

**TORM
FONDEN**

ANNUAL REPORT

2017

(TORMS UNDERSTØTTESEFOND)
(THE TORM FOUNDATION)



THE TORM FOUNDATION AND THE RESULT FOR THE YEAR

The Foundation's profit before tax was 2,274,922 DKK compared to a profit of DKK 2,384,182 in 2016. The profit for the year is regarded as satisfactory.

In 2017, grants of an overall DKK 1.5 million were allocated to non-profit causes and TORM employees, compared to DKK 5.0 million in 2016. Donations and grants in 2017 are described below.

The Foundation had an equity of DKK 50,313,515 million as at 31 December 2017.

EXPECTATIONS FOR 2018

For 2018, the Foundation's profit is expected to be in line with last year and coming from bond yields and corporate bonds. The Foundation's equity is expected to decline in the coming years, as a consequence of the envisaged donations and grants.

AWARDING OF GRANTS

With less funds and income, the Foundation's framework for awarding grants in the period May 2018–May 2019 is expected to be around DKK 4 million. However, as the Foundation has funds available for distribution, it might be possible to award larger grants if particularly pertinent applications are received.

INCOME STATEMENT FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2017

| DKK | 2017 | 2016 |
|--|------------|------------|
| Dividend from investments | 1,109,051 | 1,625,240 |
| Interest on bank deposits | -18,101 | 63 |
| Bond Interest | 1,392,161 | 1,469,094 |
| Currency gains, realized, bonds, disposable wealth | 66,193 | 86,841 |
| Gifts | 0 | 0 |
| | 2,549,304 | 3,181,238 |
| Board Fees | 40,000 | 35,000 |
| Management fee | 0 | 25,000 |
| Fees and administration | 49,815 | 51,065 |
| Lawyers, auditors and consultancy | 78,500 | 79,375 |
| Other administration costs | 106,067 | 606,616 |
| Expenses | 274,382 | 797,056 |
| Profit before tax | 2,274,922 | 2,384,182 |
| Tax on funds and adjustment before deferred tax | 0 | 0 |
| Net profit for the year | 2,274,922 | 2,384,182 |
| DISTRIBUTION OF PROFIT | | |
| Proposed appropriation of profit: | | |
| Provision for future use, opening balance | 38,591,758 | 41,813,804 |
| Profit for the year | 2,274,922 | 2,384,182 |
| Available | 40,866,680 | 44,197,986 |
| Distributed as follows: | | |
| Grants during the year | 1,529,602 | 5,016,226 |
| Provision for consolidation | 560,000 | 590,000 |
| Provision for future use, year end | 38,777,078 | 38,591,760 |
| Total distribution | 40,866,680 | 44,197,986 |

BALANCE SHEET AS AT 31 DECEMBER 2017

| ASSETS (DKK) | 2017 | 2016 |
|---|-------------------|-------------------|
| Bonds | 5,469,876 | 6,413,266 |
| Shares and equity-based investment associations | 3,102,036 | 3,169,115 |
| Rebill account with available assets | 560,000 | 590,000 |
| Bank deposit | 1,650,553 | 356 |
| Restricted assets | 10,782,465 | 10,172,737 |
| Bonds and bond-based units in investment funds | 23,527,522 | 27,064,420 |
| Share-based investment units | 11,029,914 | 11,240,641 |
| Other receivables | 1,131,300 | 1,363,164 |
| Rebill account with restricted assets | -560,000 | -590,000 |
| Bank deposit | 13,785,328 | 10,424,604 |
| Available assets | 48,914,064 | 49,502,829 |
| Assets | 59,696,529 | 59,675,566 |
| Restricted capital | 10,782,465 | 10,172,738 |
| Provision for subsequent use | 38,777,078 | 38,591,758 |
| Market value adjustments | 753,972 | 601,819 |
| Total available capital | 39,531,050 | 39,193,577 |
| Equity | 50,313,515 | 49,366,315 |
| Accrued expenses | 100,712 | 81,751 |
| Designated grants | 9,282,302 | 10,227,500 |
| Accrued foundation income tax | 0 | 0 |
| Short-term debt | 9,383,014 | 10,309,251 |
| Liabilities and equity | 59,696,529 | 59,675,566 |

GRANTS AND AWARDS

The purpose of the Foundation is to provide grants for:

- Present and past employees of TORM A/S
- Foundations for seamen and maritime causes
- Other non-profit causes

| Purpose | Grants | | | | |
|---|-----------|-----------|------------|-----------|------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| DKK | | | | | |
| Total Grants | 1,529,602 | 5,016,226 | 11,799,395 | 2,613,340 | 25,113,207 |
| Non-profit – including for maritime and related institutions | 638,602 | 2,996,626 | 10,175,141 | 1,376,233 | 21,729,784 |
| TORM Employees | 0 | 2,500 | 98,254 | 103,103 | 1,196,406 |
| TORM Employee Associations | 891,000 | 2,017,100 | 1,526,000 | 1,134,000 | 2,167,017 |

GRANTS IN 2017

1. TORM EMPLOYEES

Grants are awarded to TORM employees primarily in the form of grants to employee associations at TORM's offices and on its ships.

Grants to employee and seafarer associations amounted to DKK 891,000. Subsidies for activities in the individual associations in Copenhagen, Manila, Singapore, Mumbai and Houston – employee associations, sports clubs, cultural associations, etc. – are agreed with the clubs or associations based on their applications and requirements in the associations and countries concerned.

2. GRANTS FOR DANISH SEAFARING AND MARITIME CAUSES

One of the main purposes of the Foundation is grants for the development of seafaring and for creating opportunities in Denmark and internationally and other Danish maritime ventures such as sailing and training ships.

SUPPORT FOR DANISH COMPETITIVE SAILING FROM 2017 TO 2020

The TORM Foundation has been providing grants for competitive sailing for the past 14 years. The foundation regards this as one of the building blocks of interest in the sea, which helps to generate interest in seafaring whilst also encouraging interest in maritime sport and leisure.

The Foundation finds it important to continue this project under the auspices of the Danish Sailing Association for working with young people and developing talent in the years ahead. The TORM Foundation is continuing its longstanding support for Danish sailing in the period 2017 to 2020 under the headline 'More people at sea'.

The project will cover the following five areas:

- Support the national Danish sailing team and talent development
- Develop sailing concepts and activities
- Develop local sailings clubs and volunteers
- Education of coaches and sailing academy
- Strengthen communication in local sailing clubs

The Danish national sailing team represents the talents in Danish sailing. As mentioned, the TORM Foundation has supported sailing since 2004, and we can see the outcome of this with new generations of talented sailors winning both international World Championships, European Championships, and Danish Championships.

In 2017, the Danish sailors continued to deliver impressive results. In the women's 49er FX class, Jena Mai Hansen and Katja Salskov-Iversen won a gold medal at the World Championship in Portugal. This is the first Danish World Championship title ever in this boat class and it shows a strong follow-up from 2016 where Jena and Katja won gold in the European Championship and a bronze medal at the Olympic Games in Rio de Janeiro. Further in 2017, Anne-Marie Rindom won a silver medal in the women's Laser Radial class at the European Championships.

The Board of Directors of the Danish Sailing Association approved a new talent strategy in 2017. The strategy sets out specific targets for focus areas related to the performance of the athletes, e.g. training program, equipment, financing, innovation and not least communication.

The overall target for the talent strategy is that Danish competitive sailing is represented at the Olympic Games in Tokyo in 2020 among the top athletes in five boat classes.

The Danish national sailing team is in many ways a beacon for Danish sailing. Especially when considering that the results and teamwork demonstrated by the top athletes emphasizes and promotes a number of values shared by many sailors in general. For this reason, communication and branding of the Danish national sailing team has been strengthened in 2017 but also to promote the team towards potential new sponsors.

SAILING CONCEPTS AND ACTIVITIES

In 2017, more sailors in the Optimist class and the 29'er class participated in the national Grand Prix-series than in previous years. As part of the new race concept, we no longer differentiate between junior or youth Grand Prix's. This means that each boat class is eligible for participation in more races during the sailing season, which is seen as part of the explanation for the higher number of participants. Overall, in cooperation with the local sailing clubs, the Danish Sailing Association has succeeded in making more young sailors active in match races.

In 2017, 28 local sailing clubs made use of the concept 'Summer Sailing' where 1,100 children and young sailors participated. This concept contributes to making the sailing sport more visible to potential new young sailors and also promoting the local sailing clubs and what they can offer.

3. DEVELOPMENTS IN PROJECTS EXTENDING OVER A PERIOD OF SEVERAL YEARS, SUPPORTED BY THE TORM FOUNDATION

TORM PHILIPPINE EDUCATION FOUNDATION (TPEF)

TORM Philippines Education Foundation (TPEF) was established in 2007 and the TORM foundation has granted support for TORM Philippines Education Foundation (TPEF) since 2007.

In 2017, 18 young students supported by the TORM Philippines Education Foundation graduated. For the school year 2017/2018, the Foundation supports 72 scholars across the Philippines. Apart from maritime and general education, the program also includes training courses for teachers and a four-year training program for scholars. Furthermore, the program encompasses the distribution of IT equipment and school kits for students in rural schools.

The school enables the students to raise their level of education and increase their chances for better economic conditions for themselves and their families. Furthermore, the personal pride of the students as scholarship recipients of a well-acknowledged foundation is raised.

BOARD AND ADMINISTRATION

THE BOARD OF THE TORM FOUNDATION



LARS CHRISTENSEN

Chairman of TORM A/S

Member of the board since 2018

Chairman since 2018 (March)



JACOB MELDGAARD

CEO, TORM A/S

Member of the board since 2010

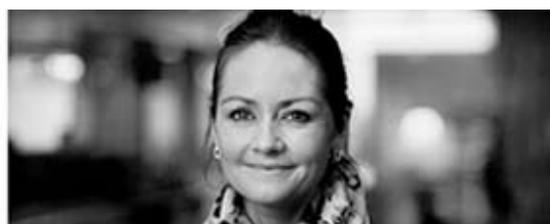


RASMUS HOFFMANN

Chief Engineer

Member of the board of TORM A/S

Member of the board since 2013



NINA LOMBORG

Senior Communications Manager, TORM A/S

Member of the board since 2017

ADMINISTRATION



VERONICA FAY BERMANN

Executive Assistant & Travel Manager, TORM A/S

Administrator since 2017

ACCOUNTANTS

PWC