Sustainability at Wallenius Wilhelmsen

Wallenius Wilhelmsen firmly believes in a sustainable approach to business by taking conscious action to promote environmental stewardship, social responsibility and ethical business conduct. The company prioritises sustainability not just because it is morally right, but also because sustainability is fundamental for long term value creation. The group sees sustainability as a driver for business development and growth. In taking this approach, Wallenius Wilhelmsen is also committed to complying with all relevant environmental, social and business ethics regulations, aiming to be a step ahead of existing and emerging requirements; and to meet the increasing demand for sustainability transparency and performance expectations of its stakeholders.

Reflecting this view is the 'Lean:Green' environmental strategy that was adopted early in Wallenius Wilhelmsen's first year of operation: Striving for what is both economic and sustainable will produce the best long-term results for people, profits and the planet. The strategy is being pursued through the following Lean:Green approach:

- Drive progress through initiatives that are both lean and green
- Focus on high impact changes, for both people and the environment
- Engage in regulatory processes; lobbying for environmentally sound global outcomes
- Invest in and support 'Lean:Green' technologies; partner to find sustainable solutions
- Embrace transparency; be visible and be credible
- Harness sustainability track record and competence to create commercial value

Sustainability efforts at Wallenius Wilhelmsen are categorised into four globally relevant focus areas, which offer strategic direction and encompass all sustainability topics that are material to the company.

Focus areas (Click image to zoom)

These four focus areas also provide the structure for information included in this report, prepared and disclosed in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Transparency in Wallenius Wilhelmsen's sustainability effort and performance is essential to promote good relationships with the company's stakeholders and meet their evolving expectations. To ensure the appropriate focus and relevance of the sustainability work and reporting, the company has conducted a materiality assessment to identify and prioritise the most material sustainability issues. A complete overview of materiality in the Wallenius Wilhelmsen value chain and our engagement with stakeholders is available in the Sustainability section on our website.

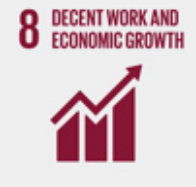
Working towards the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are a set of 17 goals and 169 underlying targets to ensure a sustainable world by 2030. These goals apply to all and encourage governments and the private sector to mobilise efforts and cooperate to end extreme poverty, fight inequality, tackle environmental challenges, and ensure sustainable resource management.

At Wallenius Wilhelmsen we are committed to doing our part. As such, we have identified six SDGs with relevant sub targets to which we have aligned our sustainability strategy and focus areas.

SDG 3: Ensure healthy lives and promote well-being for all at all ages

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including a focus on high-value added and labour-intensive sectors

SDG 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

SDG 10: Reduce inequality within and among countries

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

SDG 13: Take urgent action to combat climate change and its impacts

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Integrate climate change measures into national policies, strategies and planning

SDG 14: Conserve and sustainably use the oceans, seas and marine resources

By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Valuing our people's wellbeing and diversity

Valuing our people's wellbeing and diversity is about valuing everyone the company interacts with, from employees and suppliers to customers and local communities. People are at the core of value creation within the company, and their wellbeing and diversity can represent both a risk and an opportunity.

Wallenius Wilhelmsen has almost 9 500 employees across the world and prides itself on being a responsible employer and providing a safe, challenging and fulfilling working environment. The company believes that there is a strong correlation between employee satisfaction, employee engagement and value creation.

The company also has a responsibility to its suppliers to provide a safe working environment, and to ensure that there are no violations of human rights in the supply chain.

Diversity

Wallenius Wilhelmsen's broad geographic reach is reflected in the diversity of its workforce. The company views this diversity as a key asset in meeting the current and future needs of the business, and makes all final hiring decisions itself, although external recruitment specialists are occasionally used.

As a group, employees offer a great range of knowledge, experience and cultural understanding, all of which are major contributing factors to ensuring the group is equipped to thrive in an uncertain climate.

The company's future success is important to its employees, customers and investors, which means it's essential that the diversity of employees is preserved and enhanced in the future.

The company also recognizes that for diversity to have a meaningful impact, the company also needs to strive towards a culture of inclusion where diverse opinions are treated with respect and taken into account.

Managing Diversity

The main tool for assessing the diversity of the workforce across Wallenius Wilhelmsen is the Human Resources database, and diversity-related management decisions are made based on its data. Each of the companies in the group has its own Human Resources departments which together form the global HR function under Wallenius Wilhelmsen's Chief Human Resource Officer.

The company is thoroughly committed to the principle of meritocracy in all hiring and promotional processes: the most qualified candidate will always prevail. At the same time, the company aims to ensure its workforce mirrors the demography of its various recruitment markets.

If a hiring or promotion decision is challenged on the grounds of diversity, the aim is to put weight on a diverse workforce, provided all other objective criteria are similar.

Evaluation of results

Data has been compiled from the global HR systems, which in accordance with the ambitions set for 2018, were upgraded to be able to provide a more granular break-down of the workforce diversity.

Total number of employees by region

Asia Pacific	Europe Middle East and Africa	America	Total
1452	1636	6363	9451

Total number of production workers by contract type (permanent, temporary), by gender

	Male	Female	Total	M / F %
Regular/Permanent	5285	790	6075	87/13
Contract Labour/Temporary	NA	NA	1164	NA
Total	NA	NA	7239	NA

Total number of office workers by contract type (permanent, temporary), by gender

	Male	Female	Total	M / F %
Regular/Permanent	1246	887	2133	58/42
Contract Labour/Temporary	36	43	79	46/54
Total	1283	930	2212	58/42

Total number of office workers by employment type (full-time, part-time), by gender

	Male	Female	Total
Full time	1280	906	2186
Part time	2	24	26
Total	1282	930	2212

Total number of employees by employment contract (permanent and temporary), by region

	APAC	EMEA
Regular / Permanent	1127	1526
Contract Labour/Temporary	325	110
Total	1452	1636

The company employs external consultants and contractors who assist in developing specialised business software solutions and provide general IT support services. Their number, however, is not significant. There are no major seasonal variations in the numbers reported above for the office workers, however, the number of production workers can fluctuate considerably according to operational demand at land-based facilities. Note that Wallenius Wilhelmsen does not employ any seafarers directly.

The total number of employees has increased quite significantly from the 7 497 in 2017 to 9 451 in 2018. The key factors contributing to this increase are the inclusion of the Keen organisation's workforce, the inclusion of contract and temporary production workers, and the general increase in production workers due to increased activity in WW Solutions.

The gender balance for regular and permanent production workers is reported for the first time and is 87:13 male to female. The result reflects the fact that this type of work is generally much more sought after by men than women. The data does not cover temporary or contract production labour, however, those employees represent a relatively small fraction of the total production workforce and would reflect a broadly similar gender balance.

The overall gender balance for the office workers of the group is 58:42 male to female, which is unchanged from last year. This result earned the company ninth place on the 2018 SHE Index (www.shecommunity.no) of Norway's 50 largest listed companies.

For both genders and across all major geographical regions, an overwhelming majority of both production workers and office workers are on permanent and full-time employment contracts, which is also unchanged from 2017.

As per the plan for the year, a diversity project was initiated in late 2018. Seeking a more diverse workforce and a more inclusive workplace is an effective means of boosting employee engagement and morale – while moving towards the goals of increased organisational innovation and creativity, and more diverse leadership. The project will consider diversity in all its forms, including age, nationality, experience and skills. A diversity project team has been established, and a project plan has been created.

Ambitions and next steps
The next step in the diversity project will be to undertake an audit to form a clear understanding of the diversity profile of the current organisation. This will enable appropriate goals and the actions to achieve them to be identified. In addition, measures will be taken to help reinforce a company mindset for diversity and inclusion. To do this, focus will be placed on diversity and inclusion in relation to the company's values as well as through raising awareness of unconscious bias.

Safe operations

A focus on safety underpins Wallenius Wilhelmsen's global operations. This is true for all people, including employees, contractors, suppliers and property. There is no compromise in striving for an industry-leading safety performance across all fields of activity, both on land and at sea. Accordingly, there are safety KPIs covering the entire group's operations and the ultimate responsibility for safety rests with the CEO.

Safety is key to employee retention and morale, as it's closely linked to high quality and efficient operations, as well as excellence in safety, which are expected by all stakeholders. The safe operations of the company are also important to other stakeholders – particularly because of links with quality and good risk management, as well as what responsible businesses expect of one another.

Managing safety on sea and land

Safety management in ocean operations is the responsibility of the Marine Operations Management team, which has the specialist competence to follow up safety performance across the fleet, drive the implementation of fleet-wide safety initiatives, and lead incident investigation.

WW Solutions' operations are performed by both direct employees and outsourced labour. Safety is directly overseen by the company in both cases and, on a site level, is the responsibility of the site manager. At a corporate level, safety is the responsibility of the Global Way of Working team.

Evaluation of results

The 2018 Lost Time Incident Frequency (LTIF) for all ocean operations was 0.73, which compares favourably with the target for the year of 1.0. In all, there were 12 incidents which were accounted for by four slips, trips or falls, three hand injuries, two burns and three leisure time injuries. It was the latter that explained the marginal increase on the 2017 result of 0.62.

The full year result for the fleet's PSC deficiency ratio was 0.63, which fell short of the target of 0.5 and lagged the 2017 result of 0.49, which is also reported here for the first time as the reporting system was not finalised a year ago. The number of inspections for 2018 and 2017 were similar at 264 and 268 respectively, while the respective number of deficiencies were 167 and 130. The drop in performance was due to four vessel inspections which resulted in several deficiencies each in 2018, whereas there were two such inspections with a higher number of deficiencies 2017. The four vessels with several deficiencies all underwent altered trading patterns relative to the previous 12 months and thus became focus vessels on Paris MOU Port State control regime. While the result was ahead of the sub-standard level, which is set at 1.0, it still places the issue in the yellow 'watch' zone, particularly on those vessels which had the high deficiency rates.

Regrettably there was one fatality relating to ocean operations during 2018, however it was due to natural causes. The number of reported incidences of occupational diseases in 2018 was zero across the fleet, as was the number of incidents of absenteeism. The latter is to be expected due to the unique working circumstances involved.

WW Solutions achieved a global result for LTIF of 5.77 in 2018, which compares favourably with 2017 result of 21.7, as well as the goal of 22.1. It should be noted that 2018 was the first full year's data with the current reporting system, which resolved some data quality issues with the previous system. In total there 260 Lost Time Incidents (LTIs) during the year, with 186 occurring in the Americas, 8 in APAC and the remaining 66 in EMEA. Data on the types of injury or the gender of those injured is not yet available. Similarly, data on absenteeism and occupational diseases is not available.

2018 was the first full year of the Safety ImpACTs preventative KPI reporting and it marked the kick-off of the global health and safety regulatory compliance solution, 'Safety First'. Both are

contributing to the safety culture of WW Solutions and, most likely, to its LTIF result too. Safety First entails the development of robust safety plans, processes and routines at individual sites and in due course will help develop a globally consistency approach.

The ImpACT preventative safety result is reported here for the first time with a full year result for 2018 of 1117. The KPI reflects the preventative safety efforts made and shared with the organisation. The high volume of ImpACTs has made a large contribution to the safety culture in the organisation. As the reporting metric has not yet stabilised, the decision has been made to let it mature further before setting a target.

Ambitions and next steps

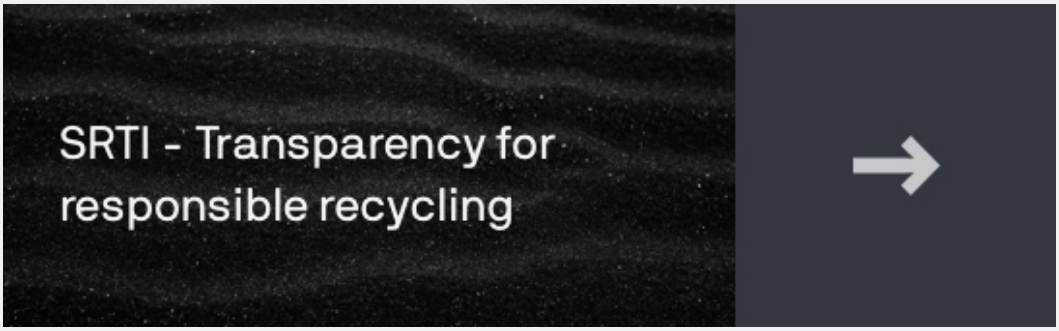
The 2019 safety targets for ocean operations are to achieve a LTIF of less than 1.0 and to keep the Port State deficiency ratio below 0.5. In view of the stable and good performance on safety as well as the maturity of the approach that contributes to it, attention for 2019 will focus on maintaining and improving performance.

For Wallenius Wilhelmsen Solutions the 2019 LTIF goal is a 3% improvement on the actual result from 2018, which is 5.60. The company will also introduce category, gender, absenteeism and occupational disease reporting for safety incidents during 2019. For Safety ImpACTs the focus will be to improve the reporting and analysis solution before setting any numeric targets. Finally, the incorporation of local Safety First practices into the WoW framework will be evaluated.

Human and labour rights in ship recycling

The way a vessel is recycled at the end of its service life can be highly impactful to the people who undertake the work. In too many cases, workers must endure extremely poor safety and welfare conditions. Wallenius Wilhelmsen has direct influence over how the vessels it owns are recycled and has for many years taken a responsible 'green recycling' approach that has a positive outcome for workers at the recycling facilities.

The safety and welfare of the workers on Wallenius Wilhelmsen's recycling projects is of great concern to the company because poor performance would have a harmful effect on employee perception and the company's relationship with a growing number of external stakeholders. These stakeholders include investors, lenders and customers who are increasingly aware of the social risks regarding vessel recycling and are demonstrating a growing willingness to act against companies that fail to perform responsibly.



Process control and incentives

Wallenius Wilhelmsen's Marine Operations Management team is responsible for overseeing how vessels are recycled. Maintaining control over the process, which is essential to achieving such standards, is ensured by closely following the company's Vessel Recycling Policy.

The main points of the policy include appointing an independent surveyor to assess any candidate facilities. Such yards must have proper safety management, craned berths or floating docks, and the correct handling and storage of all materials must be ensured.

Secondly, the vessel is sold through cash buyers to a specific yard to be recycled to specific standards and within a specified timeframe. There is no possibility for the vessel to be recycled other than as Wallenius Wilhelmsen intends.

Thirdly, the actual recycling is supervised by a qualified partner who has the right to halt work on safety or environmental grounds. The payment structure for the yard is set up such that they are incentivised to achieve particular safety and environmental performance results.

During the vetting process, the yard must be able to demonstrate that employees have the necessary qualifications, and that working hour and payment regulations are being adhered to. Prior to the recycling, the Inventory of Hazardous Materials (IHM), which is important in guiding and planning the safe dismantling of a vessel, is updated. During recycling, the ship manager's site superintendent has the right to halt activities if working conditions or processes are deemed to be unhealthy or unsafe, or if Personal Protective Equipment (PPE) is inadequate. Towards the end of the process, items from the vessel that can be reused or recycled, such as furniture, domestic appliances and computers, must be offered to the local community.

Evaluation of results

The Wallenius Wilhelmsen group did not recycle any vessels in 2018 because no vessels had reached end-of-life. During 2018, the company formalised its long-standing green approach to vessel recycling in a Vessel Recycling Policy, which has been published on the Wallenius Wilhelmsen website. The policy includes references to the human and labour rights aspects of ship recycling.

Wallenius Wilhelmsen was a founding member of a major industry initiative, the Ship Recycling Transparency Initiative (SRTI www.shiprecyclingtransparency.org), launched in 2018. SRTI is an online platform for the disclosure of all the relevant policies and practices of shipowners in relation to vessel recycling. It is a response to the lack of transparency that has long existed in the area, and which has been a key factor in enabling irresponsible practices to continue. Apart from the obvious negative social and environmental impact, poor recycling practices put companies that take a responsible approach at a financial disadvantage when compared to those that don't.

The information disclosed is available to any interested party and it is hoped that it will enable industry stakeholders, including customers, lenders and investors to make informed and responsible decisions in relation to vessel recycling. Wallenius Wilhelmsen is a steering committee member of SRTI and has been actively working to raise its profile and urge other companies to become SRTI members. Some of the world's most prominent shippers have become signatories, thereby showing their support for the need for transparency in vessel recycling.

There was an aim to develop a contract term during 2018 for long-term vessel charters that would require a charter vessel being redelivered close to the end of its service life to be recycled in a manner consistent with Wallenius Wilhelmsen's Vessel Recycling Policy. The clause was not developed as no long-term charter agreements were made for vessels that would be near recycling age at the time of redelivery.

Ambitions and next steps

To complement the detailed information already disclosed on the Ship Recycling Transparency Initiative's platform, the company will publish details of how its owned vessels have been green recycled since 2000. This information will published on the corporate website.

During 2019, the company will examine the potential to ensure any existing long-term charter vessels that are redelivered at or close to recycling age are responsibly recycled. Similarly, if entering into any long-term charter agreements where redelivery would be at or close to the point of recycling, a contract term will be included to ensure the vessel is recycled in a manner consistent with the company's Vessel Recycling Policy.

Training and development

Wallenius Wilhelmsen places great importance on employee training and development. The scope of this is universal: it applies to all employees. An organisation that is learning is more aware and better prepared to succeed in the evolving and unpredictable business environment in which Wallenius Wilhelmsen operates.

Training and development are important to the company and it's workforce, because when employees are well-supported in these areas they tend to be more fulfilled, which leads to better performance and retention levels. Wallenius Wilhelmsen's ability to maintain its competitiveness and drive innovation is underpinned by a workforce that is well prepared and fulfilled, which in turn also benefits the company's customers and investors.

Focus on development

A new job goals and learning plan platform called 'Go.Grow.Succeed' was launched in 2018. It facilitates more frequent performance and career development dialogues while reducing the amount of process documentation. The emphasis of the discussions between employees and line management is oriented towards future development rather than past performance.

Evaluation of results

KPI's have not been established for training and development, however, the Go.Grow.Succeed management system sends reminders to schedule the review discussions and can flag when they have not occurred.

Ambitions and next steps

The Wallenius Wilhelmsen Board-approved strategy for Human Resources outlines projects for Talent Management and Succession Planning, and Leadership Development. The overarching objective of the strategy and projects is to help develop and prepare the workforce for the

challenges and opportunities that the fourth industrial revolution will involve. There will be an emphasis on innovation and the value of developing a growth mindset. Organisational agility and the associated network thinking that will dismantle organisational silos will also feature prominently. Both projects will get underway in 2019.

Working conditions and welfare

Wallenius Wilhelmsen believes that there is a clear link between the working conditions and welfare provided by the company on the one hand, and the quality of work on the other. This applies equally for workers of all kinds, but has special significance for vessel crew, particularly during recreation and resting hours, as well as while at work. For this reason, the focus in this section is on the owned fleet's crew working conditions and welfare.

The crew of the owned fleet are not employed directly by Wallenius Wilhelmsen, but there is still a close working relationship between the company and the crew. The company believes that industry-leading work and living standards for crew are central to reaching and maintaining the highest levels of safety and quality in vessel operations. Furthermore, it supports good morale, which is critical in retaining talented crew, and fosters a good and open dialogue between ship and shore.

Managing crew working conditions

This topic is the responsibility of the Marine Operations Management team, and encompasses the vessels in the owned fleet only because those vessels are under the operational control of the company. The team pursues the company's objectives through close collaboration with its various ship management companies.

A considerable body of regulation establishes minimum requirements for working conditions and on-board vessel welfare. Wallenius Wilhelmsen actively monitors standards onboard through its ship managers to ensure regulatory compliance is maintained. The company also goes beyond the regulatory minimum. It ensures insulation, heating and vibration are all within comfortable levels and stipulates the quality of work clothing. Furthermore, it specifies the amount of money to be spent on catering services and the up-keep of recreational areas.

To ensure crew can remain in contact with family and friends, and access the internet, all vessels are equipped with satellite communication equipment, which is made available at no cost to the

crew. The company also supports seafarers' families through support for social initiatives, like family days and spouse clubs, and by providing family insurance policies.

Wallenius Wilhelmsen's fleet comprises approximately 20% long-term charter vessels. The company has limited influence over working conditions and welfare on these vessels, but can indirectly promote such issues through quality standards in long-term vessel contracting.

Evaluation of results

Two main metrics are used to assess crew welfare working conditions on the owned fleet – the annual retention rate and the crew satisfaction survey. Regarding the former, the target was to retain 95% of crew over the course of the year. The 2018 result for the entire owned fleet was 98%, which was the same as in 2017, although those results applied for only a fraction of the owned fleet. The performance was consistent across individual vessels and crew nationalities.

The crew satisfaction survey covers a wide range of topics, including treatment onboard, interaction with shore (including manning agents), recreation on-board, food and beverages, length of tenure (per rotation), and training. The survey works to a scale of 0-5, where five is exceptional. The 2018 result, which represented the views of about 30% of the owned fleet, was 4.4, which, again, was the same as in 2017 and was consistent across both vessels and crew nationalities.

Both results are good and demonstrate that the programmes and initiatives are effective and should be continued. The validity of the crew satisfaction survey is somewhat constrained by the fact that it represented only a portion of the owned fleet. It had been planned to extend the survey so that it covered the entire owned fleet during 2018, but this didn't happen due to other events.

Ambitions and next steps

A common template for crew satisfaction surveys for all ship managers will be developed and deployed in 2019 so that results for the year will reflect the views of seafarers from the entire owned fleet.

Being your trusted business partner

Being your trusted business partner is about efficient operations and conducting business in the right way, and it's important not only to suppliers and customers, but also to partners such as industry peers. Ethical business conduct is the foundation of Wallenius Wilhelmsen's operations and activities, while operational efficiency, and the company's ability to deliver as agreed, is key to creating value for the client.

Wallenius Wilhelmsen is committed to fair competition, anti-corruption and anti-bribery through the entire value chain. The company's Code of Conduct is applicable to all employees and outlines the top management's commitment to and expectations of sustainable, compliant and responsible business conduct.

Ethical business conduct

That all business should be transacted in an ethical manner is a fundamental requirement in Wallenius Wilhelmsen. It applies to all the company's activities, everywhere and all the time. The company and its Board ensure that this requirement is fulfilled directly; all employees have a responsibility in this regard. Ultimate responsibility for ethical business conduct rests with Board and the CEO.

Wallenius Wilhelmsen see ethical business conduct as a basic ticket to trade. The various stakeholders of Wallenius Wilhelmsen, including its investors, customers and employees, take a similar view.

The Wallenius Wilhelmsen compliance program

The company conducts a variety of activities to ensure compliance with applicable laws and regulations through its governance and compliance programme. The main components are: to ensure top level commitment; to have in place adequate policies and instructions; to communicate polices and instructions to the organisation, provide training; to carry out risk assessments and proactively monitor the organisation's activities; and to background-check partners. The company is an active member of the Maritime Anti-Corruption Network, where it takes part in actions to improve industry compliance standards. The overall programme is run by the company's Legal & Compliance department, which appointed a dedicated group compliance resource during 2018.

Evaluation of results

In 2018, the company commissioned an external review of its governance and compliance programme, which helpfully identified several areas that can be matured further, including prevention, detection and reaction. To develop the compliance programme further, various improvement initiatives have been launched, such as establishing a common channel for reporting of compliance issues throughout the group. The company is also working to strengthen its oversight over remote facilities through improved instructions to board members, clear reporting lines, training, and internal audits. A project has also been initiated to bolster the internal control framework, and an internal audit function is in the process of being established.

Ambitions and next steps

The company will continue to work on improving its governance and compliance programme with a *One group – One governance perspective*. This involves a review of the company's key steering documents to improve clarity and measures, including training, to raise the visibility of governance within the organisation.

Quality of service

The interrelation between environmental, social and corporate governance (ESG) issues on the one hand, and quality of service on the other, is the focus of this topic. The scope of the issue extends to all services provided by the Wallenius Wilhelmsen group and is particularly relevant for

its operations and commercial divisions. The focus for this report is three areas: uptime of the owned fleet, achieving 'data liberation' (or 'digitisation') of the owned-fleet, and compliance with environmental regulation. The former applies to ocean operations only, while the latter applies to all operations on land and at sea. The company always has a direct supervisory role in ensuring the quality of its service, however, the actual performance of the service is not necessarily carried out by direct employees.

In the fiercely competitive markets in which Wallenius Wilhelmsen operates, quality of service is a key commercial differentiator and the cornerstone for customer growth and retention. Best practice in ESG is equated with supply chain risk mitigation, efficiency, and is increasingly demanded by customers to drive their own ESG agendas.

Quality Management

The uptime of the owned fleet is primarily built on trust and effective communication between ship and shore, such that requests for additional time in port to undertake necessary repairs, refurbishment or maintenance are granted. The metric for uptime of the fleet is its opposite: unscheduled off-hire. Data on this is reported to the Marine Operations Management team monthly and followed up as required. Good risk management is essential in maintaining fleet uptime, which in practical terms has meant applying preventative maintenance techniques to critical equipment.

Vessel data liberation, known internally as the 'One Operation' initiative, involves linking the thousands of onboard sensors to the vessel's satellite communications system, transmitting the sensor data to a cloud and then running analytics on the data. The benefit of data liberation is that it facilitates a more intensively data-driven approach to managing and optimising vessel performance. The data analysis can be used for to optimise many the performance of many different processes and pieces of equipment. Examples include optimisation of the amount of ballast carried onboard to optimisation of engine performance by identifying outlying data from turbochargers, coolers or cylinders.

In terms of environmental regulation, the commitment for ocean and land-based businesses is the same: full compliance with all applicable regulation. Compliance is maintained through strict adherence to company procedures and processes. In the case of the owned fleet, these are complemented by regular inspections by vessel crew, ship management and the relevant authorities. For land-based facilities, site staff follow routines to identify and prevent potential non-compliance issues, and many sites are subject to periodic external audits to ISO 14001 or similar quality standards.

All ship managers are required to be ISO 14001 certified and at corporate level, the company is implementing an ISO 14001 certified environmental management system during 2019. All WW Solutions' EMEA facilities are ISO 14001 certified and those in the Americas and APAC follow other EMS standards. The aim is to standardise to ISO 14001, and a target date will be set following an implementation review. The ISO 14001 approach is also being applied to the management of social and governance issues, making it an ESG sustainability management system.

Evaluation of results

The data liberation initiative proceeded rapidly in 2018 with four vessels being retrofitted, which was two more than planned. The analysis work is just getting underway, but the merit of the approach is already sufficiently clear to warrant retrofitting more of the owned fleet.

Average unplanned off-hire across the entire owned fleet in 2018 was 21.2 hrs, which is a deterioration on the figure reported for 2017 of 16.0 hrs. Furthermore, the target of less than 24hrs of off-hire result for each individual ship manager wasn't met. Both results were mainly due to main engine issues in the WSM UK and ARC fleets.

During 2018 there were no cases of environmental regulation non-compliance from ocean operations and all vessel managers maintained their ISO14001 certification. There were also no cases of environmental regulatory non-compliance at any of Wallenius Wilhelmsen Solutions' facilities. All of its EMEA facilities are ISO14001 certified while those in the Americas and APAC also have similar EMS in place.

Ambitions and next steps

The ambition for unscheduled off-hire for 2019 is unchanged from 2018, which is to achieve an average of under 24hrs for the fleet as well as for each individual ship manager. For the One Operation data liberation initiative, the aim is to have the technology deployed across the entire owned fleet during 2019. It is anticipated that the project will contribute to improving unscheduled off-hire performance, but it is too early to estimate by how much.

On environmental compliance, 2018's results demonstrate existing processes and measures are achieving the desired results, so the focus for 2019 will be on maintaining performance. That said, work on the corporate ISO 14001 EMS will be completed, and attention will be given to ensuring it and WW Solutions' facility level EMS are aligned. Additionally, WW Solutions will evaluate incorporating Environmental Regulation into " Way-of-Working" , a uniform framework used by operations to effectively manage health & safety, environment, quality, cost, and ISO compliance.

ESG customer management

Wallenius Wilhelmsen's customers make regular enquiries and demands in relation to the company's Environmental, Social and Governance (ESG) performance and practices. It is also in the group's interest to determine certain ESG aspects in relation to its business with customers.

Ensuring that services provided to customers always comply with international sanctions, laws and regulations goes with the right to trade in certain countries and is therefore essential to the company's global operations. As Wallenius Wilhelmsen's services form a vital part of the supply chains of its customers, compliance with the rules and conditions of international sanctions is paramount for them too. Furthermore, several recent high-profile cases against companies for breaching sanctions have raised awareness and vigilance for the issue among the investor community.

ESG approach and ESG Customer management responsibilities

Wallenius Wilhelmsen has established an internal procedure to ensure compliance with the rules associated with international sanctions laws and regulations. The group's commercial teams are responsible for engaging the support of in-house legal expertise on any case where a concern exists about possible sanction compliance. Conversely, the company's legal and compliance team keep the commercial teams updated on development in relation to international sanctions. If a case of non-compliance occurs the compliance resources will make sure that the activity is stopped.

Evaluation of results

In 2018, there were no cases in which the group's companies were found in breach of international sanction laws and regulations, which continues the same positive performance as achieved in 2017. In 2018, the company finalised and disseminated a clear aligned group sanctions policy.

Ambitions and next steps

The company has an ambition to constantly improve and make sure that employees and other stakeholders are aware of the implemented sanction policy and intend to work further with awareness raising and training, in 2019.

Tax Practices

Interest in multinational corporations' global tax planning has increased over recent years. The Organisation for Economic Cooperation and Development (OECD) and the G-20 countries, have worked out 15 actions relating to global tax planning strategies by multinationals in the so-called Base Erosion and Profit Shifting (BEPS) project. The project aims to ensure that income is taxed in the countries where value is created and prevent multinationals from shifting profit from high tax countries to low tax countries. The group is committed to comply with all changes in local tax regulations following the BEPS project in all countries in which it operates. That includes reporting according to the country-by country reporting (CbCR) requirements to tax authorities in Norway, as well as making a Transfer Pricing Master file. The CbCR information is shared among tax authorities globally.

The group is committed to being a responsible taxpayer, combining professionally executed tax compliance with legitimate tax planning based on valid business purposes. It is committed to ensuring compliance with local requirements and practices, and disclosure of all relevant facts to the tax authorities. It also commits to adopting a justifiable and defendable tax position where tax regulations are open to interpretation or choices. The tax position taken in all significant transactions is supported by obtaining an external tax opinion.

The Wallenius Wilhelmsen group do not utilize any tax incentives or have any special tax agreements with tax authorities in any country it operates.

At Wallenius Wilhelmsen corporate tax affairs fall within the responsibilities of the CFO and extend to all jurisdictions where the company operates.

Wallenius Wilhelmsen's business units and how they are taxed

WW Ocean

WW Ocean operates 55 vessels, of which 45 are owned. WW Ocean is centrally taxed in the ship owning companies in Sweden, Malta, UK and Singapore. All companies are taxed according to shipping-specific tonnage tax regimes. Companies not qualifying for tonnage tax are ordinarily taxed. A special freight tax is also paid in some jurisdictions.

EUKOR

EUKOR operates 66 vessels, of which 23 are owned. EUKOR is taxed according to the shipping-specific tonnage tax regime in Korea.

ARC

ARC operates 6 vessels but is the owner of 8 vessels (2 have been chartered out). The vessels are owned by Fidelio Limited Partnership and the partners are ordinarily taxed in the US and Norway. ARC is a Limited Liability Corporation (LLC) and disregarded for US tax purposes. The owners of ARC LLC in Sweden and Norway are ordinarily taxed on the result or dividend distributions.

WW Solutions

All companies in WW Solutions are ordinarily taxed in the countries they operate. Disregarded US LLC's are taxed on owner level.

Management of tax in Wallenius Wilhelmsen group

The company is committed to full compliance with local tax laws and international tax regulations. Internal resources in Head Office in Oslo as well as local resources and external advisors are involved in the preparation and filing of all corporate tax returns as wells as VAT/GST filing.

Evaluation of results

Wallenius Wilhelmsen have filed all applicable tax and VAT/GST returns in 2018 in a timely manner. The group has also made a 2017 Transfer Pricing Master file documentation which has been submitted to tax authorities in countries where it is mandatory. The CbCR for 2017 was submitted on time to the tax authorities in Norway.

Ambitions and next steps

The tax laws and regulations that apply to multinational companies are becoming increasingly complex and the interpretation of them can change rapidly, which can significantly increase the risk of unintentional non-compliance. Hence, the Wallenius Wilhelmsen group's primary focus is to maintain full compliance in this dynamic environment. The current approach to this challenge, which is to closely follow development in local tax laws and international tax regulations, has proven to be effective and will be continued.

Security at landbased facilities

Wallenius Wilhelmsen has operations at landbased facilities across the globe. Facilities include ocean terminals, distribution centres and vehicles processing centres. All landbased facilities fall within the scope of WW Solutions. Accordingly, the overall responsibility for security on landbased facilities rests with the President of WW Solutions. On an individual facility level, security is among the direct responsibilities of the respective facility managers.

Landbased facility security is materially significant to Wallenius Wilhelmsen for a variety of reasons ranging from its close connection to safety to its role in providing industry-leading quality of service. For its customers, a high focus on security protects and contributes to the integrity and efficiency of their outbound supply chains as well as their own product quality.

Zero-tolerance policy

The group has a zero-tolerance policy for security infractions and for theft units from any facility within our network. At port facilities, the company partners with the local Port Authority staff and security companies to ensure the implementation of the most appropriate and best possible security measures. At plant facilities, where Original Equipment Manufacturers (OEM's) typically manage security, the company works closely with the contracted security companies to ensure yard areas within the responsibility of WW Solutions are secure. For yards other than those in ports or at manufacturing plants, local security companies are hired to manage the locations and secure the flow of vehicles both in and out of the yards. At all facilities operated by WW Solutions, scanning systems and regular yard inventories are used to track vehicles and prevent loss or theft.

Evaluation of results

Monitoring, registering and managing data on theft of units takes place at a local and regional level. In 2018, one unit was reported stolen from the company's terminal in Zeebrugge, Belgium. The item, which was not in the care of the company, and not from our quay, passed the shared security gate.

A study was run in 2018 to assess the potential of Radio Frequency Identification (RFID) technology to provide an even higher level of visibility and security throughout the company's facilities. Although RFID technology is not specifically designed for security purposes, the study

identified two criteria which could justify deploying RFID at a facility to boost security. Those criteria are where facilities both have RFID readers are in place and where many different parties are driving units off the site. The number of facilities that fit those criteria are few, but they have now been equipped with RFID systems.

Ambitions and next steps

During 2019 security incidents will be added to the global KPI register for WW Solutions and manually reported on a SharePoint based system. A project will also be run to select a global mobile-device based Plan-Do-Check-Act (PDCA) reporting solution, which by the end of the year will have replaced the manual system.

Security of vessels

The security of the fleet involves the prevention of interference with or harm to vessels, their crew or their cargo. The group has a reputation for high-quality and dependable services. Vessel security breaches could potentially endanger or harm vessels, crew and cargo or disrupt services, all of which would have a corrosive effect on the group's reputation.

Managing fleet security

Responsibility for fleet security lies with the Marine Operations Management team. They set the targets, define the initiatives and assess the performance on security for all vessels in the fleet. The practical implementation of the security measures set by the Marine Operations Management team is undertaken by the Company Security Officer of each of the ship management companies. All owned or controlled vessels must follow the company's Ship Security Policy, which includes the basic requirement that ship managers adhere to all rules and regulations applicable to each vessel.

To mitigate the threat of piracy, each vessel's Ship Security Officer (SSO) must be familiar with the vessel specific Ship Security Plan (SSP) and the equipment relating to it. Regular drills are carried out to ensure that all officers and crew are fully aware of procedures within the SSP. Under certain conditions a vessel may use the services of a Private Maritime Security Company (PMSC), however only in accordance with the strict requirements of the Ship Security Policy, including that the PMSC has been subject to due diligence.

Emphasis is put on stowaway prevention by providing vessels with relevant information on upcoming ports of call. The company also works with the terminals in ports where stowaways are known to be a problem to assist them in improving routines, detection equipment, fencing and other deterrent measures.

Evaluation of results

In all there were six security breaches across the fleet in 2018, all of which were stowaways. These occurred in EU and African ports and compare with five such events in 2017. The volume of activity was broadly similar for both years and such small numbers have a negligible impact on the quality of our service. Ten stowaway attempts were thwarted at the terminals used by the company during 2018, which compares to three in 2017. The improved capture rate is due to streamlined communications linked to the fact that all vessels have common ownership.

Ambitions and next steps

During 2019, the company will support efforts to influence the EU to have ports looked upon as 'protection objects', which would make stowaway attempts a criminal offence. Currently, there are very few countries in which attempting to stowaway is a criminal offence with the result that deterrent is low in many ports.

ESG supplier management

Each of Wallenius Wilhelmsen group's operating companies procure products and services from a varied and globally distributed supplier base. As a significant buyer, the company can influence broader aspects of suppliers and their offerings, including those relating to Environmental, Social and Governance (ESG) performance.

Wallenius Wilhelmsen sees effective ESG management and performance as a sound proxy indicator of the general fitness of its supplier base. It is also a reflection of what is expected of the company by its customers. It is in the interest of society in general that ESG factors be considered in supplier selection at all stages in the value chain. Ultimately, demand is the most effective driver of progress.

Wallenius Wilhelmsen actively uses ESG supplier evaluation criteria and processes in some business areas, such as vessel recycling. However, it does not yet have a group-wide policy or approach at this point.

Evaluation of results

During 2018, the case for a group-wide approach to ESG supplier management was presented to the top executive team and authorisation was given to proceed with the implementation. Although the intention was to have implemented the programme during 2018, the Ship Recycling Transparency Initiative, which addresses the most significant supplier sustainability issue across the industry, was prioritised instead. Since the ESG supplier management programme is not in place there is no data to report.

Ambitions and next steps

During 2019 a supplier sustainability management policy and system will be defined and implemented. The requirements for an individual supplier basis will likely vary according to the sustainability materiality of the product or service they provide and will be adapted to the needs of individual business areas. Once the system is in place a performance baseline will be recorded and based on that an appropriate set of goals will be set. A minimum requirement will be compliance with all applicable rules and regulations in all cases. Recording the baseline and setting targets (other than compliance) are 2020 ambitions.

Privacy and data security

In recent years there have been numerous high-profile cases of lapses in data security and privacy. Many resulted in serious operational, reputational and customer costs or losses. The EU's far-reaching General Data Protection Regulation (GDPR) demonstrates officialdom's level of concern with the issue and emphasises the need for close attention by industry.

As a large, modern and global organisation Wallenius Wilhelmsen maintains electronic records and relationships with its stakeholder groups, including customers and employees. The interests of the company and its stakeholders are aligned in ensuring the security and privacy of such information is not compromised and or exploited by third parties.

Information Security Management

Wallenius Wilhelmsen will comply with the 2018 GDPR regulation through its structured and strategic approach to information security, which includes the implementation of a related set of policies and procedures. For example, routines for escalation of issues and reporting to authorities

have been implemented. Responsibility and ownership of the process lies with the Data Privacy Officer (DPO), who cooperates closely with internal information security, IT, HR and other resources.

Management of privacy and data security will also interface with ongoing projects and initiatives in information security in general and specifically in relation to the strengthening of the company's Information Security Management system (ISMS).

Evaluation of results

The requirements of GDPR took effect from 25 May 2018. Wallenius Wilhelmsen experienced one incident relating to a breached email account that warranted being handled in accordance with the regulation's reporting requirements. As this is the first year of reporting, it is not possible to infer much from this result. The occurrence of events and any associated reporting requirements will reflect the nature of the attacks and the robustness of the company's security system going forward. The implementation of processes to further safeguard the privacy of employees' data is still in progress.

Ambitions and next steps

Wallenius Wilhelmsen submitted its binding corporate rules (BCR) application in 2018 in accordance with the regulations. The company will act in line with the regulations while the application is being formally processed by the Norwegian Data Protection Authority. Risk–reducing measures associated with GDPR remain a focus area for 2019, and are one reason why the ISMS will be reinforced: to reflect industry best practice and policies and to increase the overall maturity level.

Green innovation

Wallenius Wilhelmsen's 'Lean:Green' sustainability strategy is centred on the belief that the economical and the sustainable can and must be the same thing. Furthermore, Lean:Green embraces the beliefs that sustainability will increasingly be a business driver and that it will be possible for the company to offer its logistics services with zero emissions by 2050.

Lean:Green innovations are already in use across the company, however, more innovations are needed to meet the increasing demands of environmental regulation, maintain competitiveness and ensure control of the business' future. In short, for the group to create and capitalise on future opportunities, Lean:Green innovation is a must. To innovate is in the aligned current and future interests of the company and its stakeholders, including employees, investors and customers.

Wallenius Wilhelmsen takes a two-pronged approach to Lean:Green innovation. The first is to partner with innovators and other industry stakeholders to trial and refine innovative and sustainable solutions. The company regularly partners with innovators to develop and trial innovative products and services.

The second approach is to actively seek new Lean:Green solutions and to attract innovators to the shipping industry. The main initiative in that respect is the www.OceanExchange.org website, which is a sustainable innovation forum of which the company is a sponsor. The forum hosts Wallenius Wilhelmsen's annual USD 100 000 Orcelle Award. The company's overall collaboration with the Ocean Exchange is led by the President of WW Solutions, who also serves as Chair of its board. Engaging the relevant functional groups of Wallenius Wilhelmsen is the responsibility of the Head of Sustainability.

Evaluation of results

There were a record number of submissions to Ocean Exchange in 2018 and the strength of the 12 finalists was unprecedented. The winner of the Orcelle Award was Jolt Energy Systems, a company with a novel flow battery technology with the potential to become an alternative power source for vessels at berth. Subject to commercial and technical realities, industry interest in such a solution would likely be significant because it would enable a vessel to be self-reliant, thereby avoiding the

severe operational drawbacks of current at-berth compliance solutions. The main sustainable benefit would be the potential to reduce emissions to zero while the vessel is closest to centres of population i.e. while in port. Wallenius Wilhelmsen continues to support Jolt Energy Systems in their development.

Ambitions and next steps

For the ninth annual Ocean Exchange, the event will move to Fort Lauderdale, Florida and will partner with the Marine Research Hub of South Florida. It will be held on October 28-30, at the same time as the Fort Lauderdale International Boat Show. Wallenius Wilhelmsen will continue to be a global sponsor of Ocean Exchange and anticipates that it will become a world-class sustainable innovation event in the years to come.

To broaden the scope of the solutions it attracts, the Orcelle Award definition has been updated. It will be presented to the innovation that creates greatest environmental and business value for any of our activities as they relate to any of the six UN SDGs applicable to us.

Biosecurity

This is a new addition to the Wallenius Wilhelmsen GRI Standard Sustainability Report 2018. It has arisen due to the increased awareness of cargo as a vector for invasive species transfer, which has most recently been linked to the exceptionally warm and long summer in Europe in 2018. The main biosecurity threat has long been the Brown Marmorated Stink Bug (BMSB or stink bug) and there are established measures in place in Australia and New Zealand to prevent its establishment. More recently, requirements to address other species have been introduced too.

The issue is of great significance to Wallenius Wilhelmsen due to its threat to Australian and New Zealand economies, potential to interfere with vessel schedules and operations, as well as harm the company's reputation. For similar reasons, the issue has the potential to heavily impact customers too.

The company's response has evolved over the course of the year in line with changes in the requirements of the authorities, and as a result of experience gained. It is the responsibility of the cargo owner to ensure that any product to be imported to Australia or New Zealand is free from any biosecurity threats. The point of origin, which is not necessarily the load port, is what

determines whether the cargo must be treated to exterminate any hibernating bugs. The treatment process prescribed by authorities uses either chemical means or elevated temperatures.

Wallenius Wilhelmsen only accepts certified treated cargo from regulated countries, and thoroughly inspects each vessel before departure. At the last port of load, cargo on-board is `fogged´ in order to wake any hibernating bugs, which will then perish. Regular inspections take place and prior to arrival in Australian and New Zealand waters, vessels report any live bug activity to biosecurity regulators.

Management of customer compliance with the regulation, treatment procedures and response to incidents lies with several of the organisation's functional groups.

Evaluation of results

2018 saw several incidents of BMSB discovered on cargo shipped from Europe. It is clear that, despite regulations and clean cargo requirements, contaminated cargo still is being presented for shipment, placing all stakeholders at risk. Wallenius Wilhelmsen is together with industry peers calling on authorities to provide consistent regulation that identifies all countries in Europe as high risk. BMSB contamination can then be handled at the source and appropriate treatment for cargo enforced before shipping.

Ambitions and next steps

Wallenius Wilhelmsen will continue its work for more robust regulation of BMSB. At the same time, the company will work to further improve its ability to detect and control invasive species. Tests will be conducted on different types of trap for BMSB and other pests. Inspection procedures will be reviewed and revised as necessary, and a common biosecurity management plan across the whole fleet will be developed and implemented.

Protecting life below water

The important issue of protecting life below water includes maintaining biodiversity and safeguarding the ecosystems in the ocean. Wallenius Wilhelmsen's activities relating to ballast water, hull fouling, ship generated waste, and vessel recycling all represent a potential risk to life below water. This is why the company takes its responsibility for protecting life below water very seriously. To ensure this, the company strictly adheres to all applicable rules and regulations, as well as actively engaging in the development and support of novel solutions that act to mitigate the environmental impact of its operations.

Environmental emergency preparedness of ships

With a large fleet in global operation, environmental emergencies may arise for reasons both within and outside of the control of the company. By nature, it is not possible to predict when and where they may occur, or what they concern, but it is possible to make preparations to ensure an optimal emergency response. That is the focus of this material topic which has two indicators; the number of significant spills and the number of oil prevention drills conducted.

Ensuring emergency preparedness

The Marine Operations Management team has the overall responsibility for ensuring the emergency preparedness of the fleet. In practice this is done indirectly through close collaboration with the fleet's various ship management companies who are responsible for the spill response readiness of the individual vessels.

The focus of preparation for all vessels owned by Wallenius Wilhelmsen is on IMO Shipboard Oil Pollution Emergency Plans and Oil Pollution Act 90 drills. Furthermore, there is a focus on ensuring that adequate supplies of effective tools and materials are maintained onboard each vessel to respond to oil spills of various kinds. The regulations stipulate that drills are conducted at least bi-annually. They are organised by the ship managers who are also responsible for the provision of adequate response tools and materials.

If an environmental emergency does occur, the company's Emergency Response Reporting Routines Policy is enacted to enable the company to respond quickly and effectively to minimise environmental impact. The policy includes immediate notification from the vessel to the Marine Operations Management team who are responsible for the company's emergency response. To complement the Emergency Response Policy, group-wide cloud-based emergency response handling systems were set up during 2018 for both landbased and ocean operations as well as IT.

Evaluation of results

During 2018 there were no cases of non-compliance relating to environmental emergencies from ocean operations. Furthermore, there were no significant oil spills, which are generally regarded in the industry to be spills of 20 litres or more. Both were acceptable results and represent an improvement on the single spill event that occurred during 2017.

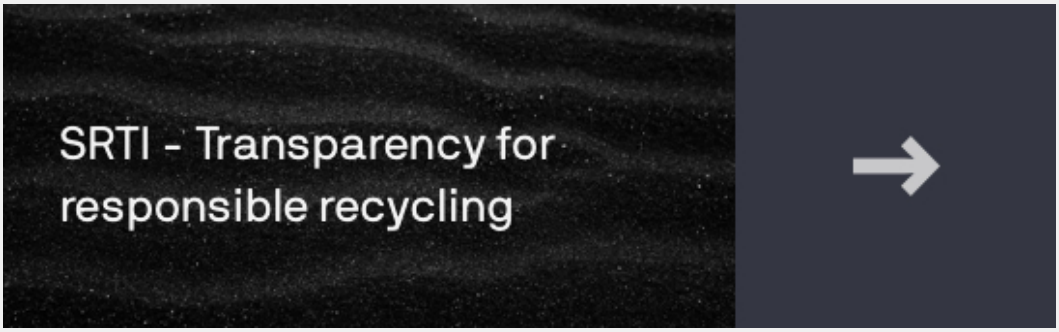
In 2018 660 SOPEP / OPA 90 drills were conducted across the owned fleet, giving an average of 10 per vessel, which meets the requirement of the regulations. The regulations stipulate that each year there must be at least four notification drills which must be reported to local authorities, four scheduled spill drills, one unannounced spill drill, and one Vessel General Permit drill. Last year's report did not include all categories of drills, hence the average number of drills per vessels was lower. Wallenius Wilhelmsen believes that the attention created by the drill frequency, variety, and authenticity are effective for maintaining crew readiness, and have been central to avoiding environmental emergencies.

Ambitions and next steps

The current approach to emergency preparedness onboard vessels continues to function well and so the existing approach will be not be modified during 2019. Emergency drills using the emergency response system InCaseIT will be run twice during the year to ensure that the relevant processes, tasks and systems provide the desired effect.

Environmental issues in ship recycling

The way a vessel is recycled at the end of its service life can greatly impact the local environment where the recycling takes place. In too many cases, water and/or land is contaminated by oily discharges or toxic materials. Wallenius Wilhelmsen has direct influence over how its vessels are recycled and has for many years taken a responsible 'green recycling' approach.



Ensuring process control

Wallenius Wilhelmsen's Marine Operations Management team is responsible for overseeing how vessels are recycled. Maintaining control over the process, which is essential to achieving such standards, is done by closely following the company's Vessel Recycling Policy. The main points of the policy include appointing an independent surveyor to assess any candidate facilities. Such yards must have proper safety management, craned berths or floating docks, and the correct handling and storage of all materials. Their measures and experience should also be taken into account.

The second point of the policy states that the vessel should be sold through cash buyers to a specific yard to be recycled to specific standards and within a specified timeframe. There is no possibility for the vessel to be recycled other than as Wallenius Wilhelmsen intends.

Thirdly, the actual recycling is supervised by a qualified partner who has the right to halt work on safety or environmental grounds. The payment structure for the yard should be set up so that they

During the vetting process the yard must be able to demonstrate that employees have the necessary qualifications, and that working hours and payment regulations are being adhered to. Prior to the commencement of recycling, the Inventory of Hazardous Materials (IHM), which is important in guiding and planning the safe dismantling of a vessel, is updated. During recycling the ship manager's site superintendent has the right to halt activities if working conditions or processes are deemed to be unhealthy or unsafe, or if Personal Protective Equipment (PPE) is inadequate. Towards the end of the process items from the vessel that can be reused or recycled, such as furniture, domestic appliances, and computers must be offered to the local community.

Evaluation of results

The Wallenius Wilhelmsen group did not recycle any vessels in 2018 because no vessels had reached their end-of-life. During 2018 the company formalised its long-standing green approach to vessel recycling in a Vessel Recycling Policy, which has been published on the Wallenius Wilhelmsen website. The policy includes references to the human and labour rights aspects of ship recycling.

Wallenius Wilhelmsen was a founding member of a major industry initiative, the Ship Recycling Transparency Initiative (SRTI, www.shiprecyclingtransparency.org), launched in 2018. SRTI is an online platform for the disclosure of all the relevant policies and practices for shipowners in relation to vessel recycling. It is a response to the lack of transparency that has long-existed in the area, which in turn has been a key factor in enabling irresponsible practices to continue. Apart from the obvious negative social and environmental impacts, poor recycling practices put companies taking a responsible approach at a financial disadvantage.

The information disclosed on SRTI is available to any interested party and it is hoped that it will enable industry stakeholders including customers, lenders, and investors to make informed and responsible decisions in relation to vessel recycling. Wallenius Wilhelmsen is a steering committee member of SRTI and has been actively working to raise its profile and urge other companies to become SRTI members. Some of the world's most prominent shippers have started to become signatories, thereby showing their support for the need for transparency in vessel recycling.

There were plans to develop a contract term during 2018 for long-term vessel charters – this would require a charter vessel that was being redelivered close to the end of its service life to be recycled in a manner consistent with Wallenius Wilhelmsen's Vessel Recycling Policy. The clause was not developed because no long-term charter agreements were made for vessels that would be approaching recycling age at the time of redelivery.

Ambitions and next steps

To complement the detailed information already disclosed on the Ship Recycling Transparency Initiative's platform, Wallenius Wilhelmsen will publish details of how its own vessels have been green recycled since 2000. Although initially planned for publication during 2018, this information will be part of the new corporate website in 2019.

During 2019 the company will ensure any existing long-term charter vessels that are redelivered at or close to recycling age are responsibly recycled. Similarly, if entering into any long-term charter agreements where redelivery would be at or close to the point of recycling, a contract term will be included to ensure the vessel is recycled in a manner consistent with the company's Vessel Recycling Policy.

Ballast water

Ships require ballast water for several purposes including stability, trim, and manoeuvring. Vessels in the Wallenius Wilhelmsen fleet each have a ballast capacity of several thousand tonnes. Ballast water is a known vector for the transportation of invasive species and therefore regulation is required to mitigate the risk of organisms being transferred from one ecosystem to another.

Protection of marine ecosystems is important for environmental and economic reasons, which makes the issue important for many coastal communities. For Wallenius Wilhelmsen it is a compliance issue and is therefore a minimum requirement to trade. It is also part of its commitment to be a responsible logistics provider.

How ballast water is managed

The selection and installation of the ballast water treatment system for owned vessels is overseen by the Wallenius Wilhelmsen's Marine Operations Management team. Ongoing compliance for those vessels is the task of the ship management companies.

The Wallenius Wilhelmsen fleet complies with the regulation through the installation of ballast water treatment systems. The regulation specifies that the installation deadline for a particular

vessel is linked to its dry-docking schedule. While awaiting the installation of the ballast water treatment system, vessels in the fleet maintain compliance through deep sea ballast water exchange.

The company's policy is to only install systems that have received Type Approval from the United States Coast Guard (USCG), in addition to IMO, as only those may be used in United States waters. The company has only chosen a select number of treatment system vendors in order to make training, operations, and maintenance as straightforward as possible, and to mitigate the risk of non-compliance through human error.

Evaluation of results

Wallenius Wilhelmsen has been fully compliant with ballast water regulation throughout 2018, continuing the level of performance from 2017. During the year the company concluded an exhaustive process to select the ballast treatment system vendors for the owned fleet. Two systems were installed in 2018, meeting the target for the year.

Ambitions and next steps

The plan for 2019 is to retrofit ballast water treatment systems on the seventeen owned vessels that are scheduled to dry dock this year.

Hull fouling

One of the most impactful yet least discussed aspects of vessel performance is hull fouling. Significantly more power is required to propel a vessel at a constant speed as the level of hull fouling increases. That means the increased levels of hull fouling increase emissions to air of all kinds. Moreover, the organisms that grow on the hulls of ships can present an invasive species risk with negative environmental and economic consequences.

Hull fouling management

Hull fouling management and policies are overseen by the Marine Operations Management team, while ongoing compliance with regulations and implementation of company policies for the owned fleet is the responsibility of the ship management companies.

All Wallenius Wilhelmsen owned and long-term charted vessels must conform to its Underwater Hull Maintenance Policy. The policy describes the roles, responsibilities, objectives, and norms to be followed in relation to hull fouling. The company only uses hull cleaning vendors that operate 'clean and capture' systems. These systems collect all the material removed from the hull so that it can be disposed of in a controlled manner that eliminates the risk of invasive species, or of paint flecks entering the water column. The only exception is for charter vessels departing from a port where a 'clean and capture' system is not available. This is especially the case with vessels bound for New Zealand, where vessels must be cleaned prior to arrival unless it can be documented that their hull is free from fouling.

Evaluation of results

In accordance with the target set for 2018, all the owned fleet have been enrolled in hull fouling management programmes. An empirical hull fouling scale is used as part of the programme. The fouling factor of a vessel is scored on a scale of one (good) to 10. The scale takes into account the type, amount, and coverage of hull fouling. The scale is used across the owned fleet and the implementation in long-term charter vessels is ongoing. The average score for the owned fleet in 2018 was four, which remains unchanged from 2017. The 2018 result includes more vessels than in 2017 and some of these have failed anti-fouling coatings. For that reason, a number of vessels will be docked earlier than scheduled to have new coatings applied that meet the company's coating quality standards.

Wallenius Wilhelmsen has also been working closely with a vendor and former Orcelle Award winner to establish an online hull fouling management platform. This will enable the company to record all inspections and cleaning activities, with reviewing made quick and convenient for port state authorities and the company itself. The trial phase platform is being re-engineered to provide more versatile access and upload rights. Except for owned vessels in Asia and the Americas that are regional trades, all owned vessels that undergo cleaning or inspection are registered on the platform. Access to the platform has been given to certain authorities to enable them to assess the hull condition and maintenance activities before a vessel even arrives in a port.

Ambitions and next steps

During 2019 the hull fouling management programme, which includes inspection and cleaning routines, will be extended to all long-term charter vessels. If there are vessels with severe fouling, it will be the vessel owner's responsibility to take appropriate measures.

Ship generated waste

The routine operation of a vessel normally generates waste. Major sub-categories of waste include dunnage, packaging from vessel supplies, fuel sludge, and food waste. Monitoring the quantities of key types of waste generated at the fleet and vessel levels are the focus of this indicator. For most of the categories mentioned, it makes sense to strive for zero waste. Dunnage – the timber and other materials used to support and stabilise cargo – is an exception to this. If there is insufficient dunnage, it can quickly lead to safety issues in the vessel.

Managing on-board waste

It is within the company's mandate to effect changes in the amount of waste produced and how it is handled for vessels in the owned fleet. The group's Marine Operations Management team are responsible for the overall policies, processes and management of waste generation on the owned fleet, while the company's ship managers ensure that the policies and requirements set by Wallenius Wilhelmsen are followed on individual vessels.

Management of waste onboard the owned fleet is built around well-established and clearly communicated procedures and the company's steadfast commitment to compliance with all applicable regulations. Some regulatory requirements, such as the Garbage Record Book and Oil Record Book are actively used to add structure to the process. The correct means of disposal of waste varies by type. For instance, overboard discharge of food waste is permitted under certain conditions, whereas more environmentally hazardous waste, like oil sludge, can only be discharged to an authorised reception facility.

A sizeable number of the company's owned vessels have incinerators installed, however the company is gradually phasing out their use and they have not been installed on the latest new-build series. Due to their small size they are less efficient than land-based incinerators. Also, improvements in the capability to compact and store waste on-board along with the more widespread availability of proper waste reception facilities in port, have reduced the dependency on incineration.

Evaluation of results

The total amount of garbage landed to shore reception facilities during 2018 from the owned fleet of 83 vessels, was 6362 cbm , with an average per vessel of 76.7 cbm. That represented a decrease of 11% compared to the 2017 average of 86.2cbm for the 57 vessels of the WW Ocean

owned fleet. Note that the average reported in 2017 is restated to 86.2 cbm (from 59.2 cbm) because it was incorrectly based on the entire owned fleet, rather than just WW Ocean owned fleet. Similarly, the 2017 total of 4915 cbm was for the WW Ocean fleet only. The decrease is believed to be linked to the focus on avoiding waste generation by reducing the unnecessary packaging left onboard during deliveries to the vessels, as described in the 'Show Me The Plastic' initiative below. In general, comparison between two years may not be a reliable performance indicator as a lot of the waste, like dunnage, is driven by specific operational or cargo needs and should not be reduced to zero. However, the average amount of waste produced per vessel should track downward over an extended period.

Food waste discharged to sea was 440 cbm, giving an average of 5.3 cbm for the 83 vessels in the owned fleet. The corresponding number for 2017 was 3.7 cbm. That figure was based on the 57 vessels of the WW Ocean owned fleet. Similar to the results for garbage, the 2017 result is restated to 210 cbm for the WW Ocean owned fleet, rather than the entire owned fleet. Superficially, it may seem that the average discharge to sea of food waste has increased, however it must be noted that there are differences in exposure to MARPOL Annex V Special Areas between the WW Ocean, EUKOR and ARC fleets. In the Special Areas food wastes may only be discharged when a vessel is as far as practicable from the nearest land, and in any event no less than 12 nautical miles from the coast. Special Areas include the Mediterranean, Baltic, Black, Red and North Sea as well the Wider Caribbean region, including the Gulf of Mexico and the Caribbean Sea. The EUKOR and ARC fleets have a higher exposure to these areas than the WW Ocean fleet. In short, it is not possible to reliably deduce anything about performance by comparing the average result for part of the owned fleet from 2017 with the average result for the entire owned fleet for 2018.

During 2018, an initiative called 'Show Me The Plastic' was taken to form a comprehensive overview of the plastic waste value chain across our global operations, including onboard vessels and at shore-based handling facilities. The main study findings concerned the optimal packaging sizes for delivers of food and beverages, the opportunity to make more use of non-plastic refuse bags onboard, opportunities to limit single-use plastic onboard and to measures to limit the amount of waste plastic water bottles. Further, the study's findings have been communicated to all owned vessels and it is the responsibility of the ship managers to follow up on the findings and report the results to the company at the end of 2019.

Ambitions and next steps

During 2019, a supplier initiative to reduce the amount of packaging waste left onboard will be developed and applied with greatest focus on suppliers that contribute most to the problem.

Navigating towards zero emissions

With a long-term 'zero emissions' target, emissions – of which the majority for the Wallenius Wilhelmsen group are SOx, NOx, Particulate Matter and CO2 – are naturally a big focus for the company. The company embraces the fact that society and businesses are moving towards zero emissions, and sees this as an opportunity as well as a potential risk. Not only will it allow Wallenius Wilhelmsen to reduce operating costs, but it will also give the company the chance to differentiate in a competitive market.

The company's Lean:Green environmental approach is a central part of the strategy for navigating towards zero emissions. You can read more about this in 'Sustainability at Wallenius Wilhelmsen'.

GHG emissions from ships

Transoceanic shipping is an industry of paradoxes. It is the most carbon efficient mode of transport, yet it accounts for over 2% of global CO2 emissions, and there is currently no viable substitute for fossil fuels. The emissions are the result of the onboard generation of energy for propulsion, as well as electricity and steam to run ancillary systems. Power is generated from fuel oil, which means fuel consumed is accountable for all Scope one and Scope two emissions of the fleet.

For Wallenius Wilhelmsen, GHG emissions from its ships are dominated by CO2 and other GHGs, and are negligible in comparison. Managing the technical performance of the fleet is the responsibility of the Marine Operations Management team and is reported on a quarterly basis to the top executive team and the board of directors.

Vessel performance management

The fuel consumption of each vessel is recorded daily along with many other factors that affect performance. The data is assessed by the Marine Operations Management team to determine vessel performance, and adjustments are continuously made to achieve a better result. The total and relative CO2 results for the entire fleet under Wallenius Wilhelmsen's control are reported in line with the ISO 14064 standard for greenhouse gas accounting.

The relative CO2 objective (CO2/tonne kilometre) applies to the combined performance of all vessels under the company's control, regardless of whether they are owned or chartered. Major factors that will contribute to achieving the result will be: optimised fleet deployment and utilisation, enhanced hull fouling management, and the addition of four modern and efficient HERO vessels to the global fleet.

Evaluation of results

Scope 1 and Scope 2 GHG emissions from the entire fleet are reported as one figure because they come from the same source and are not possible to separate. For 2018 total CO2 arising from all ocean operations was 5 188 534 tonnes, which is just 0.3% more than the 2017 result of 5 171 315 tonnes. The result is a reflection of the amount of cargo work done in the interval and is driven by the state of global markets, which were similar in 2017 and 2018.

Relative CO2 emissions, or carbon intensity, is also a significant GHG KPI. For the fleet under the group's control, the 2018 carbon intensity result was 35.52 g/tkm, which was a 1.1% reduction on the 2017 figure of 35.91 g/tkm. It is difficult to reliably attribute a marginal improvement of this kind to any single factor or set of factors when there are such a wide range of operational, technical and market factors that influence the result.

During 2018 the company GHG emissions baseline was recalculated to include the entire Wallenius Wilhelmsen fleet. From that the company's medium-term objective for relative CO2 emissions (carbon intensity) was set at an 8% reduction by 2020 relative to 2017. In numeric

terms that is a reduction from 35.9 grams of CO2 per tonne kilometre (g CO2/tkm) to 33.0g CO2/tkm. The objective is embedded in the Lean:Green sustainability strategy which has been approved by the Board of Directors. The company does not set a near or medium- term target for the absolute reduction in CO2 because there is currently no viable technical means to achieve it for transoceanic shipping.

Ambitions and next steps

The data liberation project discussed in the 'Quality of Service' section will be the most prominent initiative contributing to continued improvement in GHG performance in 2019. To a large degree it will focus on retrofitting and commissioning the equipment to achieve data liberation across a large portion of the fleet, however it is anticipated that analytical tools to improve different aspects of vessel operating performance and efficiency will also being to be used. As the technology is new it is premature to comment on anticipated results or targets.

In May 2019 IMO will hold it's 74thMEPC meeting where the next stage in the development of future GHG regulations will take place. Wallenius Wilhelmsen engages in such regulatory events to try to achieve progressive but pragmatic outcomes. For MEPC 74 the company will urge support for initiatives that will contributing to raising the scale and global coordination of low and zero emission research and development.

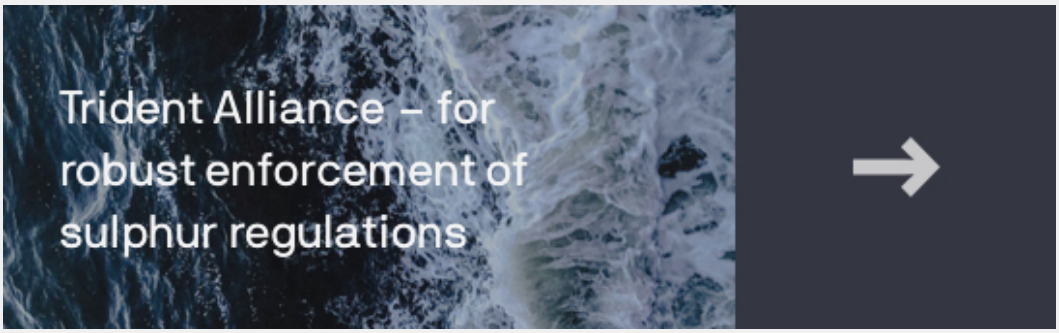
Non-GHG air emissions from ships

Deep sea vessels emissions other than CO2 are chiefly nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM). NOx is a product of the combustion process, SOx originates from the sulphur in the fuel, and PM arises from a combination of the type of fuel and how it is combusted. All of the aforementioned emissions are the subject of increasingly impactful international regulations.

Wallenius Wilhelmsen has a zero emissions vision for its ocean services, making non-GHG emissions a material topic for the company.

The scope includes all vessels under Wallenius Wilhelmsen's control, whether owned or chartered, and the progress of these emissions and CO2 emissions is driven by specific regulation. Overall responsibility for compliance and vessel performance lies with the Marine Operations Management

team: their decisions and instructions affect performance in this area, however, as with CO2, the results are also heavily affected by factors outside the company's control, such as market conditions.



How the topic is managed

Compliance with NOx regulation is established through adjustment of engine settings and or installation of specialist machinery during the building of the ship. SOx and PM fall under the same IMO regulation, which allows compliance through the use of a fuel- either liquid or gaseous- of the required sulphur content, or through operation of a device ('scrubber') that removes SOx from air emissions, which is regarded as an 'alternative compliance method' as outlined in IMO's MARPOL Annex 6, Regulation 4.1. Compliance on an individual vessel level is managed by the crew with oversight by the ship managers.

Sulphur regulation will undergo a step change in 2020, with the introduction of a new global cap on the amount of sulphur in fuel. From 1 January 2020, the cap will be 0.5%, an 86% reduction from the current level of 3.5%. Wallenius Wilhelmsen will comply with the new limits through a combination of operating with different types of low Sulphur fuel and installing scrubbers on the most suitable vessels. The company is also the founder and current chair of the Trident Alliance, a network of over 40 shipping companies that believe in robust enforcement of sulphur regulations for the benefit of health, the environment and fair competition.

During 2018, a relative NOx target was set as part of the Lean:Green strategy. The target is a 1% reduction in the owned fleet's main engine average IAPP value from 13.68 to 13.53 between 2017 and 2022, which will be achieved through fleet renewal.

The validity of this as a KPI is underscored by the fact that NOx and CO2 emissions go hand in hand. Particulate Matter (PM) is regulated together with SOx and there are no explicit PM levels to be met, so targets have not been set and nor will results be reported. It is important to note that all the foregoing criteria emissions correlate strongly with CO2 emissions. Therefore, all initiatives to improve fuel efficiency, such as enhanced hull fouling management generally, have a positive effect on NOx, SOx and PM emissions too.

Evaluation of results

In 2018, the total SOx emissions of the fleet under the group's control was 68 480 tonnes, which represented a 5.1% reduction on the 2017 value of 71 330 tonnes (restated from 72 194 after review). The difference is mainly attributed to the lower average sulphur content of High Sulphur Fuel Oil (HSFO) on the market in 2018 compared to 2017. The amount of cargo work carried out by the fleet and its carbon intensity can affect the total SOx result, however, there were only marginal differences in those factors between 2017 and 2018.

The average sulphur content in fuel used was 2.06%, a reduction of 4.6% compared to the 2.18% reported for 2017. In most cases, the average sulphur content of a fleet is affected by several factors, including compliance with sulphur regulation, the proportionate exposure to Emission Control Areas for the year, and the actual sulphur content of the fuel on the market during the year. For Wallenius Wilhelmsen, compliance is always 100% and exposure to ECAs was similar in 2017 and 2018, so the main factor in the difference is the change in average sulphur content of HSFO.

The relative NOx for the owned fleet in 2018 was 13.66g/kWh, a marginal reduction on the 2017 result of 13.68g/kWh. This reduction was due to the addition of MV Titus to the global fleet.

Ambitions and next steps

The data liberation project will have a positive impact on total SOx, NOx and PM emissions, but it is premature to quantify what that contribution will be. With SOx, the continuation of the Four Stream and Trident Alliance initiatives are central to continued progress, while with relative NOx, the addition of new HERO vessels will have a positive impact.

GHG emissions in landbased operations

While the landbased activities of Wallenius Wilhelmsen are not energy-intensive compared to its ocean activities, they are significant from a GHG perspective. The scope of landbased GHG emissions includes all types of facilities, including vehicle processing centres, vehicle distribution centres and ocean terminals, and vehicles that the company operates. Facilities and vehicles that the company has operational control over can be directly or indirectly influenced in relation to GHG emissions. Responsibility for GHG emissions, including from the vehicles associated with a facility, lies with the respective operational manager.

Reducing energy consumption

Energy consumption is managed on an individual facility basis. The leading source of energy at most facilities is electricity, and the focus has been on making energy consumption more efficient. An example of this has been upgrading to LED lighting at several facilities. Energy is also consumed by cargo handling and distribution vehicles. Local or regional regulation govern emissions from such vehicles, and Wallenius Wilhelmsen is always committed to full compliance.

It is important to note that the annual emissions of a typical landbased facility heavily depend on the volume and profile of activity that the facility performs, and can fluctuate greatly from one year to the next depending on market demand. For these reasons, it may be difficult to establish a CO2 intensity metric or targets for either relative or absolute reduction in GHG for Wallenius Wilhelmsen Solutions. The matter will be closely evaluated during 2019.

Evaluation of results

During 2018, a new online global performance reporting system for all landbased facilities was created, covering fuel and power consumption. The intention was that it would provide robust full-year baseline GHG emissions figures, however, development has not yet reached that point. Conversion of electricity to CO2 is yet to happen, and for similar reasons, the GHG targets for WW Solutions have yet to be decided.

The total CO2 from liquid and gaseous fuels was 5 611 tonnes. The fuels covered were diesel, petrol, propane and natural gas, and represented the operational consumption related to WW Solutions' vehicles, equipment and buildings. This does not include offices, personal vehicles and customer property unless they were included on the same bill as WW Solutions' operations. Facilities belonging to Keen were also not included as they have yet to be brought into the WW

Solutions standard operating environment. 2018 was the first year of data reporting and because of the business factors affecting total GHG emissions of WW Solutions, it is not possible to infer anything on performance from these results.

The total electrical consumption of WW Solutions in 2018 was 17.350 megawatt hours and represented liquid and gaseous fuels. The reporting solution does not yet convert electrical consumption to CO2 according to how electricity is produced in the area where each facility is located. The same applies for gaseous and liquid fuels.

Ambitions and next steps

In 2019, the existing global KPI reporting system will be extended to become a global, streamlined Plan Do Check Act (PDCA) solution for registering energy consumption and improvement actions (ImpACTs). The intention is to harness the system to develop environmental policies, objectives and initiatives for WW Solutions, as well as to share improvement opportunities across the organisation. Additionally, the reporting will be amended so that electrical consumption is converted to CO2. Furthermore, there will be an evaluation into the possibility to target (relative) reductions in either fuel or power volume fluctuations, as well as the profile of activities at facilities.

Non-GHG emissions in landbased operations

The landbased operations of Wallenius Wilhelmsen include terminals, equipment processing centres and trucking operations. All of these consume energy and for the majority, energy is derived either directly or indirectly from fossil fuels. This means that the operations Wallenius Wilhelmsen Solutions undertake will result in both GHG and non-GHG emissions. The latter includes primarily NOx and Particulate Matter emissions.

The scope of landbased non-GHG emissions includes all facilities and vehicles which the company has operational control over. All of these facilities and vehicles can be directly or in-directly influenced in relation to their non-GHG emissions, depending on the form of energy in question. Responsibility for non-GHG emissions, including from the vehicles associated with a facility, lies with the respective operational manager.

Regulations that govern vehicle non-GHG emissions apply in many of the jurisdictions in which the company operates, and compliance is compulsory for Wallenius Wilhelmsen, which makes it an essential issue for the company. Local communities increasingly take interest in the non-GHG emissions of industrial facilities because of the negative health impacts of such emissions.

Managing non-GHG emissions.

Non-GHG emissions in the group's operations are predominantly due to mechanical or electrical power generation, which means they are closely linked to GHG emissions. This means that aside from a commitment to compliance with all applicable environmental regulation, reduction in non-GHG emissions is achieved through the company's efforts to reduce GHG emissions. Furthermore, GHG emissions are linked to cost, so the company strives to reduce non-GHG emissions for this reason too.

Evaluation of results

A global reporting system for power and fuel consumption was implemented during 2018 – however, it has not been developed to the point where it can do the conversions necessary to report on non-GHG emissions.

Ambitions and next steps

During 2019 the existing fuel and power reporting tool will be developed to provide non-GHG KPIs across Wallenius Wilhelmsen's Solution's organisation.

Wallenius Wilhelmsen GRI Index - 2018

Global Reporting Initiative (GRI) is a independent international standards organisation which has developed the world's most widely used framework for sustainability reporting. The GRI guidelines consist of reporting principles, aspects and indicators that organizations can use to disclose information related to economic, environmental and social performance.

This report has been prepared in accordance with the GRI Standards: Core option.

The table below shows Wallenius Wilhelmsen reporting relative to the GRI Standards guidelines.

GENERAL DISCLOSURES

GRI §	Description	Source (page no.)
Organisational profile		
102-1	Name of the organization	Wallenius Wilhelmsen in brief (p.2)
102-2	Activities, brands, products, and services	Wallenius Wilhelmsen in brief (p.2)
102-3	Location of headquarters	*"Strandveien 20, 1366 Lysaker, Norway"*
102-4	Location of operations	Wallenius Wilhelmsen in brief (p.3-5)
102-5		Wallenius Wilhelmsen in brief (p.9-12) Corporate governance (p.88-108)
102-6	Markets served	Wallenius Wilhelmsen in brief (p.3-5)
102-7	Scale of the organization	Wallenius Wilhelmsen in brief (p.3-5)
102-8	Information on employees and other workers	Wallenius Wilhelmsen in brief (p.2-6) Diversity (40-43)
102-9	Supply chain	ESG supplier management (p.60-61))
102-10	Significant changes to the organization and its supply chain	Highlights for 2018 (p.18-19)
102-11	Precautionary Principle or approach	*"Precautionary Principle is applied"*
102-12	External initiatives	Sustainability at Wallenius Wilhelmsen (p.35-86)
102-13	Membership of associations	Sustainability at Wallenius Wilhelmsen (p.35-86)
Strategy		
102-14	Statement from senior decision-maker	Words from the CEO (p.13-16)
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Purpose and strategy (p.17)
Governance		
102-18	Governance structure	Wallenius Wilhelmsen in brief (p.9-12) Corporate governance (p.88-108)
Stakeholder engagement		
102-40	List of stakeholder groups	Sustainability at Wallenius Wilhelmsen (p.35-38)
102-41	Collective bargaining agreements	Pension obligations (p.121) Note 16, Employee retirement plans (p.151-153)
102-42	Identifying and selecting stakeholders	Sustainability at Wallenius Wilhelmsen (p.35-38)
102-43	Approach to stakeholder engagement	Sustainability at Wallenius Wilhelmsen (p.35-38)
102-44	Key topics and concerns raised	Sustainability at Wallenius Wilhelmsen (p.35-38)
Reporting practice		
102-45	Entities included in the consolidated financial statements	Wallenius Wilhelmsen in brief (p.9) Corporate governance (p.88-108)
102-46	Defining report content and topic Boundaries	Sustainability at Wallenius Wilhelmsen (p.35-38)
102-47	List of material topics	Sustainability at Wallenius Wilhelmsen (p.35-38)
102-48	Restatements of information	Refer to p. 74 (Ship generated waste) and p.79 (Non GHG-air emissions from ships)
102-49	Changes in reporting	*Added one material topic "Biosecurity", under Being your trusted business partner*
102-50	Reporting period	*01.01.18-31.12.18*
102-51	Date of most recent report	*Annual Report 2017*
102-52	Reporting cycle	*Yearly*
102-53	Contact point for questions regarding the report	*Roger Strevens (roger.strevens@walleniuswilhelmsen.com)*
102-54	Claims of reporting in accordance with the GRI Standards	*Wallenius Wilhelmsen GRI Index - 2018*
102-55	GRI content index	*Wallenius Wilhelmsen GRI Index - 2018*

MATERIAL TOPICS

WALWIL topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Valuing our people's wellbeing and diversity - **Diversity**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	40-43			
103-2	The management approach and its components	40-43			
103-3	Evaluation of the management approach	40-43			
GRI 102 - General disclosures					
102-8	Information on employees and other workers	41-42			
Valuing our people's wellbeing and diversity - **Safe operations**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	43-45			
103-2	The management approach and its components	43-45			
103-3	Evaluation of the management approach	43-45			
GRI 403 - Occupational health and safety					
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	44-45			
Valuing our people's wellbeing and diversity - **Human and labour rights in ship recycling**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	45-48			
103-2	The management approach and its components	45-48			
103-3	Evaluation of the management approach	45-48			
Wallenius Wilhelmsen - Own indicator					
WALWIL-1	Number of ships recycled	47, 69			
Valuing our people's wellbeing and diversity - **Training and development**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	48			
103-2	The management approach and its components	48			
103-3	Evaluation of the management approach	48			
GRI 404 - Training and education					
404-3	Percentage of employees receiving regular performance and career development reviews	48	Not reported for 2018	Information not available	A reporting system will be established in 2019 to close this omission
Valuing our people's wellbeing and diversity - **Working conditions and welfare**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	49-51			
103-2	The management approach and its components	49-51			
103-3	Evaluation of the management approach	49-51			
Wallenius Wilhelmsen - Own indicator					
WALWIL-2	Crew retention rate	50			
WALWIL-3	Crew satisfaction results	50			
Being your trusted business partner - **Ethical business conduct**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	51-52			
103-2	The management approach and its components	51-52			
103-3	Evaluation of the management approach	51-52			
Wallenius Wilhelmsen - Own indicator					
WALWIL-4	Ethical business conduct	NA	Not reported	Information not available	No indicator(s) for external reporting on ethical business conduct has been established. In 2018 steps were taken to develop the compliance programme further, various improvement initiatives have been launched, such as establishing a common channel for reporting of compliance issues throughout the group.
Being your trusted business partner - **Quality of service**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	52-54			
103-2	The management approach and its components	52-54			
103-3	Evaluation of the management approach	52-54			
GRI 306 - Effluents and waste					
306-3	Significant spills	54, 67			
Wallenius Wilhelmsen - Own indicator					
WALWIL-5	Unplanned off-hire	54			
Being your trusted business partner - **ESG customer management**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	55			
103-2	The management approach and its components	55			
103-3	Evaluation of the management approach	55			
GRI 419 - Socioeconomic compliance					
419-1	Non-compliance with laws and regulations in the social and economic area (sanction laws and regulations)	55			
Being your trusted business partner - **Tax practices**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	56-58			
103-2	The management approach and its components	56-58			
103-3	Evaluation of the management approach	56-58			
Wallenius Wilhelmsen - Own indicator					
WALWIL-6	Transfer pricing documentation compliance	57			
Being your trusted business partner - **Security at landbased facilities**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	58-59			
103-2	The management approach and its components	58-59			

103-3	Evaluation of the management approach	58-59			
Wallenius Wilhelmsen - Own indicator					
WALWIL-7	Security at landbased facilities (theft of units)	59			
Being your trusted business partner - **Security of vessels**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	59-60			
103-2	The management approach and its components	59-60			
103-3	Evaluation of the management approach	59-60			
Wallenius Wilhelmsen - Own indicator					
WALWIL-8	Number of security breaches on vessels owned by Wallenius Wilhelmsen	60			
Being your trusted business partner - **ESG supplier management**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	60-61			
103-2	The management approach and its components	60-61			
103-3	Evaluation of the management approach	60-61			
Wallenius Wilhelmsen - Own indicator					
WALWIL-9	ESG supplier management	NA	Not reported	Information not available.	In 2018 priority was given to the Ship Recycling Transparency Initiative, which addresses the most significant supplier sustainability issue across the industry. During 2019 a supplier sustainability management policy and system will be defined and implemented.
Being your trusted business partner - **Privacy and data security**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	61-62			
103-2	The management approach and its components	61-62			
103-3	Evaluation of the management approach	61-62			
Wallenius Wilhelmsen - Own indicator					
WALWIL-10	Number of substantiated breaches of privacy and data security	62			
Being your trusted business partner - **Green innovation**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	62-64			
103-2	The management approach and its components	62-64			
103-3	Evaluation of the management approach	62-64			
Wallenius Wilhelmsen - Own indicator					
WALWIL-11	Number of Orcelle Award finalists	63			
Being your trusted business partner - **Biosecurity**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	64-65			
103-2	The management approach and its components	64-65			
103-3	Evaluation of the management approach	64-65			
Wallenius Wilhelmsen - Own indicator					
WALWIL-17	Contaminated cargo (BMSB and other invasive species)	65	Quantitative data for contaminated cargo not provided	Information not available	First year of reporting on this topic. Wallenius Wilhelmsen will in 2019 establish an indicator to close this omission.
Protecting life below water - **Environmental emergency preparedness of ships**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	66-67			
103-2	The management approach and its components	66-67			
103-3	Evaluation of the management approach	66-67			
GRI 306 - Effluents and waste					
306-3	Significant spills	54, 67			
Wallenius Wilhelmsen - Own indicator					
WALWIL-12	Average number of safety drills per vessel	67			
Protecting life below water - **Environmental issues in ship recycling**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	68-70			
103-2	The management approach and its components	68-70			
103-3	Evaluation of the management approach	68-70			
Wallenius Wilhelmsen - Own indicator					
WALWIL-13	Number of ships recycled	47, 69			
Protecting life below water - **Ballast water**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	70-71			
103-2	The management approach and its components	70-71			
103-3	Evaluation of the management approach	70-71			
GRI 307 - Environmental compliance					
307-1	Non-compliance with environmental laws and regulations	71			
Protecting life below water - **Hull fouling**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	71-72			
103-2	The management approach and its components	71-72			
103-3	Evaluation of the management approach	71-72			
Wallenius Wilhelmsen - Own indicator					
WALWIL-14	Average hull fouling factor	72			
WALWIL-15	Number of vessels registered in online hull fouling management platform	72			
Protecting life below water - **Ship generated waste**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	73-74			
103-2	The management approach and its components	73-74			
103-3	Evaluation of the management approach	73-74			
Wallenius Wilhelmsen - Own indicator					

WALWIL-16	Ship generated waste	73-74			
Navigating towards zero emissions - **GHG emissions from ships**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	75-77			
103-2	The management approach and its components	75-77			
103-3	Evaluation of the management approach	75-77			
GRI 305 - Emissions					
305-1	Direct (Scope 1) GHG emissions	76-77 Wallenius Wilhelmsen sustainability website			
305-2	Energy indirect (Scope 2) GHG emissions	76-77 Wallenius Wilhelmsen sustainability website			
305-4	GHG emissions intensity	76-77			
305-5	Reduction of GHG emissions	76-77			
Navigating towards zero emissions - **Non-GHG air emissions from ships**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	77-79			
103-2	The management approach and its components	77-79			
103-3	Evaluation of the management approach	77-79			
GRI 305 - Emissions					
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	79			
Navigating towards zero emissions - **GHG emissions in land-based operations**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	80-81			
103-2	The management approach and its components	80-81			
103-3	Evaluation of the management approach	80-81			
GRI 305 - Emissions					
305-1	Direct (Scope 1) GHG emissions	NA	Not reported	Information not available	During 2018, a new online global performance reporting system for all landbased facilities was created, covering fuel and power consumption. The intention was that it would provide robust full-year baseline GHG emissions figures, however, development has not yet reached that point.
305-2	Energy indirect (Scope 2) GHG emissions	NA	Not reported	Information not available	During 2018, a new online global performance reporting system for all landbased facilities was created, covering fuel and power consumption. The intention was that it would provide robust full-year baseline GHG emissions figures, however, development has not yet reached that point.
305-3	GHG emissions intensity	NA	Not reported	Information not available	During 2018, a new online global performance reporting system for all landbased facilities was created, covering fuel and power consumption. The intention was that it would provide robust full-year baseline GHG emissions figures, however, development has not yet reached that point.
305-5	Reduction of GHG emissions	NA	Not reported	Information not available	During 2018, a new online global performance reporting system for all landbased facilities was created, covering fuel and power consumption. The intention was that it would provide robust full-year baseline GHG emissions figures, however, development has not yet reached that point.
Navigating towards zero emissions - **Non-GHG air emissions from land-based operations**					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	81-82			
103-2	The management approach and its components	81-82			
103-3	Evaluation of the management approach	81-82			
GRI 305 - Emissions					
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	NA	Not reported	Information not available	A global reporting system for power and fuel consumption was implemented during 2018 – however, it has not been developed to the point where it can do the conversions necessary to report on non-GHG emission