

TERMS OF REFERENCE FOR THE RISK COMMITTEE OF TORM PLC FOR TORM PLC (THE "COMPANY")

Purpose and Authority

The purpose of the Risk Committee (the "**Committee**") is to assist the Board of Directors (the "Board") in fulfilling its responsibilities relating to the oversight of the quality and effectiveness of the company-wide risk management program including strategic, operational, compliance, health, safety, security and environmental ("HSSE") related matters, financial, credit, market, reputational and other risks.

The Committee shall oversee the risk management reporting and processes of the Company, discuss relevant risk management policies, capital structure targets and planned funding initiatives. The Committee is responsible for providing a recommendation to the Board with respect to these targets and initiatives, which the Board may use as a basis for its recommendation to the Company's Annual General Meeting of shareholders.

The Committee is responsible for reviewing an annual enterprise and financial risk report ("**Enterprise Risk Management Report**") prior to its release, while the approval of the Enterprise Risk Management Report is the responsibility of the Board.

The Committee shall have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in these Terms of Reference or otherwise assigned to it by the Board. In discharging its duties, the Committee is empowered to investigate any matter brought to its attention and shall have unrestricted access to Management, the Designated Person and the Head of Group Treasury Department and to information deemed relevant for the investigation. The Committee may have access to other employees.

The Committee may engage and compensate outside counsel or other experts or consultants, as it deems appropriate to carry out its duties. Such engagement and compensation shall be made through the senior management team of the Company ("**Management**") or the Head of Group Treasury Department. The Company shall provide appropriate funding, as the Committee determines, for the payment of compensation to any outside counsel and other advisors retained by the Committee and for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Membership and Appointment

The Committee shall at any time consist of at least three members of the Board, as determined by the Board, the majority of whom shall meet the independence requirements established by the Board and applicable laws, regulations and listing requirements. At least one Committee member shall in the judgment of the Board have sufficient qualifications within risk management and capital markets knowledge in order to have the ability to make an independent assessment of the appropriateness of the Company's risk management and control environment as well as the planning and execution of the risk management policies and funding activities.

The Committee members are appointed and the chairperson of the Committee is nominated among these by the Board. The Board may remove any member from the Committee at any time with or without cause.

Meetings of the Committee

The Committee shall meet not less than four times a year, and a meeting calendar shall be established annually corresponding with the Company's financial reporting cycle. Additional meetings may occur as the Committee, its chair or Management deem advisable. The Management and the Head of Group Treasury Department will normally participate in the meetings. The Committee may invite such other persons to its meetings, including the independent auditors, as it deems appropriate. The Management and the Head of Group Treasury Department are not members of the Committee.

A quorum of any meeting will be two members, but members of the Committee should attend all meetings. The Committee shall keep adequate minutes of all its proceedings and will report on its activities to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with these Risk Committee Terms of Reference, relevant laws and provisions. Any changes to these Risk Committee Terms of Reference shall be pre-approved by the Board.

Roles and Responsibilities

To fulfill its responsibilities and duties, the Risk Committee will carry out the following tasks:

Company responsibilities

- Approve key risk management policies, methodologies and standards adopted, which include measurable milestones such as tolerances, intervals and frequencies of certain risks
- Help to set the tone and develop a culture of the Company with respect to risk management, promote open discussion regarding risk, integrate risk management into the Company's goals and compensation structure and create a corporate culture so that employees at all levels manage risks rather than reflexively avoid or heedlessly take them
- Provide input to Management regarding the Company's risk appetite and tolerance and, ultimately, approve risk appetite and the statement of risk appetite and tolerance disseminated throughout the Company and by line of business
- Monitor the Company's risk profile, which is the Company's ongoing and potential exposure to risks of various types

The Enterprise Risk Management Report should set the tone for risk management in the Company and should indicate how risk management will support the Company's business strategy. The Enterprise Risk Management Report should include the Company's definitions of risk and risk management, the risk management objectives, the risk approach and philosophy as well as the various responsibilities and ownership for risk management within the Company.

The Committee should:

- Review the Enterprise Risk Management Report at least once a year
- Discuss with the management team the Company's major risk exposures and review the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies

- Define risk review activities regarding the decisions (e.g. acquisitions), initiatives (e.g. new segments) and transactions and exposures (e.g. by amount) and prioritize them prior to being sent to the Board's attention
- Review and confirm that all responsibilities outlined in these Terms of Reference have been carried out
- Monitor all enterprise risks; in doing so, the Committee recognizes the responsibilities delegated to other committees by the Board and understands that the other committees may emphasize specific risk monitoring through their respective activities
- Conduct an annual performance assessment relative to the Risk Committee's purpose, duties and responsibilities and consider a mix of self- and peer-evaluation, which could be supplemented by evaluations facilitated by external experts
- Review and approve the risk management infrastructure and the critical risk management policies adopted by the Company
- Continually, as well as at specific intervals, monitor risks and risk management capabilities within the Company, including communication about escalating risk and crisis preparedness and recovery plans
- Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed
- Communicate formally and informally with the management team and risk management regarding risk governance and oversight
- Review and assess the effectiveness of the Company's enterprise-wide risk assessment processes and recommend improvements, where appropriate
- Review and address, as appropriate, management's corrective actions for deficiencies that arise with respect to the effectiveness of such programs
- Monitor governance rating agencies and their assessments of the Company's risk and proxy advisory services policies and make recommendations as appropriate to the Board
- In coordination with the Audit Committee, understand how the Company's internal audit work plan is aligned with the risks that have been identified and with risk governance (and risk management) information needs

Reporting

- Understand and approve management's definition of the risk-related reports that the Committee could receive regarding the full range of risks that the Company faces as well as their form and frequency
- Respond to reports from management so that management understands the importance placed on such reports by the Committee and how the Committee views their content
- Read and provide input to the Board and Audit Committee regarding risk disclosures in financial statements and other public statements regarding risk, including a statement (to be contained in the Company's annual report and/or corporate governance statement) that the Committee has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity
- Keep risk on both the full Board's and Management's agenda on a regular basis
- Coordinate (via meetings or overlap of membership), along with the full Board, relations and communications with regard to risk among the various committees, particularly between the Audit and Risk Committees
- Disclose in the Company's Annual Report how it has satisfied itself that risk assessments, responses and interventions are effective

Charter review

- Review these Terms of Reference at least annually and update them as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements
- Perform any other activities consistent with these Terms of Reference, the Company's Articles of Association and governing laws that the Board or Risk Committee determines are necessary or appropriate
- Submit these Terms of Reference to the full Board for approval

The Committee was constituted as a committee of the Board of the Company at a full meeting of the Board held on 14 March 2016 in accordance with the articles of association of the Company.