



ESG REPORT 2020



INTRODUCTION TO OUR ESG REPORT

LONG TRACK RECORD SINCE 1889

TORM has been sailing the world's oceans since 1889 and has a long proud history. Today, TORM is one of the world's largest owners and operators of tankers transporting refined oil products.

In 2009, TORM signed the UN Global Compact as the first shipping company in Denmark to commit to the internationally recognized set of principles regarding health, safety, labor rights, environmental protection, and anti-corruption.

Ever since, we have reported the progress and results of our work, which is an integral part of who we are and how we operate every day.

To provide investors and stakeholders with easy access to data specifically within environment, social and governance aspects, we share our data and targets in this ESG report.

Our ESG report is a supplement to the Company's CSR report and Annual Report, where you can find more detailed information.



OUR COMMITMENT

This ESG report documents the results of our efforts within environmental, social and governance aspects, our commitment to the UN Sustainable Development Goals and our targets for 2030 and onwards.

We stand committed to and support these areas as follows:

Environmental

- Our ambitious target to reduce our carbon footprint by 40% by 2030
- Our commitment to the UN SDG 13: Climate Action

Social

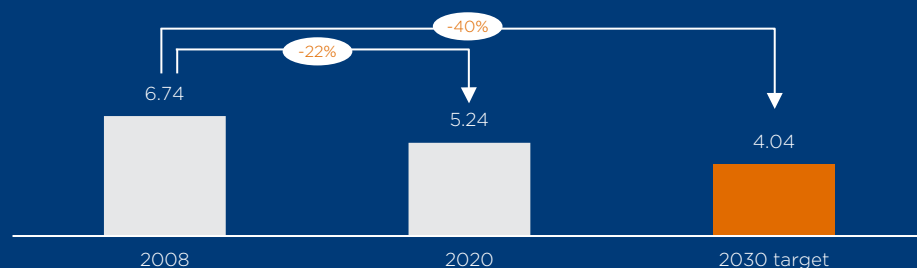
- Our support to and active adoption of the UN SDG 4 Quality Education and our support of scholars in India and the Philippines

Governance

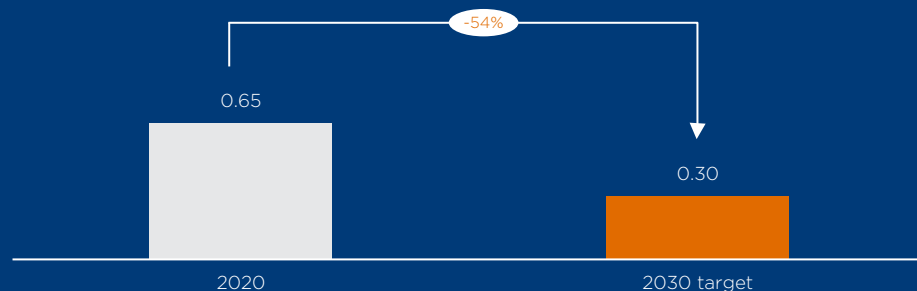
- Our commitment to be transparent and account for how we operate our business

TORM'S ESG TARGETS

2030 CLIMATE TARGET (FLEET AER*)



2030 SAFETY TARGET (LTAF**)



* Unit of measure: CO₂ g / dwt nm.

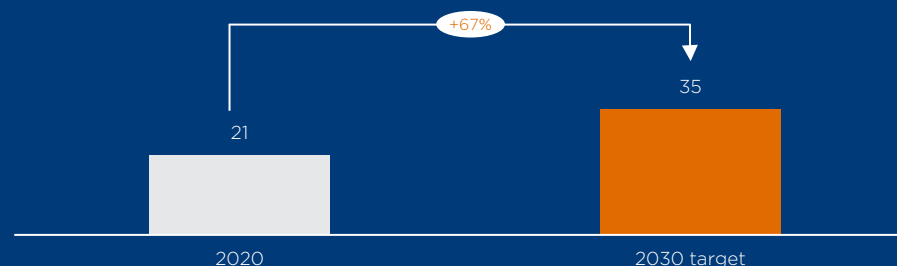
** Accidents per one million exposure hours.

*** % of women in leadership positions onshore compared to all leadership positions.

2050 CLIMATE AMBITION

TORM is pursuing an ambitious climate agenda, whereby we will have zero CO₂ emissions from operating our fleet by 2050.

2030 LEADERSHIP DIVERSITY TARGET (PERCENTAGE OF FEMALE LEADERS***)



ENVIRONMENTAL POLICY



The following policy on TORM's environmental compliance supports and underlines "TORM's Business Principles" which can be found on www.torm.com, and which all employees are required to accept and comply with as part of their employment terms:

We protect the environment by exercising constant care in our operations, and we operate our vessels in accordance with all applicable laws and regulations.

We are committed to continually improving our environmental performance beyond compliance with legislation.

It is a fundamental part of TORM's Business Principles that all Directors, other Officers and employees must comply with all applicable rules and regulations in relation to environmental protection.

Any Director, other officer or employee who fails to take proper care to comply with applicable rules and regulations will be subject to disciplinary action.

TORM's policy is to keep all Directors, other Officers and employees fully informed of the contents of applicable environmental law and to assist them in ensuring compliance. The compliance system is intended to enable TORM to act in all relevant markets without being exposed to business interruption or losses as a result of legal investigations or litigation which could affect TORM negatively.

Violation of environmental law is punishable for individuals by imprisonment and fines. If TORM is found to have taken part in any such violations, we could face severe fines, be excluded from pursuing business opportunities and face damage to our reputation.

Biodiversity

TORM has pursued a "Zero oil spill to sea" policy for several years and takes responsibility for protecting the ecosystem. IMO plays an important role in global efforts to protect biodiversity in and around the world's oceans.

As a company, we have our ships registered in IMO member states and, accordingly, are part of the efforts to protect biodiversity.

ENVIRONMENTAL MANAGEMENT SYSTEM (ISO 14001:2015)

TORM is committed to ensuring the highest possible environmental performance, which includes maximizing our energy efficiency performance, and applying a full-life cycle perspective in our operations. This is a fundamental part of living up to our ISO 14001:2015 accreditation.

ENVIRONMENTAL TARGETS

OUR ACTIONS TOWARDS 2030 AND BEYOND

TORM strives to utilize its market position and strength to lead the product tanker industry into a more environmentally friendly future and to develop innovative solutions for a greener future, and TORM has reduced its CO₂ impact by 22% since 2008.

It is a key priority for TORM to contribute to combating the accelerating global climate change and to minimizing pollution of the seas and the atmosphere. Thus, TORM has a strong focus on improving energy efficiency and reducing CO₂ emissions. This is achieved through a committed focus on optimal performance, and industry collaboration.

Towards 2030, TORM will consequently pursue further initiatives to reduce CO₂ emissions and strive to offer solutions to its customers that make a positive contribution to the climate challenge. To reach the CO₂ target set for 2030, optimization and improvement of the existing fleet are paramount, and TORM applies a broad set of actions to enhance the fuel efficiency of its fleet. This includes both operational and technical improvements. TORM is also engaged in developing the next generation ship design and new energy improving technologies with selected partners.

On a longer-term outlook and to meet our ambition for 2050, TORM believes that new alternative fuels in shipping will be required on a global scale. TORM will seek to influence this development and pursue broad industry cooperation on this important journey. These new technologies are still in the development stage and what will be the technology of the future is so far associated with great uncertainty.

Our ESG report is a supplement to TORM's CSR report and Annual Report, where you can find more detailed information.

ENVIRONMENTAL TARGETS

TORM has two clearly defined targets for our environmental efforts.

2030 CO₂ emissions

To further highlight TORM's emphasis on emissions, TORM has set a CO₂ emissions target of 4.04 using the AER methodology. This represents a 40% reduction in CO₂ emission levels since 2008.

2050 CO₂ emissions

TORM is pursuing an ambitious climate agenda, whereby we will have zero CO₂ emissions from operating our fleet by 2050.

SENIOR MANAGEMENT REMUNERATION LINKED TO CLIMATE AND SAFETY PERFORMANCE

The members of TORM's Senior Management Team have a significant portion of their total potential yearly bonus payment linked to the TORM's year-on-year CO₂ emission reductions. The reduction target is determined based on a trajectory towards TORM's 2030 CO₂ reduction target. Further, the Senior Management Team is measured on the TORM's safety performance to highlight the importance of TORM's climate and safety efforts on an annual basis towards 2030.

ENVIRONMENTAL INDICATORS

Indicator	Unit	2020	2019	2018
Greenhouse gas (GHG) emissions				
Direct GHG emissions (scope 1)	Ton CO2	1,335,896	1,302,390	1,374,835
Indirect GHG emissions (scope 2)	Ton CO2	434	488	525
Total GHG emissions	Ton CO2	1,336,330	1,302,878	1,375,360
Sulfur emissions				
SOx emissions	Ton	1,760	18,112	18,367
Energy consumption				
Heavy fuel	Ton	170,907	349,056	375,196
Low-sulfur heavy fuel	Ton	174,836	12,174	152
Marine Gas Oil	Ton	80,865	55,371	64,255
Total energy consumption of vessels	TJ	17,665	16,921	17,747
Office consumption				
Electricity consumption	kWh	445,093	702,850	823,844
Water consumption	M3	3,268	-	-
Uncontained spills				
Number of uncontained spills (>1 barrel)	Number	2	0	1
Total volume of uncontained spills	Liters	2,400	0	15,000
Ballast water				
% of fleet with Ballast Water Treatment Systems	%	65	33	16

ENVIRONMENTAL INDICATORS

Indicator	Unit	2020	2019	2018
Greenhouse gas (GHG) emissions				
CO2 emissions, AER – Total fleet	g/dwtxnm	5.24	5.13	5.42
CO2 emissions, AER – LR2	g/dwtxnm	4.06	3.73	4.03
CO2 emissions, AER – LR1	g/dwtxnm	4.65	4.69	4.88
CO2 emissions, AER – MR	g/dwtxnm	5.87	5.96	6.16
CO2 emissions, AER – Handy	g/dwtxnm	5.72	6.24	6.66
CO2 emissions, EEOI – Total fleet	g/cargoxnm	11.18	11.31	12.28
CO2 emissions, EEOI – LR2	g/cargoxnm	8.07	8.58	9.41
CO2 emissions, EEOI – LR1	g/cargoxnm	9.45	9.03	9.58
CO2 emissions, EEOI – MR	g/cargoxnm	13.07	13.17	14.10
CO2 emissions, EEOI – Handy	g/cargoxnm	15.72	15.60	16.81

The emission figures in this report represent TORM's findings to the best of our knowledge given today's methodology used by TORM, while we await a shared methodology developed by IMO. TORM is continuously committed to improving the methodology and advancing transparency in reporting as well as to following industry best practices on emissions reporting.

ENVIRONMENTAL DEFINITIONS

CO₂ emissions (ton)

The 2020 greenhouse gas emissions (GHG) reporting covers scope 1 (direct emissions from own production), and scope 2 (emissions from own production but others' emissions) of the Greenhouse Gas Protocol except for the activities listed below.

Environmental data applies to owned vessels with their respective shares of ownership. Bareboat-in vessels are included while T/C-in vessels are excluded. Similarly, vessels on bareboat out contracts are excluded while vessels on all other employments are included.

Scope 1

CO₂ emissions have been calculated based on the consumption of heavy fuel oil and marine gas oil according to IMO's conversion factor for emission per ton. Emissions are calculated for each single vessel and then consolidated. The numbers under the scope 1 data sheet have been collected on board the vessels or at the offices. The collection is based on actual usage or disposals.

Scope 2

CO₂ emissions generated indirectly from operational activities at the TORM offices are calculated using Danish and World Resources Institute's emission factors. Only offices where data is available are included.

AER (g/dwtxnm)

AER is a measure of efficiency using the total fuel consumption, distance travelled and design deadweight. The measure is defined as grams CO₂ emissions per deadweight-ton-nautical mile. AER is affected by vessel size, speed, duration of waiting time and port stays.

Ballast Water Treatment Systems

Percentage of the TORM fleet with installed Ballast Water Treatment Systems.

EEOI (g/cargoxnm)

EEOI is a measure of efficiency using the total fuel consumption, distance travelled and cargo intake. The measure is defined as grams CO₂ emissions per cargo-ton-nautical mile. EEOI is affected by vessel size, speed, cargo availability, duration of ballast voyages, waiting time and port stays.

SOX emissions (ton)

SOx emissions are calculated based on average sulfur content for the different fuel types.

A comprehensive study for TORM by an independent specialist which compared the emissions from vessels fitted with exhaust gas cleaning systems (scrubbers) to emissions from vessels using low-sulfur fuel found that the sulfur emissions are reduced to an average of just 0.025% when using the exhaust gas cleaning system compared to 0.45% when using low sulfur fuel.

Energy consumption (TJ)

All fuel burned on board the vessels has been converted into energy based on fuel oil analysis results.

Office electricity consumption (kWh)

Electricity consumed indirectly in operational activities at the TORM offices excluding the London and Houston offices.

Office water consumption (m³)

Water consumed indirectly in operating activities at the TORM offices excluding the London, Houston, Mumbai and New Delhi offices. Data is not available for 2019 and 2018.

Spills (> 1 barrel)

Includes incidents of oil spills larger than 1 barrel into the sea from vessels under TORM's technical management.

SOCIAL PRINCIPLES



The following principles on social compliance by TORM support and underline “TORM’s Business Principles”, which can be found on www.torm.com.

We respect the values and cultures of our employees and business partners. We do not accept discrimination with respect to gender, ethnicity, religion, sexual orientation, handicap or age. We work towards a diverse workplace in which everyone is included and respected and we regard well-being at work as a shared responsibility.

We are committed to providing equal employment and career opportunities for qualified applicants and employees.

We respect employees’ right to privacy and protect the privacy of employees’ personal information. We must ensure that appropriate systems are in place to safeguard the access to this type of information.

We respect the right to associate freely, to join – or not join – unions, and to bargain collectively, and we encourage a constructive dialogue about working conditions.

TORM is a long-standing supporter of maritime education in Denmark, India, and the Philippines. This commitment reflects our ties to local communities, and has a positive effect on the needs of the societies in which TORM operates, and where many of our seafarers come from. In addition, TORM believes that supporting education has positive effects on our core business in terms of developing the pipeline of competences in the industry and in terms of higher employee retention and positive brand recognition.

Approximately 90% of TORM’s employees work at sea, and providing healthy, safe and secure working conditions for them is an essential part of TORM’s business. In

addition, it is TORM’s belief that a safe and secure working environment supports the overall performance level and employee retention.

Respecting employees’ human rights is pivotal to TORM. TORM’s policies that support this are outlined in TORM’s Business Principles. Our safety policy is rooted in the rules and regulations issued by the Danish Maritime Occupational Health Service.

Our people constitute the true quality of TORM and are our most valuable assets. TORM continues to grow and thrive due to the efforts and dedication of our staff both at sea and ashore. TORM works towards a diverse workplace in which everyone is included and respected, and in which well-being at work is regarded as a shared responsibility.

SAFETY MANAGEMENT SYSTEM (ISM CODE)

The safety of the crew and the vessels as well as the quality of the products delivered by TORM is crucial. TORM is committed to continuously improving our people, systems and skills in a proactive approach, ensuring that all employees at TORM are committed to the safety and quality of every task.

SOCIAL TARGETS

TORM has two clearly defined targets for our social efforts.

Leadership diversity

To further highlight TORM’s emphasis on diversity, TORM has developed a 2030 target for women in leadership positions. TORM aims at a gender-diverse workforce and an inclusive environment that respects and supports all our people and helps improve our business performance. The target is to have 35% female leaders onshore by 2030.

Safety (LTAF)

TORM has a continued focus on safety and to further emphasize this, we have set a long-term target of an LTAF of 0.3 by 2030.

SOCIAL INDICATORS

Indicator	Unit	2020	2019	2018	Further information
Our employees					
Total number of seafarers	Headcount	3,023	3,050	3,206	
Total number of employees (shore-based)	Headcount	345	341	309	AR20
Diversity – shore-based employees					
Total women in leadership	% (headcount)	21	22	19	AR20
Gender with lowest representation (women)	% (headcount)	36	35	32	AR20
Total nationalities	Number	21	20	20	
Diversity – seafarers					
Total women in leadership	% (headcount)	1	1	1	
Gender with lowest representation (women)	% (headcount)	1	1	1	
Total nationalities	Number	4	4	4	
Health & Safety					
Fatalities	Headcount	0	0	0	
Lost-time accident frequency (LTAF)	Per million exposure hours	0.65	0.42	0.47	AR20
Ethics *					
Sexual Harassment and/or Non-discrimination Policy		•	•	•	Business Principles
Equal and fair opportunity employer		•	•	•	Business Principles
Child and/or Forced Labor Policy		•	•	•	Business Principles
Child and/or Forced Labor Policy covers suppliers and vendors		•	•	•	Business Principles
Human Rights Policy		•	•	•	Business Principles
Human Rights Policy covers suppliers and vendors		•	•	•	Business Principles
Modern Slavery Policy		•	•	•	UK Modern Slavery Act
UN Global Compact Signatory		•	•	•	CSR
Recycling and Scrapping Policy		•	•	•	

*Yes • | No •

SOCIAL DEFINITIONS

DEFINITIONS

Health & Safety

A fatality is a death resulting directly from a work-related injury regardless of the length of time between the injury and death.

Lost Time Accident Frequency (LTAF) is an indicator of serious work-related personal injuries that result in more than one day off work per million hours of work. The definition of LTAF follows the standard practice among shipping companies.

Recycling & Scrapping

Safe and environmentally sustainable ship recycling is an integral part of TORM's Business Principles:

- We protect the environment by exercising constant care in our operations
- We are committed to continually improving our environmental performance
- We are committed to providing a safe and secure work environment
- We are committed to promoting responsible business practices in our supply chain



GOVERNANCE POLICY

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 in Copenhagen and in New York, the Company is required to report on our 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 as part of the Company’s Annual Report and Accounts (the “Annual Report”), the content of which is summarized in more detail in this Corporate Governance Statement. Prior to publication of the 2020 Annual Report, any references to the Annual Report should be viewed as a reference to details which will appear in that Annual Report.

TORM has a one-tier board governance structure in accordance with UK legislation and is governed, subject to our Articles of Association, by the Board of Directors, consisting of both Executive and Non-Executive Directors who undertake both the management and monitoring functions of the Company (the “Board”).

General practices of the Board of the Company and any Executive Director(s):

- The Directors are entrusted with the 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 to be the best interests of the Company and consistent with their fiduciary duties.

- The Non-Executive Directors of the Board appoint the Executive Director(s) and determine the terms and conditions of employment and the duties of the Executive Director(s). Together with the other members of the Group’s Senior Management (together the “Senior Management”), The Executive Director(s) 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. The 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 principles of and how it complies with the provisions of the Code. 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.

GOVERNANCE STRUCTURE

The Board: Chaired by Christopher Boehringer

The Board of Directors holds six prescheduled meetings on an annual basis, but usually holds several ad hoc meetings.

The duties of the Directors include establishing policies for strategy, accounting, organization, finance and the appointment of executive officers. The Board of Directors governs the Company in accordance with the limits prescribed by the Articles of Association or by any special resolution of the shareholders.

Chairman

Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors. Regularly meets with the Chief Executive Officer, the other Executive Directors and other senior management members to stay informed.

Senior Independent Director

Ensures that the views of each Non-Executive Director are given due consideration. Available to both Non-Executive Directors and shareholders if they have concerns. On an annual basis, meets with each Non-Executive Director to appraise the performance of the Chair.

Non-Executive Directors

Committed to contribute, constructively challenge and help develop proposals on strategy.

Executive Directors

Responsible for the day-to-day management of the Company, Responsible for the Company's operational development, results and internal development. Implement the strategies and overall decisions approved by the Board.

Board Observers

Three types. Employee-elected, providing a communication platform between the employees and the Board. Minority Board Observer appointed by the B Shareholder and Board Member elected. All observers are entitled to attend and speak at Board meetings.

Audit Committee

Chaired by Göran Trapp

Meets a minimum of four times a year. Assists the Board of Directors in fulfilling its responsibilities relating to the oversight of the quality and integrity of the accounting, auditing, financial reporting and risk management of the Company.

Risk Committee

Chaired by Göran Trapp

Meets a minimum of three times a year. Responsible for supervisory oversight and monitors responsibilities with respect to internal controls and risk management.

Nomination Committee

Chaired by Christopher Boehringer

Meets a minimum of two times a year. Reviews the structure, size and composition (including skills, knowledge, experience and diversity) of the Board of Directors and makes recommendations to the Board of Directors with regard to any changes. Considers succession planning for Directors and the Chief Executive Officer and others.

Remuneration Committee

Chaired by Christopher Boehringer

Meets a minimum of two times a year. Assists the Board of Directors in reviewing Management's performance and remuneration as well as the Company's general remuneration policies.

Senior Management Team

Consists of the following employees of TORM A/S (in addition to the Executive Director, Mr. Jacob Meldgaard): Mr. Kim Balle (Chief Financial Officer - CFO), Mr. Lars Christensen (Senior Vice President and Head of Projects) and Mr. Jesper S. Jensen (Senior Vice President and Head of Technical Division). The Senior Management Team holds weekly meetings. Assists the Executive Director in the day-to-day management of the business.

GOVERNANCE INDICATORS

Indicator	Unit	2020	2019	2018	Further information
Board of Directors					
Members	Number	5	5	5	AR 20
Gender with lowest representation (women)	%	20	0	0	AR 20
Total nationalities	Number	5	4	4	AR 20
Independence	%	80	80	80	AR 20
Senior Management					
Members	Number	4	4	4	AR 20
Gender with lowest representation (women)	%	0	0	0	AR 20
Total nationalities	Number	1	1	1	AR 20
Ethics *					
Anti-corruption Policy		•	•	•	Business Principles
Anti-bribery Policy		•	•	•	Business Principles
Whistleblower Policy		•	•	•	AR 20
Articles of Association		•	•	•	
Code of Conduct Policy (Business Principles)		•	•	•	Business Principles

*Yes • | No ●