

REMUNERATION POLICY

1. Introduction

The following pages set out the remuneration policy for Directors of TORM plc which, if approved by shareholders at the General Meeting on 4 April 2017, will take effect from the date of that meeting. Notwithstanding the foregoing, as at the date of this Annual Report TORM plc, is in compliance with the requirements of this Directors' remuneration policy

The Board of Directors (the "**Board of Directors**") of TORM plc ("**TORM**" or the "**Company**"), has adopted this remuneration policy (the "**Remuneration Policy**"), including overall guidelines on incentive pay, in line with the previous remuneration policy adopted by TORM A/S prior to the Exchange Offer for TORM A/S by the Company, which was completed on 15 April 2016.

This Remuneration Policy provides the framework for remuneration paid to non-Executive members of the Board of Directors and certain specified members of the Company's Executive Management (the "**Executive Management**"; the Board of Directors and the Executive Management jointly referred to as the "**Management**").

In accordance with the requirements of the UK Companies Act 2006 and as part of its annual report for the year ended 31 December 2016, the Company will be required to prepare a remuneration report for that financial year (the "**Remuneration Report**").

As part of the Remuneration Report, the Company is required to have a remuneration policy for the Company which complies with the contents requirements of the UK Companies Act. The Remuneration Policy will be proposed for approval at the Annual General Meeting of the Company to be held in 2017 and will continue to be subject to a binding shareholder vote at least once every three years thereafter.¹

2. Background and general objectives

The growth and future success of the Company depend upon the efforts of the members of Management. Therefore, it is the overall objective of this Remuneration Policy to attract, motivate and retain qualified Management members.

Remuneration of members of Management, including the size and composition of the Board of Directors, shall be determined with a view to promote value-creation within the Company, to implement its short-term as well as long-term strategic goals and to create common interests between members of Management and TORM shareholders.

2.1 Consideration of employment conditions elsewhere in the Company

The Company does not specifically consult with employees in relation to this policy and no direct comparison metrics are applied between employees and the remuneration levels for Executive Director(s). However, this Remuneration Policy seeks to ensure that the combined remuneration to members of Management for work performed in and for the Company is market comparable not only in comparison to other industry groups, but also in comparison with peer companies within the global shipping industry. When considering salary increases for the Executive Director(s), the Company will seek to ensure comparison against other companies within the same market capitalization range.

2.2 Statement of consideration of shareholder views

The Chairman of the Annual General Meeting of the Company will inform the shareholders of any proposal by the Board of Directors in relation to level of Management remuneration. The Committee is strongly committed to an open and transparent dialogue with shareholders on remuneration matters and the Chairman will invite comments from the shareholders before any level is agreed upon.

3. Remuneration of the Board of Directors

Members of the Board of Directors receive a fixed annual fee in line with the amounts set out in Table 1 below. The level of the fixed annual fee is proposed by the Board of Directors at the Annual General Meeting, after comparison against other companies within the same market capitalization range.

Non-executive members of the Board of Directors are not offered any participation in any incentive schemes. However, the Executive Director participates in an incentive scheme of TORM plc's subsidiary, TORM A/S,

in his role as CEO of that company. The Chairman and the Deputy Chairman of the Board of Directors as well as the Chairman and members of the committees established by the Board of Directors may receive additional fees in line with the amounts set out in Table 1 below.

If a member of the Board of Directors is instructed to take on a specific ad hoc task that falls outside the scope of that member's ordinary duties, such member may be offered an additional fee for the work carried out related to such task subject to the approval by the Board of Directors.

The Company will be required, under the UK Companies Act 2006, to prepare a Remuneration Report for each financial year, which will be provided to shareholders as part of the Company's annual report, and which will set out details of all payments made to the Board of Directors in the preceding financial year.

The Remuneration Policy will be subject to a binding shareholder vote at least once every three years.

TORM may reimburse relevant reasonable expenses, such as travel and accommodation, in connection with attendance at meetings of the Board of Directors (or duly appointed committees of the Board of Directors).

The remuneration principles applicable to members of the Board of Directors also apply to any Board Observer appointed in accordance with articles 74 or 76 of the Articles of Association of the Company.

Any fees payable to the members of the Board of Directors and any Board Observer may be paid in cash or as a share-based payment.

Table 1 – Board Fees

Non-Executive Board Members	Directors Fee per Annum

Table 2 – Executive Board Members

Elements and Purpose	Operation and performance measures
Director fees – provides base level remuneration	The level of the fixed annual fixed fee is proposed by the Board of Directors at the Annual General Meeting, after comparison against other companies within the same market capitalization range. There are no performance measures associated with the Directors fees.

Chairman	EUR 150,000
Deputy Chairman	EUR 100,000
Director	EUR 50,000
Additional duties	Additional Fees per Annum
Chairman of the Audit Committee	EUR 50,000
Other Audit Committee members	EUR 25,000
Chairman of the Risk Committee	EUR 50,000
Other Risk Committee members	EUR 25,000
Chairman of the Nomination Committee*	EUR 25,000
Other Nomination Committee members*	EUR 25,000
Chairman of the Remuneration Committee	EUR 25,000
Other Remuneration Committee members	EUR 25,000

**Only payable in a year where actual meetings are held*

3.1 Approach to recruitment remuneration of Executive Director

When considering the appropriate remuneration for a new Executive Director, the Remuneration Committee will consider the level of the fixed annual fee proposed by the Board of Directors and agreed at the Annual General Meeting as detailed in Table 2 below. We aim to provide a remuneration package which is sufficient to attract, retain and motivate key talent, while at all times, ensuring we pay no more than is necessary with due regard to the best interests of the company and our shareholders. The Remuneration Committee will provide full details of the recruitment package for any new Executive Director in the next annual report on remuneration and will provide shareholders with the rationale for any decisions taken.

CEO Base salary provides base level remuneration at a competitive market rate.	The salary will be discussed and agreed with the Chairman of the board of Directors once a year in May. There are no performance measures associated with the base salary.
CEO taxable benefits - provides base level remuneration at a competitive market rate.	Set at a level which the Committee considers appropriate for the role and individual circumstances). There are no performance measures associated with this benefit. Executive Directors receive a competitive benefits package, which may include Company Car / newspapers / mobile phone / PC / ADSL and call charges. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects the circumstances of the individual Director. The benefits payable to the Executive Directors during the financial year under review are disclosed in the Annual Report on Remuneration
CEO bonus – provides a variable level of remuneration based on short term performance against the annual plan.	The Board of Directors will provide the CEO with a performance bonus for each financial year in the following range and based upon the following parameters: <ul style="list-style-type: none"> • The fulfilment of specific performance metrics by the Company (up to 50% of the CEO's base salary); • TORM P/NAV vs. peers based on weighted average price to net asset value ratio (up to 50% of the CEO's base salary); and • Up to 20% of the CEO's base salary based on the sole discretion of the Company's Board of Directors. In aggregate, the maximum achievable cash bonus for any financial year for the CEO is equal to 120% of the CEO's base salary in that financial year.
CEO LTIP – provides the largest potential remuneration to long term performance. Each type of award is discussed in greater detail in the sub-paragraph "Types of Incentives" at 4.2 below including all relevant performance measures.	Incentives under the LTIP may be granted in any one or a combination of the following forms: <ul style="list-style-type: none"> • share options; • restricted share units; and • other share-based awards.

3.2 Service contracts

In accordance with 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. Under the Company's Articles of Association, each Director must retire at the end of the second Annual General Meeting after his appointment or last reappointment, unless he has been reappointed at that Annual General Meeting.

3.3 Payments for loss of office

Non-Executive Directors - the Company does not consider making payments for loss of office of non-Executive Directors.

Executive Directors - a termination notice cannot exceed 24 months. Termination by the Executive Director shall be subject to a minimum of six months' prior written notice. Any severance pay cannot exceed an amount

corresponding to the remuneration paid for the preceding two years. The Remuneration Committee will maintain a discretionary approach to the treatment of leavers, on the basis that the facts and circumstances of each case are unique. In an exit situation, the Remuneration Committee will consider: the individual circumstances, any mitigating factors that might be relevant; the appropriate statutory and contractual position and the requirements of the business for speed of change

The Company may terminate the CEO's service agreement by at least 12 months' notice to expire on the last day of a month. The CEO may terminate his service agreement by 6 months' written notice to expire on the last day of a month.

4. Remuneration of the Executive Director

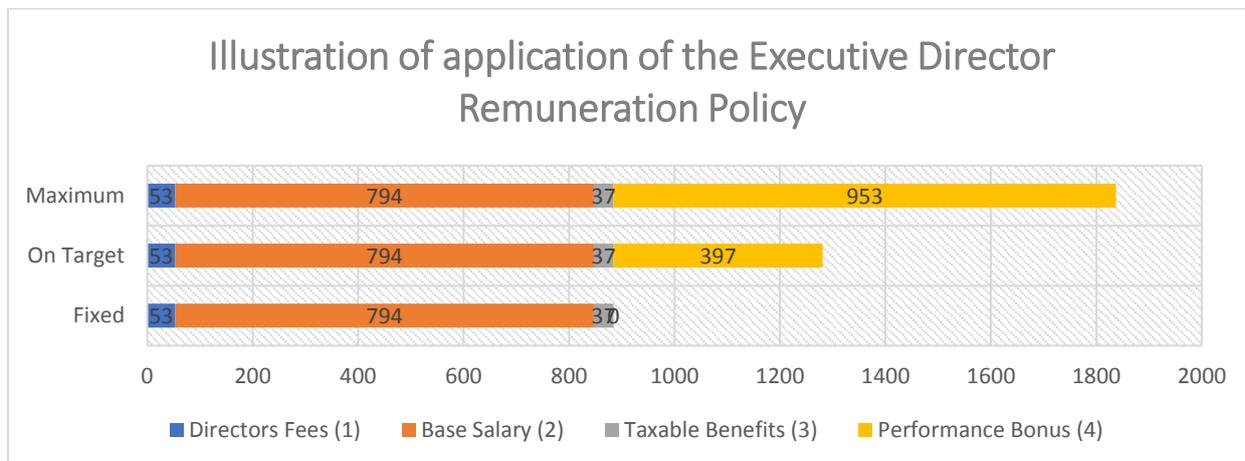
4.1 Composition

The performance scenario charts below show the estimated remuneration that could be received by the current Executive Director for 2017, both in absolute terms and as a proportion of the total package under different performance scenarios. The assumptions

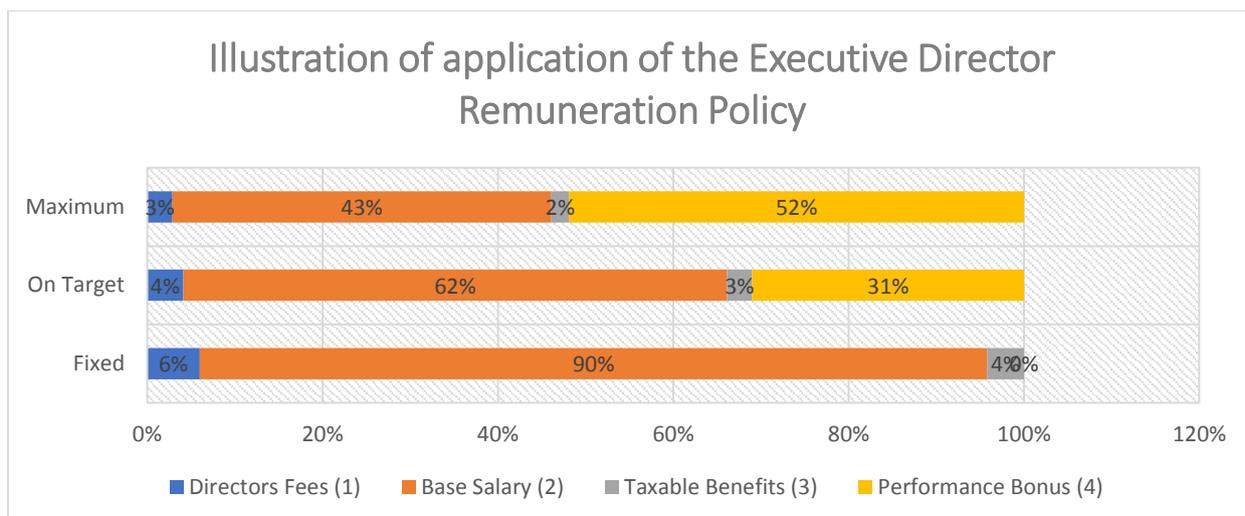
underlying each performance scenario are detailed in the table below:

Executive Board Members	Operation and performance measures
Director fees	The level of the fixed annual fee of € 70,000 is proposed by the Board of Directors at the Annual General Meeting, after comparison against other Companies within the same Market Capitalization range.
CEO Base Salary – provides base level remuneration at a competitive market rate.	2016 salary, as disclosed in the Annual Report on Remuneration. The base salary for 2017 will be discussed and agreed with the Chairman of the Board of Directors in May 2017 and unless otherwise agreed any adjustment of the salary will take effect on 1 January the same year.
CEO taxable benefits - provides base level remuneration at a competitive market rate.	2017 estimated taxable benefits Company Car - The Company can place a car costing no more than DKK 1 million at the CEO's disposal and pay the running and maintenance expenses associated with the car (DKK 23,000 per month). The CEO has chosen to receive the benefit of DKK 23,000 per month as salary instead. Allowances and benefits - Other benefits provided directly include, two newspapers (DKK 5,500 per annum), mobile phone which may be used for both business and private purposes, a PC at the CEO's disposal at his home address which may be used for both business and private purposes including ADSL and call charges (2,700 DKK per annum).
CEO bonus – provides a variable level of remuneration based on short term performance.	The Board of Directors will provide the CEO with a performance bonus for each financial year in the following range and based upon the following parameters: <ul style="list-style-type: none"> • The fulfilment of specific performance metrics by the Company (up to 50% of the CEO's base salary).; • TORM P/NAV vs. peers (Scorpio and Ardmore) based on weighted average Price to Net Asset Value ratio 2017 (quarterly NAV determined by recognized banks) (up to 50% of the CEO's base salary); and • Up to 20% of the CEO's base salary based on the sole discretion of the Company's Board of Directors. <p>In aggregate, the maximum achievable cash bonus for any financial year for the CEO is equal to 120% of the CEO's base salary in that financial year.</p>
CEO LTIP – provides the largest potential remuneration to long term performance. Each type of award is discussed in greater detail in the sub-paragraph "Types of Incentives" below	The Restricted Share Units (RSUs) were granted to the Chief Executive Officer in 2016 and will vest over a five-year period, with one fifth of the grant amount vesting at each anniversary during the five-year period. There are no performance measures associated with this award. They have therefore been left out of the estimated remuneration that could be received by the current Executive Director for 2017.

Table 3 - Executive-Director remuneration



1. Directors Fee - the figure of € 50,000.
2. Base salary – is a fixed figure. Therefore, there is no minimum or maximum.
3. Taxable benefits - is a fixed figure. Therefore, there is no minimum or maximum.
4. Performance bonus –
 - a. Minimum attainable value was zero.
 - b. On target - The fulfilment of specific performance metrics by the Company (up to 50% of the CEO's base salary). For this example, no other parts of the performance bonus calculation have been taken into account.
 - c. The maximum attainable was 120% of base salary.



The Executive Director receives a fixed annual base salary based on assessment of the overall objectives of this Remuneration Policy, market practice, scope and nature of the work performed, qualifications required and the performance of each member.

When the Executive Director is also the CEO of the Company's subsidiary TORM A/S, his/her remuneration will include compensation from TORM A/S, subject to the framework of this Remuneration Policy.

The Executive Director's terms of employment with the TORM Group including, salary, pension, and resignation, are determined by the Board of Directors. A termination notice cannot exceed 24 months. Resignation by the Executive Director shall be subject to a minimum of six months' prior written notice. Any severance pay cannot exceed an amount corresponding to the remuneration paid for the preceding two years.

In addition, the Executive Director may be offered to participate in management incentive plan(s) (a "Plan" or "Plans") or be offered extraordinary bonuses as well as ordinary benefits, *inter alia* company car, telephone, internet access and newspapers.

4.2 TORM's Management Incentive Plans

The Plans are established by the Board of Directors who will determine the terms and conditions of each Plan subject to the framework of this Remuneration Policy.

When determining the composition of a Plan, including the elements of incentive pay as well as the ratio between fixed salary and incentive pay under the Plan, due consideration must be given to the overall objectives of this Remuneration Policy to avoid undesirable incentives. The Plan should combine an effective means of attracting and retaining qualified candidates with a long-term focus on maximizing shareholder value.

Purpose of the Plans

A Plan may comprise a Short-term incentive plan ("STIP") and/or a long-term incentive plan ("LTIP"), both as described below.

TORM believes that providing the members of Executive Management with a proprietary interest in the growth and performance of TORM stimulates individual performance and enhances shareholder value. TORM also believes that a significant portion of a named executive's compensation should be directly linked to TORM's performance.

This Remuneration Policy has several provisions designed to protect shareholder interests and promote effective corporate governance in respect of the Plans, including the following:

- limitations on grants to Executive Management and individual participants in a given calendar year; and
- awards under the Plans are administered by the Remuneration Committee, an independent committee of the Board of Directors.

Estimated Present Value. The estimated present value of the Plans will be disclosed in TORM's annual report.

Terms of the Plans

Administration. The Board of Directors will, based on recommendations from the Remuneration Committee, generally administer a Plan and has the authority to grant incentives under any Plan and to set the terms of the awards, amend any outstanding incentives or accelerate the time at which any outstanding incentives may vest, correct any defect in the Plans or any incentive as it deems necessary and establish rules or regulations relating to administration of the Plans. See further paragraph 4.4

below, "*Adjustments*". All provisions of the Plans and any actions taken thereunder will be subject to applicable law.

Principal Conditions for Granting Incentive Pay. The attainment of performance targets based on TORM's strategic and operational initiatives, including inter alia total shareholder return and cash flow metrics, may be used to determine allocations under the Plans, in addition to discretionary allocations. *Eligibility.* Members of Executive Management will be eligible to receive incentives under a Plan when designated as participants.

Requirements. The Board of Directors has discretion to determine the times at which such incentives are to be made, the size of such incentives, the form of payment and all other conditions of such incentives, including any restrictions, deferral periods or performance requirements.

Amendments or Discontinuation. The general meeting must approve any amendments to, or discontinuation of, this Remuneration Policy, which provides the framework for the Plans. No amendment to, or discontinuation of, this Remuneration Policy may materially impair any previously granted award under the Plans without the consent of the recipient.

Term. No incentives may be granted under a Plan more than ten years after the date on which this Remuneration Policy was initially approved by the general meeting.

Incentive Agreements. Grants of incentives will be subject to the terms and conditions of the Plans and may also be subject to individual restrictions imposed by the Board of Directors and detailed in an incentive agreement between TORM and the relevant participant.

STIP. The STIP primarily supports fulfilment of short-term objectives and goals. The Board of Directors may, based on recommendations from the Remuneration Committee, decide to declare annual cash bonuses to members of Executive Management in order to meet the overall objectives of this Remuneration Policy. Such bonuses may be subject to the attainment of certain performance or other targets.

LTIP. Incentives under the LTIP may be granted in any one or a combination of the following forms:

- share options;
- restricted share units; and
- other share-based awards.

Each type of award is discussed in greater detail in the sub-paragraph "*Types of Incentives*" below.

The LTIP primarily supports fulfilment of long-term objectives and goals.

Maximum Threshold. The maximum threshold for the share-based LTIP grants applicable to Executive Management as a group is expected to be approximately 7% of the Company's share capital from time to time.

Minimum Vesting Requirements. Incentives granted under the LTIP are generally subject to minimum vesting requirements of three years and must generally have a vesting period of five years for members of Executive Management (with incremental vesting permitted over the vesting period).

Types of Incentives. Each type of award that may be granted under the LTIP is described below.

- *Share Options.* A share option is a right to subscribe for A shares in TORM. The Board of Directors will determine the number and exercise price of the options and when the options become exercisable. The term of an option may not exceed ten years. The Board of Directors may not decrease the exercise price for any outstanding options after the date of grant other than as provided for in the Plans or in accordance with the adjustment principles set out in paragraph 4.4 below. In addition, an outstanding option may not, as of any date that the option has a per share exercise price that is greater than the then current fair market value of a share, be surrendered to TORM as consideration for the grant of a new option with a lower exercise

price, another award, a cash payment or A shares, unless provided for in the Plans or in accordance with the adjustment principles set out in paragraph 4.4 below.

The option exercise price may be paid in cash, by check, in A shares, through a "cashless" exercise arrangement, through a net exercise procedure (if approved by the Board of Directors) or in any other manner authorized by the Board of Directors.

TORM intends to make A shares available upon exercise of any share options by way of a fresh issuance of A shares out of capital and currently has allotment authorities in place in order to allow any such share issuances to be made by the Company.

- *Restricted Share Units.* A restricted share unit, or RSU, represents the right to receive from TORM one share, on a respective vesting or settlement date. Subject to the restrictions provided in the applicable incentive agreement and the LTIP, a participant receiving RSUs has no rights as a shareholder as to such units, until the RSUs vest and A shares are issued to the participant. RSUs may be granted with dividend equivalent rights; however, unless determined by the Board of Directors to be paid currently, TORM shall establish a bookkeeping account for the participant and reflect in that account any securities, cash or other property comprising any dividend or property distribution with respect to each share underlying each RSU.
- *Other Share-Based Awards.* The LTIP also permits the Board of Directors to grant to eligible participants awards of A shares and other awards that are denominated or payable in, valued in whole or in part by reference to, or are otherwise based on or related to, A shares of, or the appreciation in value of, A shares.

Termination of Employment or Service. Each incentive agreement may, subject to applicable law, include provisions requiring the forfeiture of outstanding incentives in the event of the participant's termination of employment, if such participant is considered a bad leaver (as defined by the Board of Directors in the individual agreement) or, in the case of performance-based grants, if applicable goals or targets are not met.

Change of Control. If determined by the Board of Directors and if so provided in the incentive agreement, a change of control of TORM (as defined by the Board of Directors in the individual agreement) may require that:

- all outstanding incentives will become fully vested and exercisable;
- all restrictions or limitations on any outstanding incentives will lapse;
- all performance criteria and other conditions relating to the payment of incentives will be deemed to have been achieved or waived by TORM;
- all outstanding options are required to be exercised by a certain date;
- the surrender to TORM of some or all outstanding options in exchange for a share or cash payment for each option equal in value to the per share change of control value, calculated as described in the LTIP, over the exercise price;
- any equitable adjustment be made to outstanding incentives as deemed necessary to reflect TORM's corporate changes; and/or
- an option will become an option relating to the number of A shares or other securities or property (including cash) to which the participant would have been entitled in connection with the change of control transaction if the participant had been a shareholder.

See further paragraph 4.4 below, "*Adjustments*".

Transferability of Incentives. The Board of Directors may determine that the incentives granted under the LTIP may not be transferred except (a) by will, (b) by the laws of descent and distribution, (c) pursuant to any court order in connection with separation of domestic property or (d) as to options only, if permitted by the Board of Directors and so provided in the applicable incentive agreement, to

immediate family members or to a partnership, limited liability company or trust for which the sole owners, members or beneficiaries are the participant or immediate family members.

Awards to Be Granted

Grants of incentives to members of Executive Management will be made by the Board of Directors as deemed necessary or appropriate considering the overall objectives of this Remuneration Policy.

4.3 Extraordinary Bonus

The Board of Directors may in individual cases grant a one-off bonus or other extraordinary incentive-based pay, e.g. retention bonus, severance payment, sign-on bonus or other schemes in connection with the appointment, provided that it is deemed necessary by the Board of Directors in order to meet the overall objectives of this Remuneration Policy. A grant of extraordinary bonus may consist of cash and/or be share-based and may be subject to the attainment of certain performance targets.

4.4 Adjustments

For the various types of incentive-based pay, the Board of Directors may lay down specific terms governing the lapse of the scheme or repayment of the incentive-based pay.

In exceptional cases or in extraordinary circumstances, TORM may reclaim in full or in part incentive pay paid to members of Executive Management (claw back), e.g. in the event of manifest errors in the accounting figures or other basis for award or vesting.

Furthermore, the Board of Directors may lay down provisions on accelerated vesting or exercise and adjustment of the incentive-based pay, exercise price, performance targets, etc., in the event of changes to the capital structure or other material events, which would otherwise adversely influence the value or effect of the incentive-based pay in contravention with the general objectives of this Remuneration Policy.

In respect of the share limitations provided in the LTIP, including the number of A shares subject to the LTIP, proportionate adjustments may be made by the Board of Directors in the event of any recapitalization, reclassification, share dividend, share split, combination of A shares or other similar change in the A shares. In addition, the exercise price of any outstanding options and any performance goals will be adjusted downwards for dividends and will also be subject to other adjustments if necessary to provide participants with the same relative rights before and after the occurrence of any such event.

Adoption and publication

The Board of Directors shall review this Remuneration Policy at least once a year. Any changes to this Remuneration Policy shall be adopted by the Board of Directors and approved by shareholders at a general meeting.²

TORM's Remuneration Report will be included in the Company's annual reports for all financial years commencing with the financial year ended 31 December 2016 and will contain information on remuneration paid to the Board of Directors and Executive Management.

This Remuneration Policy is available on TORM's website, www.torm-plc.com.

This Remuneration Policy has been adopted by the Board of Directors.

This Remuneration Policy has been prepared in both a Danish and an English version. In the event of a conflict between them or in case of difficulty of interpretation, the English version shall prevail.

² Once the Revised Remuneration Policy has been adopted by the Company at its 2017 Annual General Meeting, any amendments to, or exceptions from, the terms of that policy will require approval by the shareholders at a general meeting.

