

UK Tax Policy

Introduction

TORM was founded in 1889 and is a leading pure-play product tanker company operating a fleet of approximately 80 vessels. TORM conducts business worldwide and has offices located in London, Copenhagen, Houston, Manila, Cebu, New Delhi, Mumbai and Singapore. TORM plc's shares are listed on NASDAQ in Copenhagen and NASDAQ in New York. TORM employs approximately 3,100 seafarers and 300 land-based staff.

This tax strategy is in relation to the year ended 31 December 2019. The tax strategy applies to TORM plc ('TORM') in accordance with the statutory obligations of section 161 and paragraph 22(2) of Schedule 19 of Finance Act 2016.

1. Risk Management and Governance Arrangements

TORM has a high standard for risk management and control framework and operates a system of tax risk assessment and controls as a component of the overall internal control framework. These processes are reviewed regularly by the Audit Committee and third-party advisors in order to identify key risks and implement mitigating internal controls, which are subject to external and internal audits.

The Board of Directors approves of the Tax Policy based on the recommendation of the CFO of TORM. The Tax Policy is in line with the overall strategy and operation of TORM's business. The Board of Directors is regularly updated on the tax positions of TORM. This enables the Board of Directors to oversee and exercise governance over TORM's tax affairs and consider the Tax Policy in significant investment matters and business decisions. The Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the oversight of the quality and integrity of the tax risk management of TORM. The responsibility for tax risks and implementation of the Tax Policy rests with the CFO. The Head of Group Finance has a duty to ensure that risk is managed and that appropriate governance procedures are in place.

The Board of Directors for the UK entity delegates the responsibility of day-to-day UK tax matters to the General Manager. The UK entity is expected to conform to TORM's Tax Policy which has been approved at group level.

2. Tax planning and level of risk

TORM is committed to observe compliance with applicable tax laws and regulations in the countries in which it operates, including any reporting and disclosure requirements. The submission of tax filing obligations and remittance of tax liabilities on a timely basis forms a key part of this strategy.

TORM views compliance with tax legislation as key to understanding its responsibilities with regard to tax and to manage its tax risk. TORM aims to ensure that tax positions are based on its economic and commercial activities and that the business affairs are carried out in the most tax-efficient manner whilst remaining compliant with relevant tax laws. The internal policies and processes in place ensure that tax is considered as part of the decision-making process and that tax risk in TORM is managed appropriately.

Any potential impact of new tax legislation in relevant jurisdictions is evaluated to ensure compliance is maintained.

TORM is not prepared to accept a level of tax risk that will expose it to reputational harm and considers strong internal processes and a good relationship with professional advisors as the way to manage this reputational risk.

Intercompany transactions are entered into on arm's length basis reflecting the business and commercial realities of the transaction and based on the relevant guidance issued by the OECD.

TORM has relationships with professional tax specialists allowing TORM to seek expert advice on complex or uncertain areas of tax.

Where appropriate, TORM looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks.

3. Relationship with Her Majesty's Revenue & Customs (HMRC)

TORM plc is committed to have a constructive and transparent relationship with HMRC, which includes:

- Meeting relevant deadlines for filing of tax returns and submission of tax payments
- Responding to enquiries and information requests in a timely manner
- Employ the services of independent external tax advisors to ensure compliance with UK tax legislation
- Working collaboratively with HMRC to achieve early agreement on disputed or uncertain matters when appropriate and possible