



# Sustainability investor meeting

## February 2022



# Agenda

1. WAWI in brief
2. Our commitment
3. Our strategy and financing framework
4. Our TCFD Journey

# A logistics provider built on a strong history

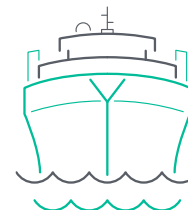


- 2017 merger of companies with >150-year history
- Listed on Oslo Stock Exchange (ticker: WAWI) with a market cap of USD 3.3bn\*
- Wilh. Wilhelmsen Holding ASA and Wallenius Lines AB largest shareholders with 37.82% each
- Strong balance sheet with USD 7.8bn assets



**~8,200**

Employees  
across 29  
countries



**131**

Vessels in operation  
(Q4-21)



**8**

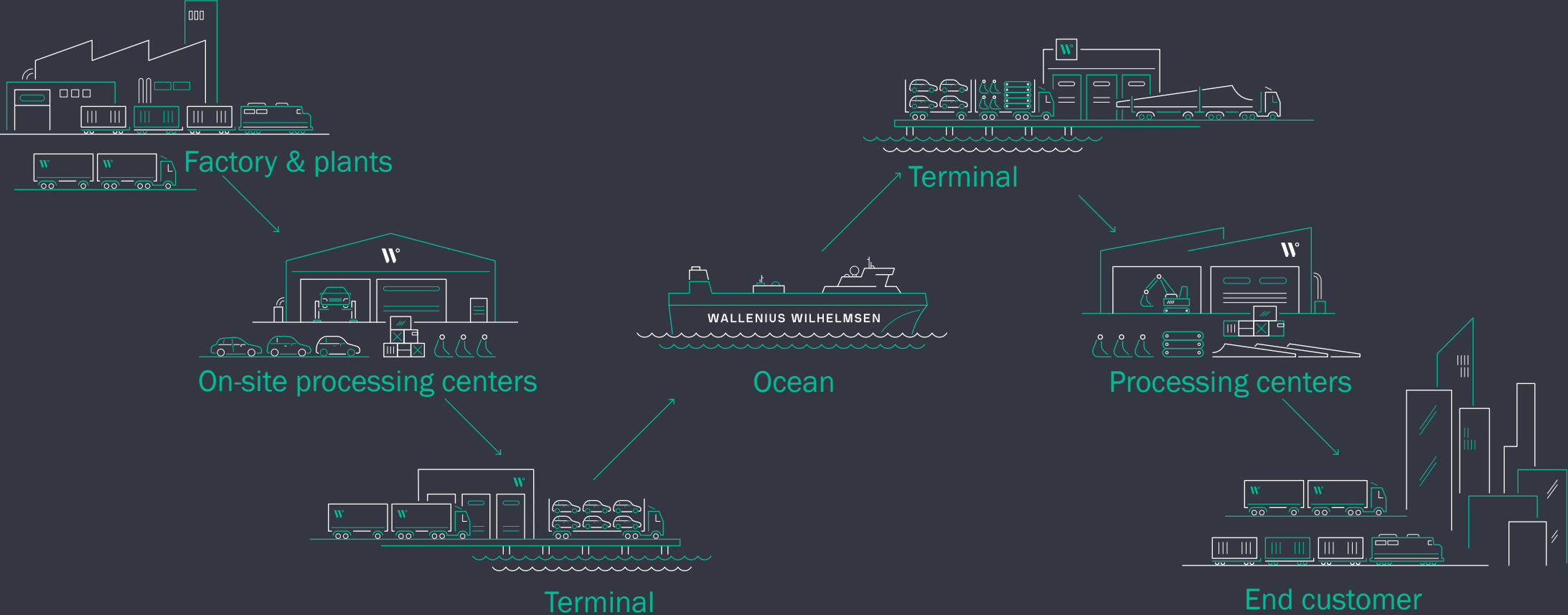
Terminals

**66+**

Processing  
centers

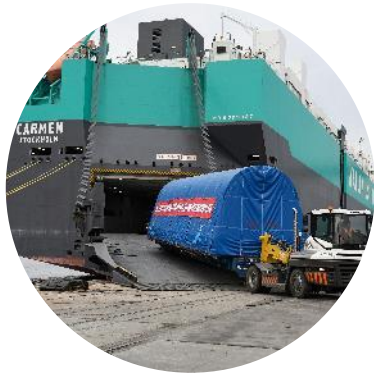


# Premium end-to-end supply management



# Our strategy to strengthen our competitive advantage

End-to-end supply chain orchestration



Digitalization

Expand to full lifecycle



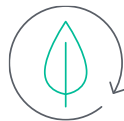
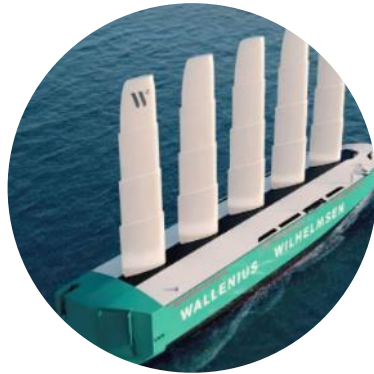
Supreme customer experience

Drive operational effectiveness



Efficiency

Lead the journey to zero emissions



Zero emission

# Our commitment to change is not limited to climate action

## Principles of Governance



Transparent, with strong ethical business conduct

## People



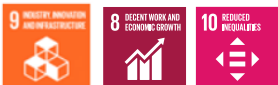
Safe & inclusive workplace where human rights are respected

## Planet



Decarbonize and reduce our environmental impact

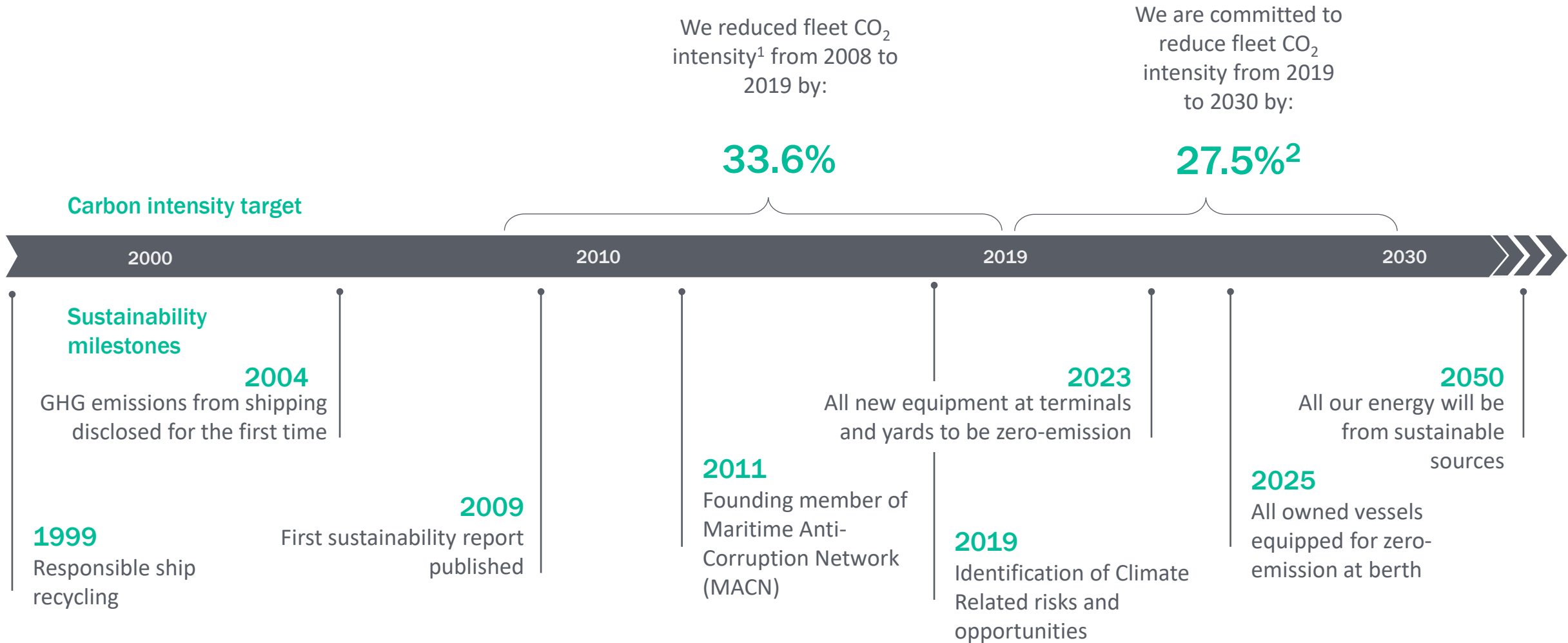
## Prosperity



Solving the biggest challenges while creating new opportunities

# We target to reduce carbon intensity by more than 50% from 2008 to 2030

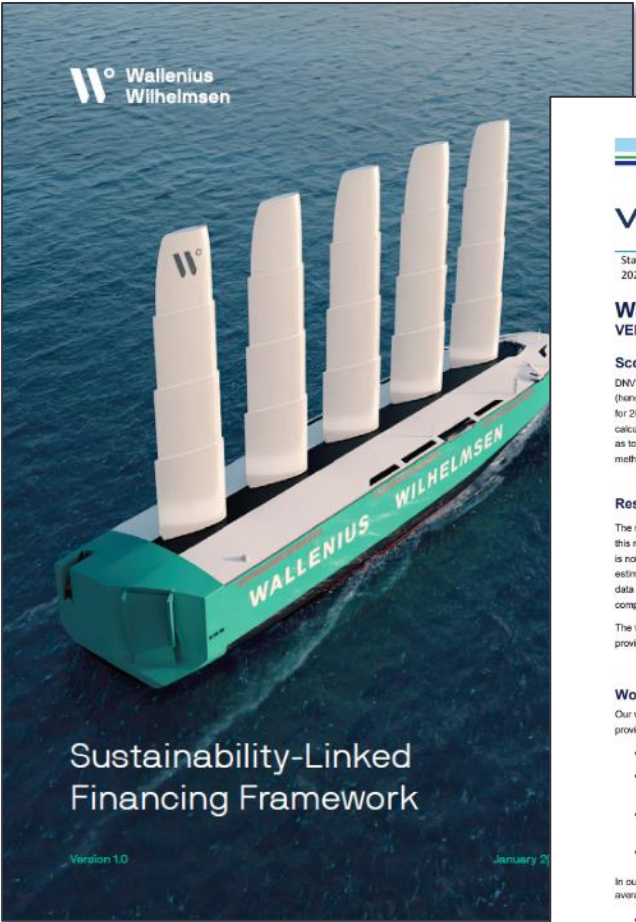
We have been in the forefront of responsible recycling, maritime anti-corruption and promoting the sulphur cap



1) CO<sub>2</sub>e intensity = grams CO<sub>2</sub>/tonne-km.  
2) Carbon intensity target approved by the Board of Directors in 2021



# WalWil launching a Sustainability-Linked Financing Framework



## VERIFICATION STATEMENT

Statement no: 2022-0114      Valid from: January 28, 2022      Valid to: Current methodology review

### Wallenius Wilhelmsen ASA

#### VERIFICATION OF FLEET AVERAGE CII (cgDist) for 2019 and 2020

##### Scope and objectives

DNV Maritime Advisory Norway AS (henceforth referred to as "DNV") was commissioned by Wallenius Wilhelmsen (henceforth referred to as "Wallenius Wilhelmsen") to verify Wallenius Wilhelmsen's calculated fleet average CII for 2019 and 2020, the latter KPI of their Sustainability-Linked Financing framework. This includes a verification calculation methodology of CII (cgDist) of the Controlled Fleet in gCO<sub>2</sub> per GT-nautical mile for 2019 and 2020, as to verify fleet average cgDist and a review of the verified IMO DCS data used as input for the calculations. Our methodology to achieve this is described under "Work Undertaken".

##### Responsibilities of the Management of Wallenius Wilhelmsen and DNV

The management of Wallenius Wilhelmsen has provided the information and data used by DNV during the delivery of this review. In our work we have relied on the information and the facts presented to us by Wallenius Wilhelmsen and is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information provided by Wallenius Wilhelmsen management and used as a basis for this assessment were not correct or complete. The calculations are based on the data provided in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx".

The verification was conducted between January 26 and January 28, 2022, during which Wallenius Wilhelmsen provided its CII (cgDist) calculations in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx".

##### Work undertaken

Our work constituted a review of the available information, based on the understanding that this information was provided to us by Wallenius Wilhelmsen in good faith. The work undertaken to form our opinion included:

- Review of calculation methods in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx"
- Review of verified IMO DCS data for 2019 and 2020 for the fleet included in the "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx", which are externally verified by class societies
- Review of Wallenius Wilhelmsen methodology to calculate CII (cgDist) for the controlled fleet in gCO<sub>2</sub> per GT-nautical mile for 2019 and 2020
- Review of Wallenius Wilhelmsen methodology to calculate its fleet average cgDist for 2019 and 2020

In our opinion, Wallenius Wilhelmsen has in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx" correctly calculated average CII (cgDist) for the 2019 and 2020 controlled fleet in gCO<sub>2</sub>/GT-nm:

- average cgDist 2019 controlled fleet: 5.78
- average cgDist 2020 controlled fleet: 5.61

DNV Headquarters, Veritasveien 1, P.O. Box 300, 1322 Høvik, Norway. Tel: +47 67 57 99 00. [www.dnv.com](http://www.dnv.com)

2022-01-28: WAWWIL-verified

## Wallenius Wilhelmsen ASA

### Sustainability Linked Financing Framework Second Opinion

Wallenius Wilhelmsen ("WAWT") is a provider of integrated vehicle logistics services, which is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange. The company specializes in the distribution of cars, trucks, rolling equipment and breakbulk.

WAWT has a climate strategy in place that entails decarbonizing its fleet and land-based logistics operations. This includes an emissions reduction target for its Shipping Services' emissions (99% of its Scope 1 and 2 emissions). The company has started implementing the TCFD recommendations and has elevated climate risk to have board and senior management oversight. Having assessed physical and transition climate risks in 2021, WAWT intends to strengthen its climate risk management and conduct scenario analysis in 2022, including physical risk assessment of land-based assets and supply chains.

A Shade of Green was assigned to 13% of WAWT's revenues; shadings reflect the climate risk of WAWT's cargo and factor in its across-the-board reliance on fossil fuels. Medium Green revenues (5%) are from WAWT's shipments of battery electric vehicles (BEVs) and parts for renewable energy generation. Light Green revenues (8%) are from shipments of hybrid electric vehicles. Red revenues (1%) are from cargo which are known to or have a high likelihood of being linked with high climate risk activities, e.g. fossil fuel production and deforestation. Remaining revenues received Yellow (85%) and Yellow-Red (-1%) shadings, reflecting cargo that may have moderate to moderately high climate risk.

The framework's sole KPI is the average carbon intensity for the fleet, utilizing Carbon Intensity Indicator (CII) as measured by cgDist, or CO<sub>2</sub> emissions per gross tonne-nm. We assess this KPI as material, strategically significant, and backed by a robust and transparent methodology. The KPI's materiality and strategic significance can be improved by including Scope 3 and non-CO<sub>2</sub> GHG emissions; this would better capture any emissions reductions from potential use of biofuels and carbon-based synthetic fuels, as well as emissions from newbuilds, planned LNG use, and other alternative fuels WAWT will use to achieve the SPT.

WAWT's sustainability performance target (SPT) is to reduce its KPI by 27.5% over 2019-2030, which we assess as ambitious vs the Paris Agreement (w/ caveats) and past performance, but not vs peers. The SPT would entail decarbonization in 2008-2030 that aligns with sector-wide cuts needed for a 1.5-degree trajectory, but only if combined with WAWT's 2008-2018 absolute emissions reductions. WAWT has a credible strategy to achieve the SPT that reflects the need for alternative fuels and operational/technical improvements to decarbonize the sector, but WAWT's plan to use LNG dual-fuel vessels risks locking-in emissions; avoiding this depends on the commercialization of alternative fuels in the longer-term.

CICERO Green has not reviewed the degree to which the variation in the financial characteristics is commensurate and meaningful. Investors are encouraged to review the term sheets in detail and conduct their own assessment of the financial characteristics of the SLBs.

#### SUSTAINABILITY LINKED BOND PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.

#### SUSTAINABILITY LINKED LOAN PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.

The Framework is published on our website together with:

- A Second Party Opinion from CICERO Shades of Green



- A Verification Statement from DNV





# Framework will be used to link new financings with sustainability objectives

## KPI

Fleet weighted average carbon intensity

- CO2 intensity measured by CII\* as reported to IMO Data Collection System each year, calculated on the controlled fleet
- Controlled fleet includes 125 (per Q4-21) owned and long-term charter vessels

## SPT

Reduce KPI 27.5%  
2019-2030

- Reduce CO<sub>2</sub> intensity by 27.5% from 2019 to 2030, defined by KPI
- Strategy to reach Sustainability Performance Target based on Technical, Operational and Asset replacement initiatives

## Trajectory

Annual targets  
2019-2030

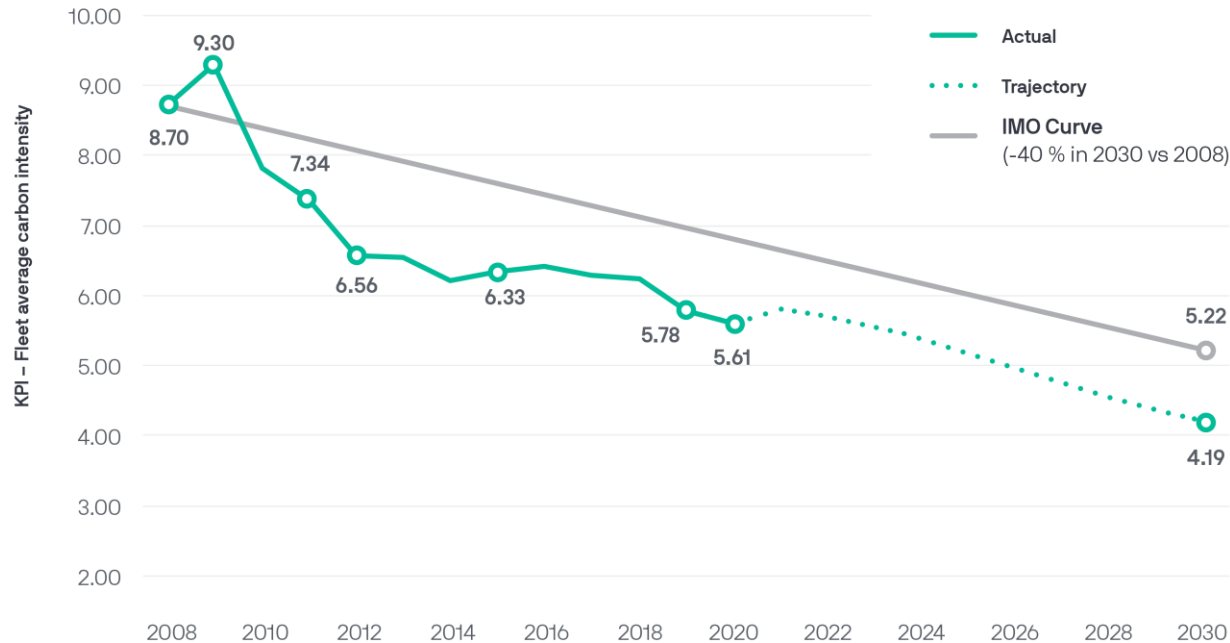
- Annual KPI targets 2019 to 2030, based on Strategy to reach SPT
- Each annual target could be used for a pricing covenant test in a financing



\*There are two units for measuring CII (Carbon Intensity Indicator); AER and cgDIST. For vehicle carriers, cgDIST is the correct unit. CII is calculated for the individual vessels for the days it is part of the Controlled fleet during a year, from which a weighted average of all relevant vessels is calculated. The weighted average is based on gross tonnage and distance travelled, in other words transport work.

# Our target to reduce CO<sub>2</sub> intensity by 27.5% from 2019-2030 is ambitious

For the Framework, we focus on intensity rather than absolute emissions to avoid problems of comparability over the years



*Our target implies a 52% reduction in our CO<sub>2</sub> intensity from 2008-2030, exceeding our IMO 2030 obligation for a 40% reduction across international shipping*

## Choice of KPI

- The Shipping segment represent 99% of the group's total CO<sub>2</sub> emissions\*
- CO<sub>2</sub> intensity allows us to measure and monitor performance over time
- For data collection purposes, the focus is on CO<sub>2</sub> (vs CO<sub>2</sub> e), Tank-to-wake (vs Well-to-wake) and Controlled fleet (vs all vessels)

## Calibration of SPT

- Beyond “business as usual”
- Set to guide efforts in line with current climate science and Paris Agreement
- CO<sub>2</sub> intensity reduced 33.6% from 2008-2019
- Implied 52% reduction target within the IMO 2030 horizon

# Our journey towards zero takes place every day

## Day-to-day



Digitalization of fleet



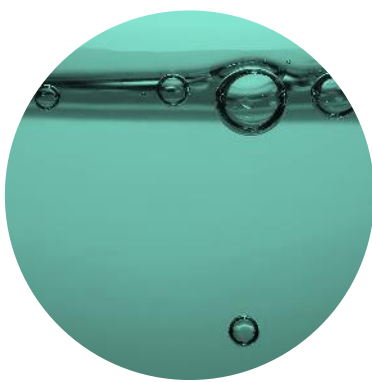
Advanced weather routing



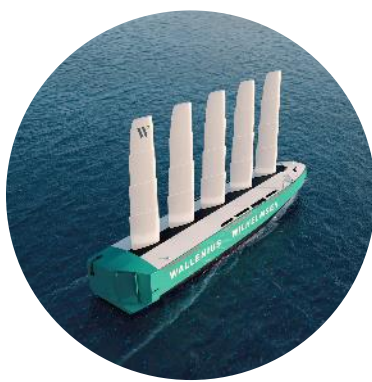
Bio-fouling management techniques

*“Energy efficiency is the unsung hero of the energy transition”*  
Remi Eriksen, CEO DNV

## Long-term



Future fuels



Future vessels



Future tech solutions

# Select overview of initiatives to reach the SPT – energy efficiency is the key

*In aggregate, operational and technical initiatives are expected to contribute to approximately half the reduction to reach the SPT, while asset replacement initiatives will contribute to the second half.*



## Technical upgrades

- Energy saving solutions: hull cleaning, biofouling
- Energy efficiency upgrades & retrofits, including shore power capacity

## Operational improvements

- Optimize each port pair of the voyage
- Collaboration with Customers
- Change management and digitalization, learn between vessels including advanced weather routing

## Asset replacement\*

- 80-90% of fleet to consist of owned and long-term charter vessels
- Initial orders likely to include LNG multifuel vessels (with flexibility for conversion to low carbon fuels)
- From 2027 we will strive for alternative energy sources and technology
- Orcelle Wind viability studies ongoing

# Highlights of our TCFD journey

## 2020 and 2021:

- We started our TCFD journey with our 2020 Annual Report, making disclosures partially covering 8 of 11 TCFD recommended disclosures
- These preliminary disclosures were enhanced and improved with our first CDP reporting in 2021
- In 2021 we also conducted WalWil-specific climate risk assessments, which will be disclosed in our upcoming Report

## In 2022 we will;

- Enhance our governance related disclosures
- Begin to use scenario analysis to test the resiliency of our business model
- Assess the financial impacts of our climate risks and opportunities





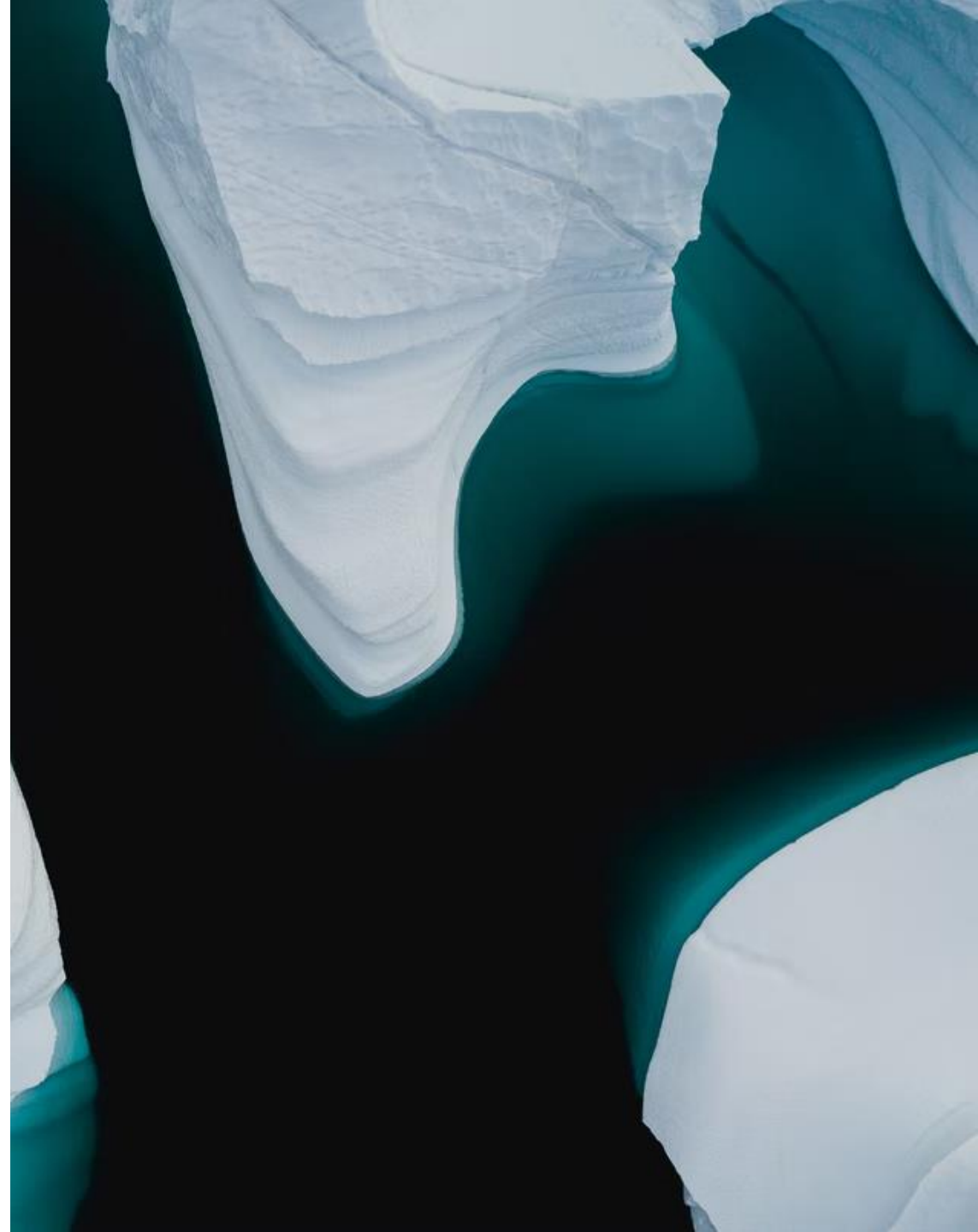
# Our key climate related financial risks concerns our shipping activities

## Risks

- Transitioning to low emitting **propulsion technologies** with **uncertain** long-term viability
- **Lock-in to carbon emitting fuels** that become less competitive during ships' lifetime
- **Increased costs to ensure compliance** with emerging regional and international climate regulations

## Opportunities

- A progressive approach to decarbonization will **strengthen our position as an employer** of choice and facilitate attracting and retaining talent
- Decarbonization will **strengthen our competitive position** amongst existing and new customers







# APPENDIX

# Investors demand transparency on issuers' sustainability issues and targets

*Certain high yield investors have developed a list of 21 questions which we answer in the next slides*

ESG questionnaire: General industry	
Please list the industry's three biggest sustainability (ESG) related challenges and briefly describe the process for identifying these challenges	<ul style="list-style-type: none"><li>• Tackling the climate crisis and reducing GHG emissions in line with the Paris Agreement is the defining challenge and opportunity of the shipping industry.</li><li>• Responsible vessel construction and end of life dismantling. The former includes the use of materials with a lower environmental impact while the latter necessitates responsible processing where human rights are respected and high standards of safety and employee welfare are maintained.</li><li>• Transition to renewable energy and full scale adoption of zero emission vehicles for our logistics services, i.e. distribution and handling of rolling cargo. This will eliminate climate gasses and local criteria emissions.</li><li>• The identification of these priority industry challenges stem from our materiality analysis. The challenges listed are those of greatest importance to the company and its stakeholders.</li></ul>
Does the company have a Science Based Target, report to the CDP or engage in any similar sustainability initiatives?	<p>In 2021 we committed to setting a science-based target.</p> <p>We reported to CDP for the first time in 2021 and received a C grade. <a href="#">Link</a>.</p> <p>In 2021 we signed the UN Global Compact</p>
Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?	<p>We are in the process of assessing eligibility of CAPEX, OPEX and Revenue as required for 2021 reporting. We will assess alignment with the EU taxonomy during 2022 and report on the outcome in annual report for 2022 at the latest.</p>

# 21 ESG questions: Environment (1/2)

## ESG questionnaire: Environment

Please list the firm's three primary risks related to climate change and if any, the firm's climate related opportunities	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Transitioning to low emitting propulsion technologies with uncertain long-term viability.</li> <li>• Lock-in emitting fuels that become less competitive during ships' lifetime.</li> <li>• Increased costs to ensure compliance with emerging regional and international climate regulations.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• A progressive approach to decarbonization will strengthen our position as an employer of choice and facilitate attracting and retaining talent.</li> <li>• Decarbonization will strengthen our competitive position amongst existing and new customers.</li> </ul>
Does the firm anticipate any climate related investments, and if so to what extent?	<ul style="list-style-type: none"> <li>• Yes, we anticipate climate related investments for both our ocean fleet and land-based assets: For the ocean fleet, this involves operational improvements and technical upgrades of existing vessels and particularly acquisition of new vessels with lower carbon emissions.</li> </ul> <p>For our land-based assets, we have committed to all new equipment being zero-emissions from 2023 and we are continuously working on sourcing electricity from renewable/sustainable sources.</p>
Circular Economy: how are purchases and waste managed? If the firm rely on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?	<ul style="list-style-type: none"> <li>• All of our waste is delivered to and managed by reputable waste management services. Our vessel unloads waste in the harbours where it will be responsibly managed. As stated in our <a href="#">environmental policy</a>, we strive to keep waste to a minimum through continuous focus on the management of resources and responsible recycling.</li> <li>• We recycle our vessels in line with our <a href="#">Responsible Vessel Recycling policy</a> and we are a founding members of the <a href="#">Ship Recycling Transparency Initiative</a>.</li> </ul>
Please disclose your Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?	<p><b>2021 - GHG emissions</b></p> <p>Scope 1 – 4 591 612 tonnes</p> <p>Scope 2 – 7 236 tonnes (does not include offices)</p> <p>Scope 3 – ~2 000 000 tonnes is estimated following SBTi's generic industry guidance.</p> <p>A comprehensive Scope 3 assessment is underway</p> <p>For more information refer to the Sustainability section in our Annual report</p>
Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?	<p>We have not yet set a target to become carbon neutral. However, we have committed to reduce our CO<sub>2</sub>e intensity* by 27.5%*** by 2030 (base-year 2019) and to source all energy from sustainable sources by 2050.</p> <p>*gCO<sub>2</sub>e/t*km</p> <p>***Please note that our corporate CO<sub>2</sub>e intensity target should not be confused with the KPI and SPT as described in WaWi's Sustainability Linked Framework as described in the Framework on page 13. Our corporate intensity target is wider in scope and as such includes CO<sub>2</sub>-equivalent emissions on a Well-to-wake basis, including Short-term Time Chartered vessels. The CO<sub>2</sub>e intensity is calculated per tonne * km.</p>

# 21 ESG questions: Environment (2/2)

ESG questionnaire: Environment	
<p>Transition related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm’s offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?</p>	<p>In addition to the identified climate risks listed on the previous page, we anticipate increased focus from investors, lenders, and insurance companies regarding our climate impact. This may result in increased cost of capital and insurance. On the other hand, we may experience increased access to capital and better rates following continuous high focus on reducing GHG emissions and sustainable business conduct.</p> <p>Also, changes in consumer awareness and preferences may incentivize production closer to end markets to reduce emissions or value chain complexity, thus reducing the need for deep sea shipping and related work.</p> <p>99% of our CO<sub>2</sub>e emissions and our financially material climate risks are related to shipping. To address this risk, we have set an ambitious carbon intensity reduction target (gCO<sub>2</sub>e/t*km) of 27.5% by 2030, compared to 2019. We are also currently assessing our fleet strategy to ensure a competitive and future proof fleet.</p>
<p>Please list the firm’s (1-2) primary means of making a positive environmental impact or minimising negative environmental impact . Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?</p>	<ul style="list-style-type: none"> <li>• GHG emissions – UN SDG 13 Climate change: <ul style="list-style-type: none"> <li>• Introduce technical upgrades (hull &amp; propulsion, machinery &amp; systems, asset replacement)</li> <li>• Operational improvements ( Low carbon fuels, emissions energy management, planning and network optimization)</li> <li>• Asset replacement (future proof new-buildings and new long-term charters)</li> </ul> </li> <li>• Biodiversity – UN SDG 15 Life below water: <ul style="list-style-type: none"> <li>• Biofouling management (Hull cleaning, propeller polishing, underwater inspections dry-docking)</li> <li>• Invasive species –(Ballast water management systems, including treatment)</li> <li>• Cetacean preservation</li> </ul> </li> </ul>

# 21 ESG questions: Social

## ESG questionnaire: Social

<p>Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?</p>	<ul style="list-style-type: none"> <li>Wallenius Wilhelmsen track all incidents, including first aid, medical treatment, lost time injuries and quality incidents. Any fatalities, lost time injuries and frequency are reported in our annual report.</li> </ul> <p>Our approach to health and safety are stated in our separate policies for Shipping and Logistics.</p> <ul style="list-style-type: none"> <li>In 2021 we unfortunately experienced 1 work-related fatality(contractors) due to a driving accident.</li> <li>Our Lost Time Incident Frequency (LTIF), per million man-hours:             <ul style="list-style-type: none"> <li>Logistics – 14.96 in 2021, up from 13.94 in 2020,</li> <li>Shipping - 0.88 in 2021, down from 0.99 in 2020.</li> </ul> </li> </ul>
<p>If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team</p>	<p><b>Diversity &amp; inclusion – 2021</b></p> <ul style="list-style-type: none"> <li>Gender balance total: 75% male, 25% female</li> <li>Gender balance production workers: 82% male, 18% female</li> <li>Gender balance office workers: 61% male, 39% female</li> </ul> <ul style="list-style-type: none"> <li>Board of directors: The board of directors has 6 members of which 50% are women.</li> <li>Top Executive Team: Has 4 members, 100% male</li> </ul> <ul style="list-style-type: none"> <li>Gender balance office workers in senior roles (male:female) 79% : 21%</li> <li>We target to change gender diversity of office workers in senior roles (M:F) to 65% : 35% by 2030.</li> </ul>
<p>Does the company conduct any other community engagement activities aside from those directly connected to the business?</p>	<p>We encourage our employees and local offices to be a positive force in their local communities. As such Wallenius Wilhelmsen and our employees are involved in numerous activities and charitable events world-wide. Some examples below:</p> <ul style="list-style-type: none"> <li>Financial contribution to the humanitarian and recovery efforts following the typhoon Rai, Philippines in 2021</li> <li>Local offices and production sites participates in annual local beach and river clean-up events in relation to World Ocean Day, Global</li> <li>Donation of food and other necessities due to tropical storms Amanda and Cristobal, El Salvador</li> <li>Food drives for local food pantries, USA</li> <li>Rutherford Works – Formalize work-based learning programs for High School juniors and seniors, USA</li> <li>Financial donation to help St Martin Diocesan Home for children pay for general repairs of the building and refurbishment of furniture, South Africa</li> </ul>
<p>How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?</p>	<p>In 2021 we published our <a href="#">Sustainability Supplier Code</a>. The Code is applicable to all suppliers, subcontractors, agents, and other business partners of Wallenius Wilhelmsen. The supplier Code includes, but is not limited to, human and labor rights, equal opportunity and diversity in employment, harassment, health, safety and environment, compensation and anti-corruption. We are currently developing our supplier management approach. In 2021 we issued the supplier Code to 25 key suppliers and received 96% acknowledgment.</p> <p>Wallenius Wilhelmsen has yet to establish a supplier audit program but will conduct a risk assessment of our supply chain in 2022. As per our <a href="#">procurement policy</a> we are committed to prioritize suppliers who have sustainable and ethical practices within their respective organizations and who drive such practices throughout their own supply chain.</p>



# 21 ESG questions: Governance (1/2)

## ESG questionnaire: Governance

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?	<ul style="list-style-type: none"> <li>• At Wallenius Wilhelmsen we strive to work in an atmosphere of openness and responsible and ethical business conduct.</li> <li>• Our Code of Conduct is available publicly and is part of our onboarding procedures, training program and confirmed annually. During 2021, our annual code of conduct training involved e-learning for our IT-enabled employees and extensive workshops were conducted for employees without PC. Senior management, BoD and other relevant staff receive regular training on business ethics and anti-corruption</li> <li>• We want to hear any concerns about how we operate and do business. The Alert line is a confidential service that can be accessed from any location and is hosted by an independent third-party. Concerns may be made anonymously and can include Health, Environment and Safety breaches to fraud, corrupt activities, conflicts of interest, working environment issues, bullying and harassment.</li> <li>• Wallenius Wilhelmsen has been part of anti-trust investigations in several jurisdictions since 2012. In 2021, we paid USD 149m customer settlements and jurisdictional fines. At this time there are no further jurisdictional investigations ongoing.</li> <li>• When the investigations into the car carrying industry begun, Wallenius Wilhelmsen immediately took action to strengthen the organization, policies, processes, and training to ensure full compliance with competition law. These actions include:             <ul style="list-style-type: none"> <li>• The appointment of a Global Compliance Officer to oversee and manage regulatory compliance issues</li> <li>• Reinforced training on our Competition Compliance Policy that outlines and reiterates the group requirements for compliant industry communication and documentation</li> <li>• The introduction of a global Alert line to encourage reporting of any noncompliant behavior.</li> </ul> </li> </ul>
Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen	Wallenius Wilhelmsen ASA's head office is located in Norway and as such is also the company's tax residency.
How many independent members sits on the Board of Directors?	4 of 6 board members are independent
Please state if and to what extent, the company has transactions with related parties	To some degree, e.g., with our ship management companies; Wallenius Marine and Wilhelmsen Ship management. For more information refer to the note on 'Related party transactions' in our Annual report

# 21 ESG questions: Governance (2/2)

## ESG questionnaire: Governance

Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?

Wallenius Wilhelmsen's remuneration policy covers all employees and is developed to ensure the Company attracts and retains competent employees. The board determines the Group CEO's remuneration and establishes the framework for adjustments for other employees.

The company has adopted two new incentive programs that went into effect 2021. Senior Managers and higher at all sites around the world are eligible for a Global Incentive Plan that will incentivize and reward sustainability (20% of this bonus will be tied to ESG performance). Executive Equity Compensation is also provided to further incentivize the company's sustainability performance and objectives: 20% of this equity compensation will be tied to ESG performance.

KPIs include CO2 intensity reduction targets, Health & Safety performance and Diversity and inclusion.

Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken

The foundation of our overall ESG risk approach is a materiality assessment, conducted periodically to engage stakeholders in identifying which ESG topics are material to our business and value chain. We systematically track ESG objectives and KPIs, and data is collected and reported quarterly to the company's top management.

The Board of Directors review the company's Long-term Strategy, Annual Sustainability Report, and ESG objectives, metrics and targets annually. The executive Team and BoD receive regular reports on ESG performance from the Chief Sustainability Officer.

Have you signed a Union agreement?

Many of our employees are members of a relevant union. We have Collective Bargaining agreements in place in several areas, including USA and the Americas where most of our production workers are employed. For instance, we have Labor Agreements for different sites within the U.S. and Canada. These Agreements are not collective but rather separate Agreements for different sites within North America. 335, or 18%, of our 1 885 US production workers are represented by a union.

As stated in our Code of Conduct we cooperate with employee representatives with the aim to achieve balance between the interests of the company and those of the employee.