation, which addresses performance and achievements of the Board as a collective body and its individual members. Furthermore, the cooperation between the Board and Senior Management is evaluated at least once a year.</p> <p>The Chairman is responsible for the continuous evaluation of the Board. The Chairman also conducts the self-assessment of the Board.</p> <p>The Annual Report states how the performance evaluation of the Board, its committees and its individual directors has been conducted.</p> <p>Board committee reviews will also be conducted against the principles set out in the Code.</p> <p>The Company is not at FTSE 350 company and will therefore carry out an annual internally-run evaluation.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
			The non-Executive Directors, led by the Senior Independent Director, annually review the performance of the Chairman, taking into account the views of the Executive Director, against his accountabilities and business objectives.
22. The chair should act on the results of the evaluation by recognizing the strengths and addressing any weaknesses of the board. Each director should engage with the process and take appropriate action when development needs have been identified.	In compliance		The Board conducts an annual self-evaluation, which includes evaluation of the individual Directors, during which, training and development needs are reviewed and agreed.
<p>23. The annual report should describe the work of the nomination committee, including:</p> <ul style="list-style-type: none"> • the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; • how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition; • the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and • the gender balance of those in the senior management and their direct reports. 	In compliance if wording is accepted		<p>The Annual Report provides information on the number of meetings held by the Nomination Committee in the financial year in question as well as the names of the members of the Nomination Committee, including the Chairman of the committee. Appointments, succession planning and self-assessment will all be discussed by the committee during 2019.</p> <p>The Governance section of the Company's website lists the key activities of the Nomination Committee during the year and includes the terms of reference of the Nomination Committee. In view of the Company's recent incorporation and listing, the Nomination Committee's activities were limited during the year as no new Directors have been appointed since the listing.</p> <p>The Board conducts an annual self-evaluation, which includes evaluation of the individual Directors. The review focuses on Board accountability and composition, the Board's role in setting strategy, risk management and succession planning and the effectiveness of the Board committees.</p> <p>The Company has an obligation to its customers, shareholders, employees, and other stakeholders to develop the Company's talent pool irrespective of attributes such as gender, religion, sexuality, nationality or ethnicity.</p> <p>With the enforcement of the Company's Leadership Philosophy and the planned sustained investments in diversity-enhancing measures, the Company is seeking to increase diversity within the Company. In 2019, the Company will continue to focus its diversity efforts on encouraging and developing female talent.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
			The Annual Report includes a description of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.
4: AUDIT, RISK AND INTERNAL CONTROL			
Principles			
M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.			<p>One of the key accountabilities of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. Effective risk management is critical to the Board achieving its strategic objectives. The Company's financial controls are defined and monitored in a compliance framework consistent with the recognized framework established by the Committee of Sponsoring Organizations (COSO 2013).</p> <p>The Board has established an Audit Committee. In the terms of reference of the Audit Committee, the arrangements for corporate reporting and risk management are outlined. Likewise, the internal control principles and for maintaining an appropriate relationship with the Company's auditors are outlined in the terms of reference.</p>
N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.			Where requested by the Board, the Audit Committee will report to the Board on whether the Annual Report, taken as a whole, is fair, balanced and understandable and will provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.			The Board has established a Risk Committee. The Board will confirm in the Annual Report that they have carried out a robust assessment of the principal risks faced by the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board will describe those risks and explain how they are being managed or mitigated.
24. The board should establish an audit committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. The chair of the board should not be a member. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee as a whole shall have competence relevant to the sector in which the company operates.	In compliance		<p>The Company has established an Audit Committee consisting of three independent, non-Executive Directors.</p> <p>The Audit Committee consists of Göran Trapp, as Chairman, D Weinstein and Torben Janholt.</p> <p>The Board is satisfied that the Audit Committee has recent and relevant financial experience and that the members of the Audit Committee as a whole have the necessary qualifications and competences relevant to the shipping sector. The Chairman of the Audit Committee, Mr. Göran Trapp, qualifies as an “Audit Committee financial expert” and possesses the necessary qualifications to fulfill the requirements. The Audit Committee also has access to the financial expertise of the Group and its external auditors and can seek further professional advice at the Company’s expense, if required.</p>
<p>25. The main roles and responsibilities of the audit committee should include:</p> <ul style="list-style-type: none"> • monitoring the integrity of the financial statements of the company and any formal announcements relating to the company’s financial performance, and reviewing significant financial reporting judgements contained in them; • providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the 	In compliance		<p>The formal role of the Audit Committee is set out in its Terms of Reference, which are available at http://www.torm.com/uploads/media_items/terms-of-reference-audit-committee.original.pdf.</p> <p>The Audit Committee is expected to meet at least four times a year. The Chief Financial Officer of TORM A/S, the head of TORM A/S’s Group Finance and the Company’s independent auditors should normally participate in the meetings. The Audit Committee may invite such other persons to its meetings as it deems appropriate.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>information necessary for shareholders to assess the company's position and performance, business model and strategy;</p> <ul style="list-style-type: none"> • reviewing the company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate board risk committee composed of independent non-executive directors, or by the board itself; • monitoring and reviewing the effectiveness of the company's internal audit function or, where there is not one, considering annually whether there is a need for one and making a recommendation to the board; • conducting the tender process and making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; • reviewing and monitoring the external auditor's independence and objectivity; • reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; • developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required; and 			<p>The independent auditor participates in all Audit Committee meetings. Furthermore, the auditor meets with the Board at least once a year.</p> <p>The Chairman of the Board and the Chairman of the Audit Committee have a direct dialogue with the independent auditor without the presence of the Executive Management on a case-by-case basis.</p> <p>The Board approves the election of the independent auditor and the overall conditions for the audit engagement on which basis the Audit Committee is mandated to approve the audit engagement letter.</p> <p>The Audit Committee is expected to make recommendations to the Board with respect to the appointment of the Company's independent auditors and provides a report on the committee's activities to the Board.</p> <p>The Audit Committee is responsible for assisting the Board in fulfilling its responsibilities pertaining to the accounting, auditing and financial reporting of the Company and ensuring the quality and integrity of such reporting.</p> <p>The Audit Committee assesses the need for an internal audit function on an annual basis and makes a recommendation to the Board.</p> <p>Based on the Company's size, complexity and its internal control environment, the Company has decided to defer the establishment of an internal audit function until the need arises.</p> <p>The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors to the Board. The Board has accepted the Audit Committee's recommendation.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<ul style="list-style-type: none"> reporting to the board on how it has discharged its responsibilities. 			
<p>26. The annual report should describe the work of the audit committee, including:</p> <ul style="list-style-type: none"> the significant issues that the audit committee considered relating to the financial statements, and how these issues were addressed; an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; in the case of a board not accepting the audit committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment); where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affects the work of external audit; and an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services. 	In compliance		<p>The Audit Committee Report within the Annual Report will provide information on the number of meetings held by the Audit Committee as well as the names of the Chairman and members. It will further include details of any significant issues related to the financial statements and an explanation of how it has assessed the effectiveness of the audit process. Details on the working relationship with the external auditor, including how independence is safeguarded, the approach to the reappointment of the external auditor and details on the length of the tenure and the last tender process, will also be included.</p> <p>The Corporate Governance section of the Company's annual report lists important activities of the Audit Committee during the financial year.</p> <p>The Audit Committee keeps under review the independence and objectivity of the Company's external auditors, including the review of audit fee proposals and non-audit fees.</p> <p>The external auditors were appointed to the Company in 2015, and there are no current retendering plans.</p> <p>The Audit Committee assesses the need for an internal audit function on an annual basis and makes a recommendation to the Board of Directors. The Audit Committee was satisfied that based on the Company's size, complexity and its internal control environment, the Company could defer the establishment of an internal audit function but has to revisit the decision. Further, the Audit Committee supported the use of an audit firm to review selected areas when needed or requested by the Audit Committee and/or TORM Management.</p>
<p>27. The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts,</p>	In compliance		<p>Where requested by the Board, the Audit Committee will report to the Board on whether the Annual Report, taken as a whole, is fair, balanced and</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy			<p>understandable and will provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.</p> <p>The Annual report contains the Statement of Directors' responsibilities, in which is stated the Directors responsibility for preparing the Annual Report and financial statements in accordance with applicable law and regulations.</p>
28. The board should carry out a robust assessment of the company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	In compliance		Based on the work of the Risk Committee, the Board will confirm in the Annual Report that they have carried out a robust assessment of the principal risks faced by the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board will describe those risks and explain how they are being managed or mitigated.
29. The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	In compliance		<p>The Board has established a Risk Committee. The Risk Committee consists of two independent non-Executive Directors and the Chairman, who is not considered by the Board to be independent.</p> <p>The Risk Committee consists of: Göran Trapp, as Chairman, Christopher H. Boehringer and Torben Janholt.</p> <p>Based on the work of the Risk Committee, the Board will confirm in the Annual Report that they have carried out a robust assessment of the principal risks faced by the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board will describe those risks and explain how they are being managed or mitigated.</p>
30. In annual and half-yearly financial statements, the board should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.	In compliance		An appropriate statement from the Board is included in the Annual Report and in the Company's quarterly reports. In those statements, the Board will state whether they consider it appropriate to adopt the going concern basis of accounting in preparing those reports. The Annual Report identifies any material uncertainties relating to the Company's ability to continue to adopt a going concern basis of accounting over a period of at least twelve months from the date of approval of the financial statements.

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>31. Taking account of the company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.</p>	<p>In compliance</p>		<p>In the Strategic Report within the Annual Report, the Directors have included an explanation of the Company's business model and the strategy for delivering the objectives of the Company. Within the Strategic Report included in the Annual Report, the Board will describe and assess the Company's risks, and the Directors will state whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment drawing attention to any qualifications or assumptions as necessary.</p>
5: REMUNERATION			
<p>Principles</p>			
<p>P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.</p>			<p>The company's Remuneration Policy includes thresholds for each variable component of the executive director(s) remuneration. The Board considers the management incentive plans to be in line with the provisions in Schedule A to the Code.</p> <p>Details of the performance-related elements of remuneration for the Executive Director(s), which form a significant proportion of the total remuneration package (including provisions for the recovery of sums paid and the withholding of payments) are disclosed in the remuneration report within the Annual Report.</p>
<p>Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.</p>			<p>The Remuneration Committee's role includes recommending to the Board the senior management remuneration strategy and framework of the Company.</p> <p>The company provides an account on remuneration, which is contained within the Annual report. This includes a directors' remuneration policy, which is subject to a binding vote at least every three years.</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
R. Directors should exercise independent judgement and discretion when authorizing remuneration outcomes, taking account of company and individual performance, and wider circumstances			The Remuneration Committee gives due regard to the financial and commercial health of the Company, and ensures that the senior management is fairly rewarded for the individual contributions to the Company's overall performance.
32. The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months.		Not in compliance	<p>The Company has appointed a Remuneration Committee. The Committee assists the Board of Directors by reviewing the performance and remuneration of the Executive Management as well as the Company's general remuneration policies.</p> <p>The terms of reference of the Remuneration Committee are available on the Company's website.</p> <p>The Remuneration Committee consists of three Directors; two independent non-Executive Directors and the Chairman, who was not considered by the Board to be independent on appointment. The Chairman of the Board is Chairman of the Remuneration Committee. As explained above, Mr. Boehringer may not be considered independent, and accordingly the Company does not have three independent non-executive directors appointed to the Remuneration Committee.</p> <p>In addition, the Chairman has been appointed as Chairman of the Remuneration Committee. However, given his association with the controlling shareholder and their alignment of interest with regard to remuneration, the Board believes it to be appropriate for Mr. Boehringer to chair that Committee.</p> <p>The Remuneration Committee seeks independent external advice as deemed necessary, and appropriate disclosures are included in the Annual Report where required.</p>
33. The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management. It should review workforce remuneration and related policies and the	In compliance if wording is accepted		The Remuneration Committee's role includes recommending to the Board the senior management remuneration strategy and framework of the Company, giving due regard to the financial and commercial health of the Company, and ensuring that the senior management is fairly rewarded for the individual contributions to the Company's overall performance. Review and approve the

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.			<p>general remuneration philosophy of the Company together with the Executive management.</p> <p>When considering the remuneration of the Chairman, the Chairman takes no part in discussions or decisions made by the Remuneration Committee or the Board.</p> <p>The Remuneration report within the Annual Report provides an overview of the total remuneration granted to each individual member of the Board.</p> <p>The board has determined the definition of 'senior management' to include the full TORM Senior Management team.</p>
34. The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements.	In compliance		<p>The Company's Remuneration Policy stipulates that the non-Executive Directors' remuneration cannot include participation in share or warrant programs. None of the non-Executive Directors receive any part of their compensation from the Company in shares.</p> <p>The level of remuneration for the non-Executive Directors is considered fair and reasonable and reflects their expected time commitment to the Company. The terms of remuneration for each non-Executive Director are disclosed in the Annual Report.</p> <p>The Company's Remuneration Policy and compliance with this policy is explained and justified annually in the Chairman's report presented to the shareholders at the Annual General Meeting and incorporated in the Annual Report.</p>
35. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management	In compliance		The Remuneration Committee seeks independent external advice as deemed necessary, and appropriate disclosures are included in the Annual Report where required.

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>36. Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.</p>	In compliance		<p>The Company's Remuneration Policy included within the Annual report details the LTIP plan for restricted share units granted to the executive director. The RSUs granted to the CEO will vest over a five-year period, with one fifth of the grant amount vesting at each anniversary during the five-year period.</p> <p>The company's Remuneration Policy includes thresholds for each variable component of the executive director(s) remuneration. The Board considers the management incentive plans to be in line with the provisions in Schedule A to the Code.</p> <p>Details of the performance-related elements of remuneration for the Executive Director(s), which form a significant proportion of the total remuneration package (including provisions for the recovery of sums paid and the withholding of payments) are disclosed in the remuneration report within the Annual Report.</p>
<p>37. Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.</p>	In compliance		<p>The company's Remuneration Policy includes thresholds for each variable component of the executive director(s) remuneration. The Board considers the management incentive plans to be in line with the provisions in Schedule A to the Code. In addition, the Remuneration policy details the Claw Back provisions related to the company's incentive plans.</p>
<p>38. Only basic salary should be pensionable. The pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements.</p>	In compliance		<p>The Directors of the Company do not receive a pension. In addition, Denmark-based Executive Director, in his role as CEO of TORM A/S, does not receive any pension.</p>
<p>39. Notice or contract periods should be one year or less. If it is necessary to offer longer periods to new directors recruited from outside the company, such periods should reduce to one year or less after the initial period. The</p>	In compliance		<p>The terms of appointment of the Executive Director provide that the Executive Director may be dismissed by the Company with twelve months' notice to the end of a month, and that the Executive Director may terminate his contract with six months' notice to the end of a month. The Executive Director shall not be</p>

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>remuneration committee should ensure compensation commitments in directors' terms of appointment do not reward poor performance. They should be robust in reducing compensation to reflect departing directors' obligations to mitigate loss.</p>			<p>entitled to any other kinds of remuneration upon retirement from office with the Company (or any of its subsidiaries).</p>
<p>40. When determining executive director remuneration policy and practices, the remuneration committee should address the following:</p> <ul style="list-style-type: none"> • clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce; • simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand; • risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioral risks that can arise from target-based incentive plans, are identified and mitigated; • predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy; • proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and • alignment to culture – incentive schemes should drive behaviors consistent with company purpose, values and strategy. 	<p>In compliance</p>		<p>The annual report on remuneration contained within the Annual report, sets out the full remuneration structure for the Executive Director of the company. The Remuneration Committee clearly states within its Terms of Reference that in determining policy and practices with regard to the executive director, they will ensure clarity, simplicity, risk, predictability and alignment to the company culture.</p> <p>The remuneration Committee's responsibilities include, aligning the financial interests of the Executive Director and other management employees with the achievement of the Company's objectives.</p> <p>The overall remuneration structure comprises:</p> <ul style="list-style-type: none"> • Base salary, benefits and allowances, set at a level appropriate to the sector and markets in which the Company operates • An annual bonus based on measures of annual financial and strategic performance • A share-based long-term incentive plan based on growth in the share price

Code provision	The Company complies	The Company does not comply	The Company complies/does not comply with the recommendation for the following reason:
<p>41. There should be a description of the work of the remuneration committee in the annual report, including:</p> <ul style="list-style-type: none"> • an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics; • reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps; • a description, with examples, of how the remuneration committee has addressed the factors in Provision 40; • whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary; • what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes; • what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and • to what extent discretion has been applied to remuneration outcomes and the reasons why. 	In compliance		The company provides an annual report on remuneration, which is contained within the Annual report. This includes a directors' remuneration policy, which is subject to a binding vote at least every three years, and an annual report on remuneration in the financial year being reported on, and on how the current policy will be implemented in the next financial year, which is subject to an annual advisory vote