



Annual
Report
2022



For as long as there have been people, there has been trade. And for as long as there has been trade, people have interacted – and learned – from each other. Together, we have developed tools, technologies and talents that accelerate growth through times.

From Scandinavia, we pioneered trade over the seas. For generations, global trade expanded wealth across the globe by lowering prices of goods, lifting wages and accelerating growth. If trade stops, the world stops.

Previous generations set sail, and throughout our 160 years in operation we have gone from wooden ships to steel ships to partnerships.

Today, we all know that the world's resources are limited. We challenge old rules with fresh ideas. As a responsible global company, we explore new solutions to create a sustainable and competitive edge. We pledge to be part of the solution to our time's biggest challenge, the climate change. We do this through innovation and imagination, exploring new ways to create value while driving our operations towards zero emissions.

We ship our customers' cars and machinery from continent to continent, from the manufacturers' plants to the driveway in front of your house. The infrastructure and logistics we provide is a chain built through tight customer dialog. At the forefront of everything we do is safety, quality and cutting emissions.

We have ships and infrastructure the size of cities. We have logistics solutions and software that fit in your hand. We are a company with employees spread across the world. We care about all because none of us can do the things we do alone.

***We will lead the way in
transforming shipping
and logistics***

About the report

This is Wallenius Wilhelmsen ASA's annual report. It is approved by the Board of Directors as signed in the Responsibility Statement. This report gives an account of how we create value for our shareholders and other stakeholders along the four pillars of People, Planet, Prosperity and Principles of governance.

The report complies with statutory requirements in Norwegian legislation and the requirements related to the board of directors' report are fulfilled in various sections of the report. The report shall act as Wallenius Wilhelmsen's Communication on Progress according to the requirements from UN Global Compact and our reporting as required by the Norwegian Transparency Act. It has been prepared in accordance with the GRI Standards and SASB Maritime and Road Transport standards. The sustainability reporting should be read in combination with the GRI index to get a full overview. In this report, we also continue to implement the recommendations of the Task Force on Climate-Related Financial Disclosures, providing our shareholders and other stakeholders with information on our climate-related risks and opportunities. The reporting boundaries for the sustainability reporting are challenging given the complexity of our value chain, joint ownership and operational arrangements. We strive to report consistently and accurately.

- Unless otherwise stated, Scope 1 GHG emissions include all owned and operated vessels and facilities, including ships on long-term and short-term charter. Direct CO₂ emissions from our road transport service, Keen, included for 2022, but not for previous years.
- Scope 2 emissions are included for owned locations for logistics and selected site offices.
- Waste data is reported from owned vessels and facilities under operational control.
- Health and safety incident data are reported for our owned vessels and those on bareboat charter, and landbased facilities under operational control.

The consolidated financial statements and accompanying notes in this report have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, effective December 31, 2021.

The scope of the reporting is Wallenius Wilhelmsen's global operations for the period January 1 to December 31, 2022.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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Wallenius Wilhelmsen at a glance

As a responsible global company, we steadily challenge old ways and continue to explore new ideas and solutions for a sustainable future. We remain strongly committed to our carbon reduction strategy, and constantly strive to create value while reducing our environmental footprint. We pledge to be part of the solution, work with partners, to drive sustainable change.



A global leader in vehicle transportation and logistics

Wallenius Wilhelmsen is a global leader in vehicle transportation and logistics, serving customers from their manufacturing plants all the way to the end-consumers. We strive to be the preferred partner for our customers' logistics infrastructure, working with them to build resilient, digitalized and decarbonized logistics solutions.

We standardize and streamline processes through technology, with a focus on automation, robotization, and better optimization. The ambition is that most decisions should be data-driven.

125

vessels transporting
3.65 million units

8

terminals handling more
than 3.1 million units

66

services and processing
centers, processing more
than 5.1 mil vehicles

We provide a comprehensive land-based network of logistics services through eight terminals, 11 inland distribution networks and more than 66 services and processing centers around the world. Our offerings include technical services, inland distribution and terminal handling. We even work in-house at the manufacturers' plants, preparing vehicles for the end user. We work with major manufacturers such as BMW, Caterpillar, Derco, General Motors, John Deere, Hyundai, Kia Motors, Land Rover, Mercedes Benz, Stellantis USA and Toyota. In 2022, we received numerous awards from our world-renowned customers, including The Stellantis Supply Chain 2022 award and the silver sustainability rating by EcoVadis.

Safety, security and compliance are at the core of everything we do, and it is a top priority for management. We work to foster a true safety and compliance culture for the safety of our colleagues, the trust of our customers, and the benefit of the planet.

At sea, 125 vessels operate 15 trade routes across six continents. Our fleet typically has a higher average number of hoistable decks and stronger ramp capacity than most, allowing us to carry multiplex cargo. Wallenius Wilhelmsen is listed on the Norwegian Stock Exchange (OSE: WAWI) and is headquartered in Oslo, Norway with 8,875 employees in 29 countries.



2022

**The Stellantis
supply chain award**

**John Deere
sustainability award**

**EcoVadis Silver
sustainability rating**

**CEO of ARC
the United Seamen's
Service award**

**Admiral of the
Ocean Sea award**

15th year in a row

**John Deere
partner status**





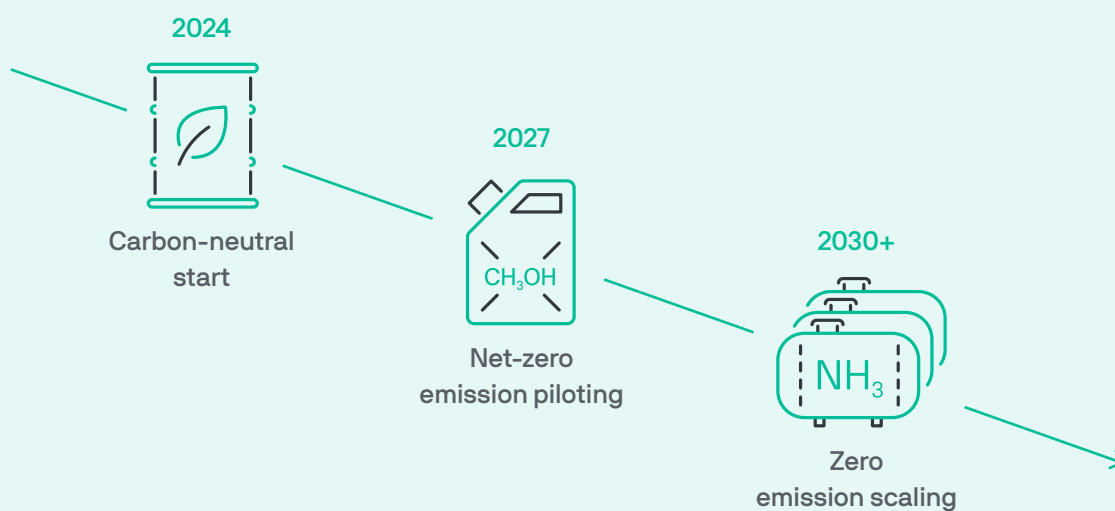
We are navigating towards a low carbon future

Shipping exists because of global trade, and there is a mutual dependency. Our industry is responsible for carrying approximately 90 percent of all goods. Shipping emits much less carbon than air and land-based transportation per tonne-km. Still, the industry contributes to the society's largest challenge: Climate change. Shipping constitutes 3 percent of all CO₂ emissions globally, and at Wallenius Wilhelmsen, nearly all our carbon emissions come from the 125 vessels we operate.

Wallenius Wilhelmsen and its customers face increased pressure to reduce its carbon footprints. The automotive industry and we are rapidly transforming with the rise of electric vehicles and stricter emission regulations. Our industry will transform more over the next ten years, than what it has done over the last 100 years. We will shape this transformation! The company strategy has four key strategic goals, one of which is to introduce one net-zero emission end-to-end service by 2027.

To meet the expectations and the objectives outlined in the Paris Agreement, the industry is rapidly adjusting and changing. At Wallenius Wilhelmsen, we take ownership of this problem and we prioritize solutions that reduce emissions, and transition to a zero emission future. In the long run, environmental and economic interests will be aligned: Only companies that contribute to solving the climate challenge and provide goods and services that society needs in a sustainable manner will prevail and prosper.

The energy transition to zero emissions will be a step-wise journey:





Targets foster results

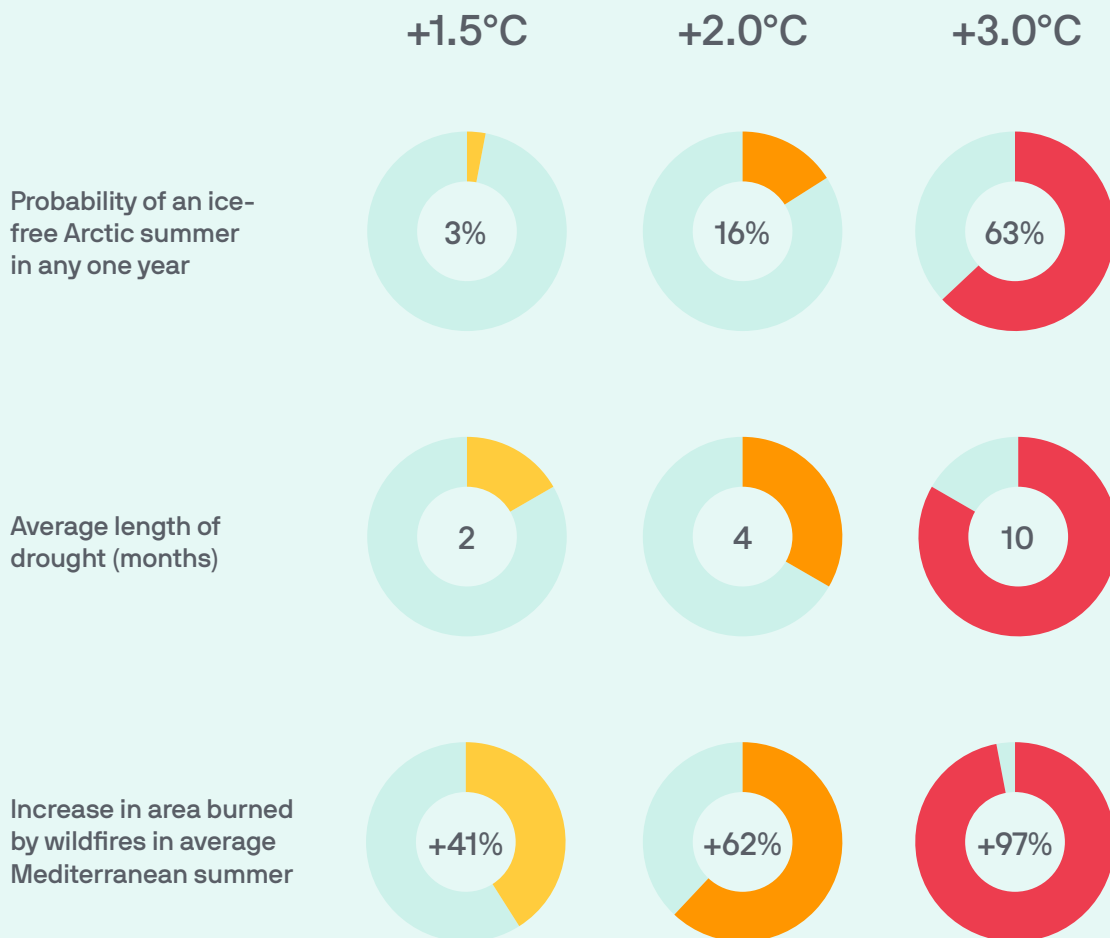
Targets for emissions reductions are set, results are underway. Two years ago, Wallenius Wilhelmsen set an ambitious goal to reduce our carbon intensity in shipping by 27.5 percent by 2030, compared to 2019 levels. This target builds on our long-standing efforts to improve energy efficiency from which we have reduced our carbon intensity by more than 33.6 percent from 2008 to 2019.



We have already made significant progress towards our 2030 target. We have implemented a number of initiatives to reduce our carbon footprint, technical, operational and asset replacement initiatives. It includes energy efficiency initiatives, exploring alternative fuel options and optimizing our routes and operations. We also launched a financial framework that will be used to link new financings with sustainability objectives. Goals, targets, numbers are key to ensure we deliver results.

We are also committed to transparency. We regularly report our progress towards our sustainability targets to relevant stakeholders. We continue to work closely with our customers, suppliers and other stakeholders to drive sustainable change. To learn more about how we work to decarbonize and reduce our environmental impact, see the [Planet](#) chapter.

The different futures that could lie ahead:



Source: United Nations



AI-driven voyage to cut fuel emissions

Reducing emissions from our vessels is crucial in making a contribution to cutting green house gases. We have implemented a number of initiatives to reduce our carbon footprint, including optimizing our routes. It also includes evaluating factors such as hull and machinery conditions, having detailed insight into wind, waves, ocean currents and knowing how cargo weight impacts carbon emissions. We have access to data predicting speed, engine power and fuel consumption and we correlate these with weather prognosis.

In 2022, we were the first global shipping company to equip five of our owned vessels with an AI-tool to optimize our deep-sea voyages, 60 more will get this solution already in Q1 2023. By installing sensors on these vessels and using cloud technology, we are able to monitor vital operational parameters such as fuel consumption, shaft power, speed and electricity consumption. The team from RaaLabs, the Oslo-based company owned by Wilh Wilhelmsen, developed and delivered the data acquisition infrastructure to our vessels. This data is then run through a complex mathematical model, which is aided by AI technology from the Athens-based company DeepSea Technologies, ultimately providing the vessel captain with detailed instructions regarding optimal route and vessel speed. This AI tool helps us predict sailing conditions with great precision when correlated with weather forecast prognosis updates.

Our estimates indicate that this approach will reduce our fuel consumption by up to 10 percent on our 65 vessels. No humans, no matter how much sailing experience, can compete with these instructions.

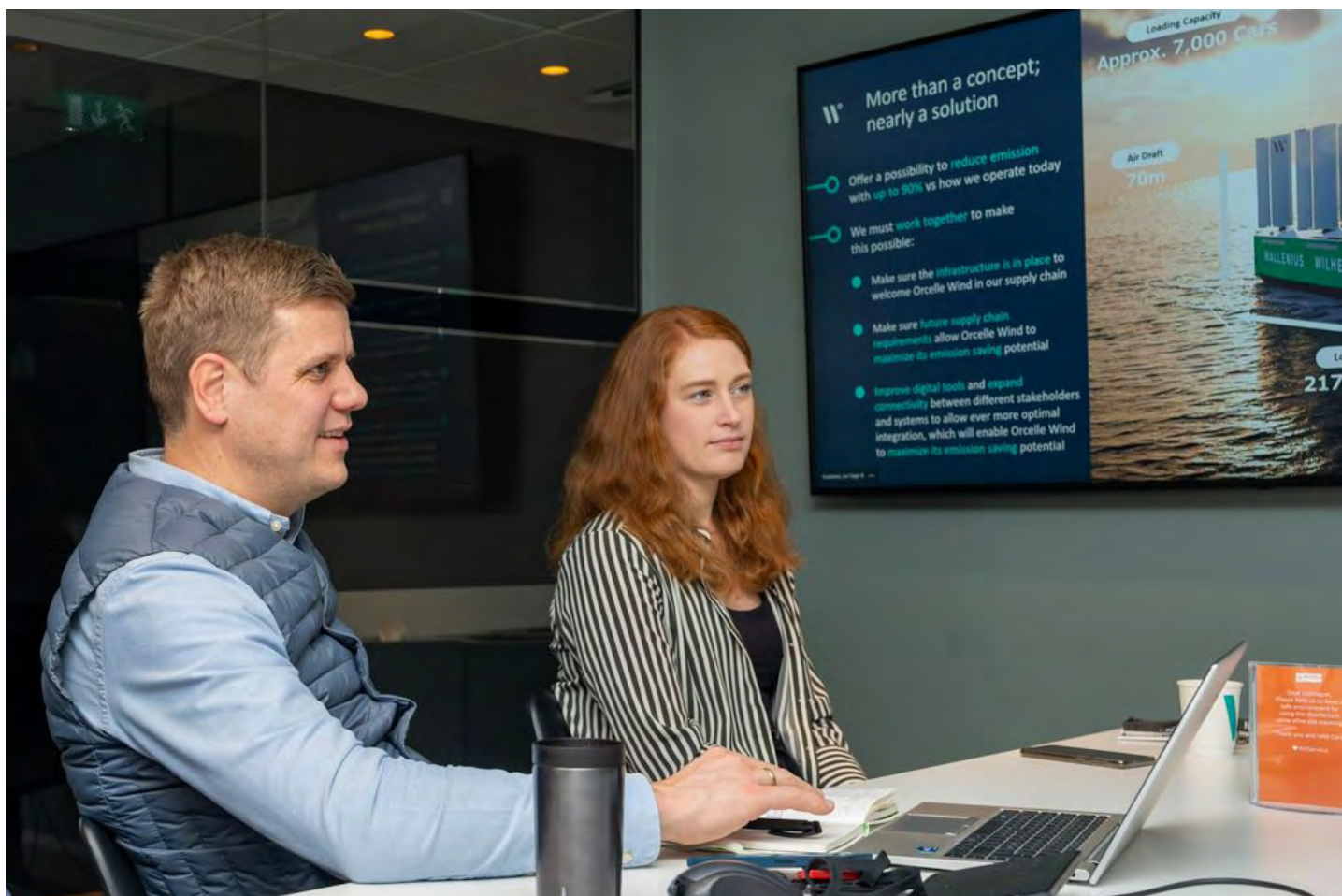
Technology is the most effective emissions-cutting tool we have at our disposal so far. We have invested in IT and cloud infrastructure over several years to obtain data that is relevant to cutting back fuel consumption. We will continue to invest in technology and explore new solutions to reduce emissions and achieve our sustainability targets.

“It is a significant step on our way towards zero emissions.”

Geir Fagerheim

SVP Marine Operations at Wallenius Wilhelmsen.





Sailing beyond fossil fuels

At Wallenius Wilhelmsen, we understand that to contribute to the Paris Agreement and reduce our carbon footprint, we need to collaborate with customers, researchers and other partners to mobilize the necessary technology and infrastructure. One of the biggest challenges facing the shipping industry is the question of which fuel to use for new vessels not yet built.

The Orcelle Wind project is a crucial part of our fleet decarbonization strategy. In 2022, we secured EUR 9m in funding from the Horizon Europe award, which is a clear signal from the EU that they believe in the Orcelle Wind concept and are willing to support it. The project aims to close the gap between the concept and reality of the world's first full-scale deep-sea wind-powered RoRo vessel.

Academic and technical partners, along with select customers, are key to running such an innovative and technologically challenging project. The partnership model brings more talent to the table.

We believe we will see three waves of fuel transition: biofuel, methanol and ammonia. We are currently introducing biofuel, methanol within five years, and ammonia is likely to be at least ten years out. Green certificates and carbon credits will be part of the solution today. To succeed, we need trust from customers that we can deliver a real green service, access to green fuels in key ports, competitive pricing and accurate customers' emissions data. We need a much closer partnership with customers who are also on this same journey. We will invest in making this happen!

We want to be “shapers,” not “adapters” in our industry. Wallenius Wilhelmsen will continue to work even closer with our customers, suppliers, and other stakeholders to drive change and achieve our targets. Together, we can make a real impact on society's largest challenge – climate change.

“After receiving the EU funding, we found that our application received 14,5 points out of a total 15 points. We can safely say that the EU believes in the project and wants to see it realized.”

Jon Tarjei Kråkenes

Commercial and operational project manager for the Orcele Wind project at Wallenius Wilhelmsen

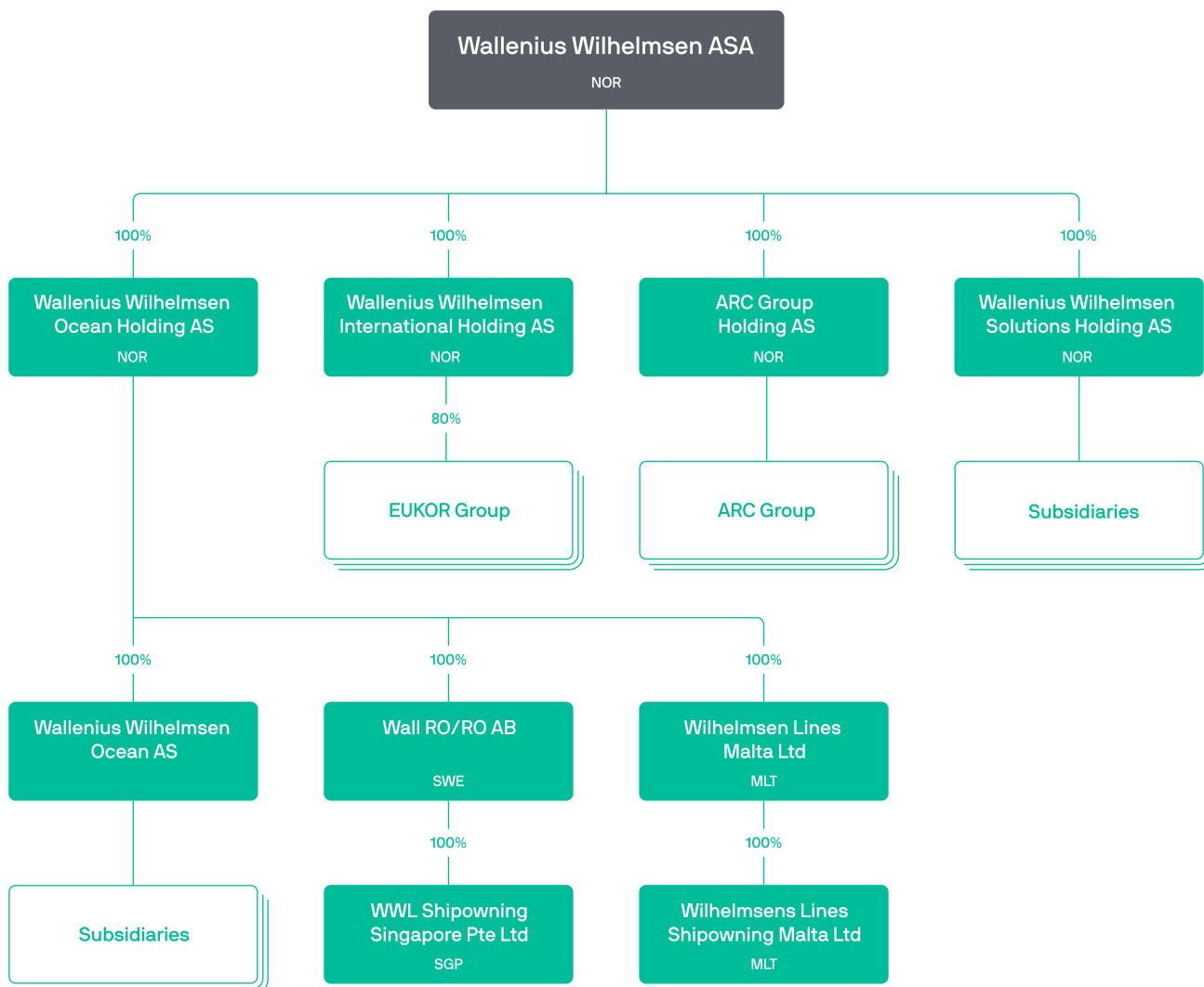


Key figures

Key figures consolidated accounts

USD million unless otherwise stated	2022	2021	2020	2019	2018
Income statement					
Total income	5,045	3,884	2,958	3,909	4,065
Operating profit before depreciation, amortization and impairment (EBITDA)	1,548	830	473	805	601
Operating profit/(loss) (EBIT)	931	306	(84)	358	244
Profit/(loss) before tax	829	199	(306)	112	78
Profit/(loss) for the period	794	177	(302)	102	58
Balance sheet					
Non-current assets	6,242	6,315	6,391	6,747	6,204
Current assets	2,151	1,479	1,237	1,048	1,210
Total assets	8,394	7,794	7,628	7,796	7,414
Equity – owners of the parent	3,153	2,539	2,391	2,678	2,647
Equity – non-controlling interests	355	266	224	243	228
Interest-bearing debt	4,087	4,128	4,081	4,044	3,584
Key financial figures					
Net cash flow provided by operating activities	1,297	623	615	749	749
Liquid funds at December 31	1,216	710	654	398	484
Current ratio	1.8	1.1	1.1	1.0	1.1
Equity ratio	42%	36%	34%	37%	39%
Yield					
Return on capital employed	12.9%	4.5%	(1.3)%	5.0%	3.7%
Key figures per share					
Basic and diluted earnings per share	1.60	0.32	(0.68)	0.22	0.12
EBITDA per share	3.66	1.96	1.12	1.9	1.42
Average number of shares outstanding (thousand)	422,451	422,399	422,360	422,326	422,974
Market price at year end (NOK)	97.05	50.60	23.20	21.82	29.70
Market price high (NOK)	103.00	50.95	28.40	32.05	65.00
Market price low (NOK)	44.86	20.80	7.75	19.38	27.90
Dividend paid per share (USD)	0.15	0.00	0.00	0.12	0.00

Corporate structure



Board of directors



Rune Bjerke
Chair of the board

Extensive career in international energy and banking corporations in Norway, most recently as CEO of DNB

Previously: CEO at Hafslund, CEO at Scancem International, advisor at the Norwegian Ministry of Petroleum and Energy, city commissioner of finance in the city cabinet of Oslo

On the boards of amongst other Norsk Hydro, Schibsted and Reitan Retail

Degree in economics, University of Oslo, a master's degree in public administration, Harvard University



Margareta Alestig
Board member and
Chair of the audit committee

Extensive experience from the financial, shipping and logistics industries

Previously: CFO at Broström AB, CFO at JCE Group, Deputy Managing Director at Sjätte AP-fonden (AP6) and Swisslog AB

Chair of the Board in Erik Thun AB, Board member in Inission AB, Tjörns Sparbank, Svenska Fribrevsbolaget and Brännehylte Lagersystem AB

MBA degree, University of Örebro, Sweden



Yngvil Eriksson Åsheim
Board member

Long career in the maritime industry and currently Managing Director of BW LNG owning and operating one of the world's biggest fleet of LNG carriers and floating regasification terminals (FSRUs)

Previously: Various positions at the classification society DNV for a decade. Joined Höegh Fleet Services in 2002 as EVP of Höegh Autoliners responsible for global operation and ship management. Joined BW in 2010 and has had different positions incl. LPG, LNG and oil tankers

On several boards, currently Director of Board at BW Ideol

Master in marine engineering, the Norwegian Institute of Technology (NTNU)



Anna Felländer
Board member

One of Sweden's leading experts on the effects of digitalization on the economy, society and businesses. Founder and president anch.AI, a SaaS governance platform for responsible AI. Has been engaged with responsible AI from a policy, academic, organizational as well as from a start-up perspective since 2016

Previously: Chief economist at Swedbank. Working for the Swedish government 10+ years in numerous positions

Master's degree in macroeconomics, Stockholm School of Economic



Hans Åkervall*
Board member

Extensive experience as lead partner for a diverse portfolio of large clients across financing, manufacturing, and logistics. Deep insight into audit, corporate governance, M&A and the capital market

Now on board of Rederi AB Soya

Previously: CEO of KPMG Sweden, Partner in KPMG

Chartered accountant, bachelor's degree in business and economics, University of Stockholm



Thomas Wilhelmsen*
Board member

Group CEO at Wilh. Wilhelmsen Holding ASA since 2010. Has held numerous positions in the group, including group vice president for shipping and regional director for Europe in Ships Service

Has also been in charge of the family's investments in Australia. In addition to holding directorships in several industry-related companies and organizations, he sits on the boards of many group and family-owned companies

Master of arts in business, Heriot-Watt University in Scotland. Has numerous courses from other universities including the program for executive leadership from IMD, Switzerland

* Each of the two large shareholders have respectively nominated one observer in Wallenius Wilhelmsen's board, namely Christian Berg and Peter Augustsson.

Management



Lasse Kristoffersen
Chief Executive Officer

Joined Wallenius Wilhelmsen in June

Previously: 15 years at Torvald Klaveness, 11 as CEO. President of the Norwegian Shipowners' Association, a decade at DNV in various management positions including two years in New York launching the Maritime Solutions Americas for DNV

Vice Chair at DNV Group and DNV Foundation, board member in Gard and International Chamber of Shipping (ICS), Chair of SAYFR AS and of the election committee at the Norwegian War Risk Insurance Association

Master of science in naval architecture and marine engineering from the Norwegian University of Science and Technology (NTNU). Has completed IMD's Senior Management Program and INSEAD's Executive Management Program



Torbjørn Wist
Chief Financial Officer

Previously: CFO and senior representative for Norway in Scandinavian Airlines System (SAS). Joined SAS from Telenor Group, where he for 13 years held senior positions in finance and several board memberships. Earlier, worked 11 years in investment banking in New York and London for Salomon Brothers, Merrill Lynch and Greenhill & Co

Degree in business administration (Siviløkonom) from the Ivey Business School at the University of Western Ontario, Canada



Pia Synnerman
Chief Customer Officer

Joined Wallenius Wilhelmsen in 2021 as SVP Sales to EMEA. Took on role as CCO in January 2023

Previously: Has for 27 years had various leadership roles at Ericsson with 20 years in the sales and commercial area working in Sweden, Middle East, Russia, and South Africa

Master of science in mechanical engineering from KTH Royal Institute of Technology, Stockholm, and executive programs at INSEAD Business School, Thunderbird School of Global Management and London Business School



Wenche Agerup
Chief People Officer

Joined Wallenius Wilhelmsen in November

Previously: Various roles in Telenor ASA from 2015 to 2022, including EVP Corporate Affairs and General Counsel and Head of Board Governance and Support in Singapore. Prior to joining Telenor, 16 years in Hydro ASA, including plant manager in Årdal, Norway, project director in Australia and EVP People and General Counsel from 2010 to 2015

Board member at Equinor ASA from 2015 to 2020 and Oslo Stock Exchange from 2012 to 2015, currently a board member at Crayon ASA

A master's degree in law from the University of Oslo and an MBA from Babson College, Boston



Michael (Mike) Hynekamp
COO Logistics Services

Previously: Joined Wallenius Wilhelmsen in 2007 with first ten years at Wallenius Wilhelmsen Logistics AS, 13 years at Mercedes Benz (Daimler AG) in various roles in marketing, operations and finance both in the US and in Europe. Started his career with Ernst & Young LLP

MBA degree in corporate finance, Fairleigh Dickinson University, executive education from Columbia Business School, licensed CPA, CGMA and holds a CTP accreditation as well as a member of National Association of Corporate Directors



Xavier Leroi
COO Shipping Services

Took on role as COO Shipping in November

Previously: Chief Customer Officer heading the global group sales teams, customer experience and strategies for the Wallenius Wilhelmsen group. Has held numerous positions within the group for 25 years. Also holds the position as CEO of EUKOR Car Carriers Ltd

On the boards of ARMACUP Car Carriers Ltd and PIRT Terminal

Master's degree from the Graduate School of Management in Grenoble, France where he majored in finance. Has completed various leadership programs, including the IMD Global Leadership Program



Simon White*
Chief Digital Officer

Previously: Joined Wilhelmsen Lines in 1995, various roles in commercial, operations and technology in Australia, Norway and Belgium. Six years in various roles at UECC from 2008 to 2014. Returned to Wallenius Wilhelmsen Logistics in 2014 where he was SVP Trade & Operations and Chief Commercial Officer for Wallenius Wilhelmsen Ocean before moving to his current role in 2019

Degree in business administration, University of Technology Sydney

*Left Wallenius Wilhelmsen in February 2023



Words from CEO

“Our 2022 financial results were rock solid. This lays the foundation for a robust position – financially and strategically – to lead the transformation of shipping and logistics towards the goal of zero emission. I am particularly proud of how our people handled the situation during this year: The pandemic subsided, but timely delivery of cargo was disrupted, severe supply chain crunches happened. Cargo had to be re-routed, we planned and replanned. Customer dialog and people relationships became more crucial than ever. We are well positioned for the future! And we have a joint mission: Driving our operations towards zero emission.”

During the first six months as CEO, four areas have surfaced as key priorities for my watch at Wallenius Wilhelmsen:

- Bring net-zero emission service to customers by 2027
- Make Wallenius Wilhelmsen a data and technology-driven company
- Make every employee a rock star of their own career
- Make safety, compliance, diversity and inclusion our competitive advantage

These priorities are embedded in the updated corporate strategy that we launched in January 2023. My ambitions for Wallenius Wilhelmsen are hefty, but I know we have what it takes to deliver with the support of our great team. And we will invest to make it happen.

The war in Ukraine

We cannot talk about 2022 without mentioning the Russian invasion of Ukraine. The Ukrainians experience trauma and pain every day. As a responsible company, we quickly moved to ban cargo going to Russia and we rerouted cargo to avoid breaching international sanctions. We also decided to close our office in Russia, while taking care of our local team in the process. As a Norwegian company, we followed the measures decided by the Norwegian authorities.

Ideas, dedication and hard work

For one, the strong financial results of 2022 have given us a robust position both financially and strategically to address future challenges. I am particularly proud of our team and how they adapted and delivered in a constantly changing environment. Keep in mind that our strong financial results came despite an unstable geopolitical situation, high inflation across the world, rising energy prices especially in Europe, supply chain disruptions and congestions in many markets we operate. It is in times like these you know that the following statement is categorically true: Our people are our most important investment. The financial results are the result of their ideas, dedication and hard work.

Safety, safety, safety

Safety, security and compliance are prerequisites for any responsible and sustainable business. These are at the top of my agenda, at the top of the management's agenda, and at the top of everyone's agenda. Every key meeting at our production sites and in our management starts off with the topic of safety. Do we have concerns, how do we perform, what can we do better? If we had an incident, what was the reason, what went wrong, what do we need to do differently to avoid this from happening again? I realize we can probably never reach perfection, but I want to make sure we get very close. Zero accidents will always be our goal.

For the times they are a-changin'

I think we all feel that our world is faced with far more uncertainty today than just a few years back. Disruption is happening to many industries and supply chains, and ours are no exception. Our customers are changing. Shipping and logistics are changing. One reason for the change is consumers' awareness of climate change and their motivation to contribute to solving the problem by buying significantly

more electric cars. Our customers, the car manufacturers, as well as manufacturers of high and heavy equipment, are switching fuel sources of their products. This change challenges Wallenius Wilhelmsen, because it comes with a new set of demands to how we deliver our services. We also see that cargo becomes taller and heavier, and we constantly adjust and tailor our operations to new customer demands.

Net-zero emission – right now

Consumers understand that we all need to fight climate change, our customers understand that we urgently need to take action, and we are committed to bringing zero emission services to our customers and their customers. Man-made climate change is real and we are here to make a difference. Although we do not have all the answers, we have expressed a goal to deliver ONE net-zero emissions integrated supply chain service by 2027. I am impatient, on behalf of ourselves, our industry and the society at large. I believe that there is no option, we must deliver on this ambition. We need to significantly reduce our combined carbon footprint – this decade. We will not invest in any new equipment unless it contributes to the net-zero agenda. No industry can achieve zero emissions without zero emissions logistics. We will shape the future, and we will lead the way.

Biofuels to be used 2023

One important piece of the zero emissions puzzle is transitioning away from fossil fuels. We will start using biofuels in 2023; credible carbon credits from within our own industry will be part of the solution. We will invest in developing vessels capable of utilizing zero-carbon fuels at delivery. We need to secure renewable energy and continue installing zero emissions solutions at terminals and processing centers. It requires that we work closely with our customers and gain their trust, they have cargo, we have capacity. We need to embark on this journey together.

Digitalization reduces emission

The answer to the greatest challenge ever is not only fuel choices, but also technology. I firmly believe in the creative power of Wallenius Wilhelmsen. Entrepreneurship is at the core of our company. This entrepreneurship will contribute to solving the two biggest challenges and opportunities of shipping and logistics: Decarbonization and Digitalization.

In 2022, we were the first global shipping company to equip five of our vessels with an AI-tool to optimize our voyages, reducing fuel consumption by up to 10 percent. Sixty more vessels will get this solution already in Q1 2023. No humans, no matter how much sailing experience, can compete with the input and instructions from the AI-tool. We will continue installing sensors and monitor performance, there is surely more emissions savings to be made.

Digitalization is not only taking place onboard our vessels. We work with the whole supply chain – from land to sea. In 2023, we will build an in house start-up to deliver outbound supply chain orchestration and mobility services for our customers. We have already done some of this with visibility tools and other initiatives. Now we continue to strengthen our efforts. We will use our industry insight and partner with selected customers who are willing to work with us to develop a digital and physical service offering building resilience and effectiveness into supply chains.

Compliance is about culture

To realize all the changes we want, there are no short-cuts when it comes to compliance. I am personally deeply engaged in our compliance efforts. I do not, and will not, accept any breach of our compliance codes or practices. Compliance is a CEO responsibility. Compliance as a culture does not happen without a solid compliance framework with code of conduct, values, leadership principles and more. This framework is constantly updated, and we talk about them continuously. But compliance is equally about culture – our company culture. Values such as openness and honesty, to feel safe to speak up, to challenge and be honest to yourself. I always say to my colleagues that if you see or do something that you would not be comfortable reading about in the newspaper or sharing with your friends and family, you are very likely in breach of our compliance procedures. During my six months here at Wallenius Wilhelmsen, I have repeatedly encouraged everyone to talk about compliance, both internally and externally, with customers and partners, friends and family. We must always pass the test of our own and the society's scrutiny.

More diversity needed

When I took on the role as CEO, I made it very clear that we need more diversity in Wallenius Wilhelmsen. In all positions, at all levels. Diversity is good for business, it is good for our people. Operating in 29 countries gives us an in-depth understanding and opportunity to realize diversity in many facets. To foster progress, both management and staff must be representative of the society in which we operate. I am proud to say that we have a diverse executive management group. Two women have joined the team, one was an internal promotion, one was an external hire. But diversity is not only about gender. It will be my priority to make sure that we get diversity in every way possible. Equal opportunity for all independent of race, color, religion, gender, age, nationality, sexual orientation, disability, or any other status is a given.

“Be a rock star”

When all can bring their talents to work, we are safe, results improve, we become more resilient and innovative, and ultimately we get closer to making the journey towards zero emission happen. Happy employees are the foundation upon which we achieve desired results. We encourage all our employees to “Be a rock star” in their own career! We want to make a rock star of every employee by supporting them to realize their full potential, empower them through strong teams, and encourage them to drive innovation towards zero emission by challenging status quo in all aspects.

I believe Wallenius Wilhelmsen is in a unique position to lead the transformation of shipping and logistics. We have a strong team, an industry-leading position as well as stakeholders committed to long-term value creation.



Lasse Kristoffersen
President and CEO



Message from the board

Our Strategy

Our strategy is to lead the transformation of shipping and logistics towards the goal of zero emission.

Our Position

Wallenius Wilhelmsen is a shipping and logistics service provider delivering premium end-to-end supply chain services. We connect and facilitate world trade from the end of the production line to delivery to ports, transport across oceans, perform services at our processing centers and delivery to dealers and other customers. We transport cars, tractors, trains, airplane parts, windmills and even components to entire factories. To ensure long-term viability and prosperity for our company and our industry, we build innovative and more sustainable solutions that create value for everyone in our value chain, from our customers and partners to our employees and society at large. This takes place while simultaneously reducing our carbon footprint.

We have a longstanding commitment and proactive approach to sustainability and continue to step up our ambitions and efforts. Delivering on these commitments is central to the work of everyone in the organization.

Our competitive advantage is the investments and knowledge we have built over decades to deliver end-to-end services to our customers, both on land and at sea. As we operate across the entire outbound supply chain, we are well positioned to improve operations, increase efficiency, reduce waste along the way and ensure a holistic customer experience. Our flexible vessels with strong ramps and hoistable decks make us an attractive logistics partner, especially for high & heavy and breakbulk cargo. Wallenius Wilhelmsen is ideally positioned to deliver cargo with services from A to Z.

Wallenius Wilhelmsen today has operations in three key segments: Shipping services, logistics services and government services. Shipping is fully focused on ocean transport of roll-on/roll-off (RoRo) cargo. We are the market leader with about 20 percent of total global fleet capacity. Our main customers are global car manufacturers as well as manufacturers of high & heavy equipment for construction, agriculture and mining. We are different from other global players operating in the RoRo shipping space due to the scale of our capabilities to lift high, heavy and complex cargoes. This allows us to secure higher margins.

Our logistics services on land mainly cater to the same customer groups as our shipping services segment. Customers on land require sophisticated logistics services on a global scale. These include vehicle processing centers, equipment processing centers and inland distribution networks. We operate eight strategically placed RoRo terminals, 39 vehicle processing centers and 27 equipment processing centers around the world. The two segments, shipping and logistics, have a clear link, as about half our shipping volume passes through our terminals.

Our third segment, government services, provides ocean transport of roll-on/roll-off (RoRo) cargo and breakbulk on US flag vessels as well as related logistics services on land. The primary customer is the US government. We provide sealift capacity and we transport commercial cargo requiring US flag as required by world events and government objectives.

We take pride in how our global customer service teams ensure efficiency and coordination of our services.

Our business model has over time yielded resilient free cash flow. At the end of 2022, we find ourselves in a solid strategic and financial position and well positioned to weather an uncertain macroeconomic global outlook. We are committed to paying regular dividends to our shareholders, in accordance with our policy, and to delivering on our long-term financial targets. We believe that continued and future success will only be ensured by fully integrating sustainability and innovation into our business model.

Long-term group strategy

The overall strategic ambition for Wallenius Wilhelmsen is:

Ambition

We will lead the way in transforming shipping and logistics

We aim to elevate our strategic position and become an integral part of our customers' supply chains where we enable them to build resilient, digitalized and decarbonized logistics. To this end, we have defined four strategic goals:

Goals



Become the leading supply chain and mobility orchestrator



Be our customers' first choice in shipping



Be the preferred partner in processing and terminal services



Introduce a net-zero emissions end-to-end service by 2027

Becoming the leading supply chain and mobility orchestrator means that we will work to optimize finished vehicle logistics flows together with customers through a digitally enabled platform. We will partner with customers along a continuum of orchestration services critical to their daily and long-term decision support as they execute the supply chain from production through to the end users, whether they be dealer networks, fleet / rental companies or consumers.

Being our customers' first choice in shipping entails securing a number one position in targeted trades, reduction of carbon intensity from our vessels with 27.5 percent by 2030, introducing a net-zero emission trade by 2027, and transforming our shipping operation and creating a fully data driven organization.

Being the preferred partner in processing and terminal services requires that we expand our already global footprint and double our logistics services over the next five years to achieve the scope and scale to deliver on customers' increasing finished vehicle logistics demands. Logistics services will also deliver components of our net-zero emission end-to-end offering by 2027, and improved profitability through a digitally enabled, highly differentiated service portfolio and a focused labor strategy.

Introducing one net-zero emission end-to-end service by 2027 is goal number one in our strategy. As a first step on this ambitious journey, we will introduce a carbon-neutral freight and logistics service by 2024. We will establish verified and audited emission tracking and mass balancing, and bring our customers fully onboard through commercializing our net-zero emission offerings to carbon-conscious customers.

2022 in brief

2022 was an exceptional year for Wallenius Wilhelmsen. Global supply chains continued to experience disruptions, leading to light vehicle production and sales at a ten-year low, well below end-user demand. The shipping industry was also heavily impacted by port congestion. Throughout the year, the demand for RoRo services remained high, and the global fleet was at full capacity. Our shipping services segment delivered extraordinary results over the year, driven by high freight rates, operational efficiency and the continued full utilization of our fleet.

Our global terminal operations also had a very strong year, even while unstable parts supply had a negative impact on the logistics services segment through most of 2022. As auto volumes gradually stabilized, the segment ended the year with increasing volumes, revenues and margins. Access to skilled labor remained a challenge for logistics throughout the year.

The government services segment saw solid growth, mainly due to high US flag cargo activity levels, driven by the response of United States and NATO to the Russian invasion of Ukraine.

As a whole, the group delivered an all-time high EBITDA of USD 1,548 million, with significant contributions from all segments.

Our financial position strengthened further in 2022 with a very strong operational cash flow and a solid balance sheet.

As a result of the strong financial performance, a record dividend payment for financial year (FY) 2022 of USD 360 million is proposed to the annual general meeting.

The favorable market conditions and the company's financial performance also drove a significant increase in the share price throughout 2022. The share price closed at NOK 97.1 at the end of the year, up 92 percent from NOK 50.6 at the end of 2021.

Financial review

Consolidated financial results

Total revenue was USD 5,045 million for FY 2022, an increase of 30 percent compared to FY 2021, with higher revenues in all segments. Shipping revenues were up 33 percent year-over-year (YoY), from USD 3,029 million in FY2021 to USD 4,038 million in FY 2022. This was primarily driven by increases in net rates and fuel surcharges. In addition, shipping experienced a 4 percent growth in volumes, which was somewhat hampered by global congestion issues. Logistics revenues were up 15 percent, from USD 789 million to 911 million, as volumes increased as a result of less disruptions in the supply chains. Government revenue increased 28 percent from USD 236 million in FY 2021 to USD 302 million in FY 2022 mainly due to increased US flag cargo activity.

EBITDA ended at USD 1,548 million for FY 2022, up 87 percent from USD 830 million for FY 2021. Adjusted EBITDA ended at USD 1,528 million, up 77 percent compared to FY 2021. 2022 was a remarkably good year for shipping services with revenue and margin growth, with adjusted EBITDA up 85 percent from FY 2021. The improvement over last year was mostly related to the tight global RoRo fleet situation and the group's efforts to reprice its book of business to sustainable levels despite global congestion issues. A reduction in net fuel costs, fuel surcharges less fuel expenses, contributed to the improved profitability. For logistics, adjusted EBITDA decreased 1 percent, as cost increases exceed the increase in revenues resulting in a lower average margin. Government services saw adjusted EBITDA increase 101 percent, due to higher revenues and improved margins. For a detailed explanation of the definition of adjusted EBITDA, please refer to the section on '[Reconciliation of alternative performance measures](#)' in the financial statements. Depreciation and amortization amounted to USD 541 million in FY 2022 versus USD 483 million in FY 2021. This was mainly due to an increase in leased assets.

In FY 2022, Wallenius Wilhelmsen recognized an impairment loss of USD 29 million related to the goodwill in the logistics segment. Net impairment loss for FY 2021 was USD 62 million, USD 76 million from a charge to goodwill allocated to shipping services, and USD 14 million from a reversal of impairment related to two vessels being reclassified from assets held-for-sale to tangible assets. See [note 11](#) in the financial statements for further details.

A put-call structure exists in the shareholder agreement with the minority shareholders for the investment in EUKOR Car Carriers (EUKOR). Any changes in the valuation of the net derivative are recognized in the income statement. During FY 2022, there was a decrease in the value of the put-call derivative for EUKOR of USD 47 million, recognized under the line Other gain/(loss) in the income statement. The impact in FY 2021 was a gain of USD 21 million.

Net financial expenses were USD 104 million versus USD 108 million in FY 2021. Financial income was USD 17 million, down from USD 27 million in FY 2021 when the group registered a USD 19 million financial income relating to a one-off distribution from Den Norske Krigsforsikring for Skib (DNK). Interest expense including realized interest derivatives was USD 189 million, an increase of USD 24 million versus FY 2021. Currency gain including realized currency derivatives was USD 42 million, compared to a loss of USD 12 million for FY 2021. The group had no fuel derivatives in 2022, while in FY 2021 the group registered a gain of USD 10 million on fuel derivatives. Net financial expenses were positively impacted by USD 44 million in

unrealized derivative gains, mainly driven by USD 111 million in positive interest rate derivative movements, partly offset by USD 67 million unrealized losses on foreign currency derivatives. In FY 2021, unrealized derivative losses were USD 41 million.

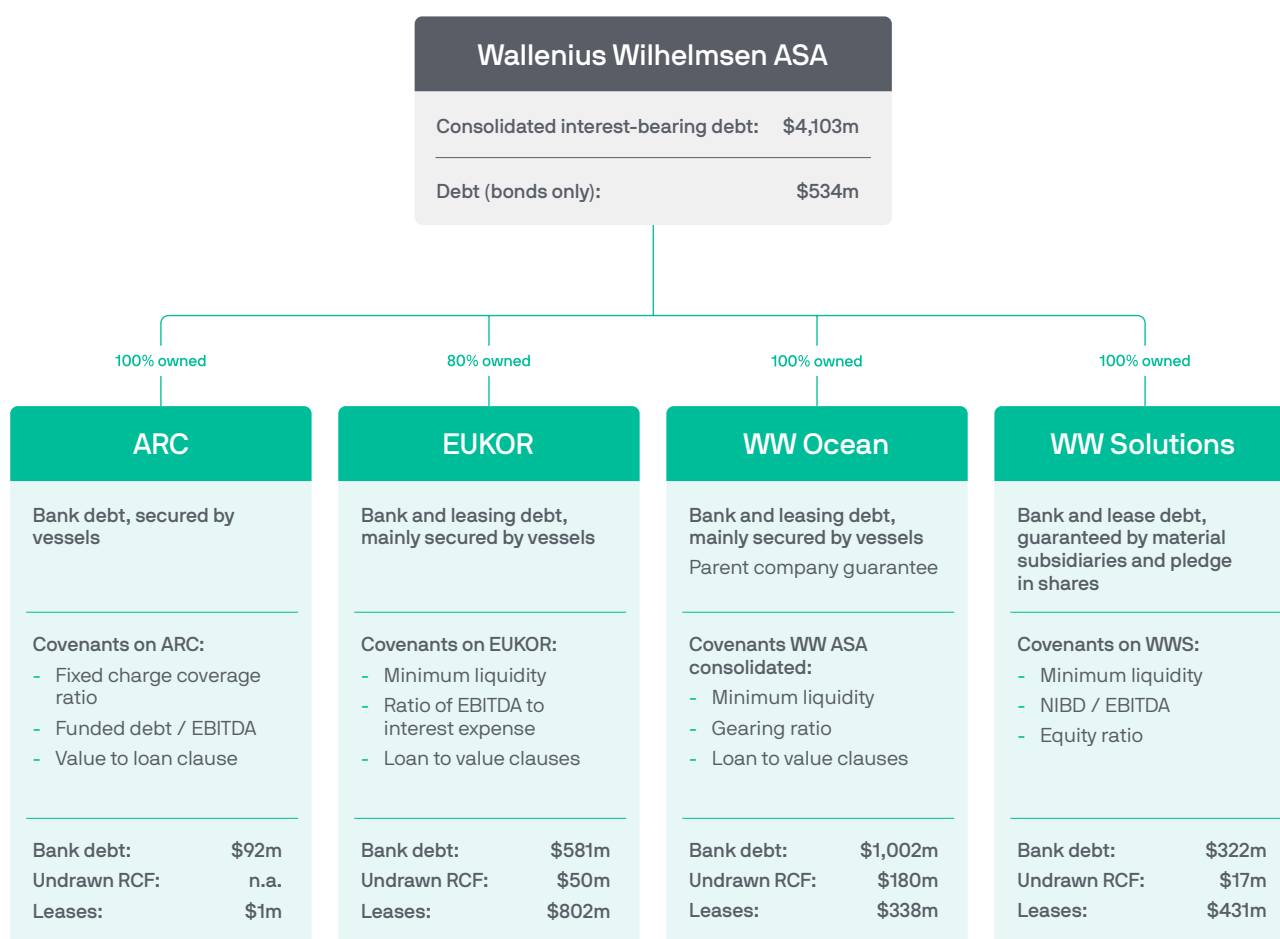
The group recorded a tax expense of USD 35 million versus a tax expense of USD 23 million in FY 2021. Payable tax was USD 39 million, where of USD 4 million in withholding taxes. This was partly offset by USD 4 million positive change in deferred tax. The group continues the non-recognition of net deferred tax assets in the balance sheet related to tax losses in the Norwegian entities, primarily due to uncertainty in future utilization.

Net profit for FY 2022 was USD 794 million, up 349 percent from USD 177 million FY 2021, whereof USD 679 million attributable to owners of the parent and USD 116 million to non-controlling interests (primarily related to the minority shareholder in EUKOR).

Financial position and capital structure

Total equity amounted to USD 3,508 million at year-end 2022, corresponding to a ratio of 41.8 percent, up from 36.0 percent at the end of 2021. The liquidity position was solid, with cash and cash equivalents of USD 1,216 million and USD 247 million in undrawn credit facilities at year end 2022. The group had net interest-bearing debt of USD 2,872 million, consisting of bonds, bank loans, export credit facilities and leasing commitments. The group was in compliance with all loan covenants at year-end 2022.

The current financing structure in the group consists of five funding units, as seen below as of December 31, 2022. Most financing is subject to certain financial and non-financial covenants or restrictions within the funding unit. See more information on financing activity in 2022, financing structure and covenants in [Note 16. Interest-bearing liabilities](#).



In 2022, the group concluded above USD 1.5 billion of refinancing during the year relating to bond and bank debt, including both drawn debt and undrawn revolving credit facilities. All transactions replaced existing debt facilities. See summary of all financing arrangements conducted during 2022 in [Note 16. Interest-bearing liabilities](#).

In February 2022, the group published its [sustainability-linked financing framework v1.0](#), underlining the commitment to reduce carbon intensity by 27.5 percent from 2019 to 2030. The framework includes interim carbon intensity targets for each year from 2022 to 2030. Approximately USD 950 million of the refinancings concluded during the year were sustainability-linked, and the pricing of the debt is linked to whether the group achieves its carbon intensity targets:

- In April, Wallenius Wilhelmsen ASA completed the issue of new NOK 1,250 million (~USD 144 million) sustainability-linked senior unsecured bonds, for general corporate purposes and repaying maturing bonds. The redemption price of the bond will increase by 1.5 percent if the group fails to meet its interim carbon intensity target for 2025 as defined in the framework.
- In June, WW Ocean signed USD 800 million in secured bank financings, refinancing outstanding vessel debt, increasing available credit lines and extending maturities. The margin is linked to the carbon intensity target defined in the framework and will be adjusted on an annual basis. If the annual target is achieved, the interest margin will be reduced by -0.05 percentage points for the next year, while if the target is not achieved the margin will increase +0.05 percentage points for the next year. Read more about this topic in the [Sustainable finance chapter](#).

Cash flow

The group generated USD 505 million of positive net cash flow from operations, investing and financing activities in 2022. The net cash flow from operations amounted to USD 1,297 million, up from USD 623 million in 2021, as the strong EBITDA development more than offset the increase in working capital. Net cash flow used in investing activities was USD 62 million compared to USD 140 million in 2021. The most significant investing activities were regular dry dockings of approximately USD 48 million and other vessel upgrades of USD 19 million. Various investments in logistics services amounted to USD 32 million, including for the Orcelle Terminal expansion in Zeebrugge. Net cash flow from investing activities was positively impacted by the sale of two vessels from government services to the US Government with a total proceeds of USD 45 million. Net cash flow from financing activities was negative USD 729 million compared to negative USD 427 million in 2021, reflecting significant refinancing activity and payment of USD 63 million of dividends paid to shareholders in 2022.

Long-term financial targets and dividend policy

In February 2023, the Board of Directors approved new long-term financial targets and an updated dividend policy for the group. The changes in the dividend policy are not material, but reflect that the board will consider the new financial targets and future capital requirements when deciding on the dividend amount. The payout ratio range in percent of profit after tax remains unchanged.

Long-term financial targets:

- Return on capital employed (ROCE) > 8 percent. Calculated as last twelve months of adjusted EBIT divided by the last twelve months of average capital employed (total assets less total liabilities plus total interest-bearing debt)
- Leverage ratio < 3.5x. Calculated as net interest-bearing debt divided by last twelve months of adjusted EBITDA.
- Equity ratio > 35 percent. Calculated as book value of equity divided by book value of total assets.

Dividend policy

Wallenius Wilhelmsen's objective is to provide shareholders with a competitive return over time through a combination of rising value for the Wallenius Wilhelmsen share and payment of dividend to the shareholders.

The board targets a dividend which over time shall constitute between 30 and 50 percent of the company's profit after tax. When deciding the size of the dividend, the board will consider its financial targets and future capital requirements to ensure the implementation of its growth strategy, as well as the need to ensure that the group's financial standing remains solid. Dividends will be declared in USD and paid out semi-annually.

Shipping segment

Wallenius Wilhelmsen's main objective for the shipping segment is to strengthen its position as the RoRo shipping market leader with unrivaled high & heavy and breakbulk capabilities. This shall be done while taking a leading position in the decarbonization journey to zero emissions by digitalizing the supply chain and driving technological innovation and operational effectiveness.

Summary of 2022

2022 was an extraordinary year for the shipping segment and the best year the company has experienced historically. Shipping services have delivered strong results since the middle of 2021 following several years of weak markets and fleet oversupply. A fully utilized global RoRo fleet along with the repricing of our book of business to sustainable levels are the main reasons for the impressive results in 2022.

Coming into 2022, the semiconductor chip shortage impeded global vehicle production, creating severe challenges for the automotive industry. As the strains gradually eased during the second half of the year, the global port congestion situation became the major operational challenge for Wallenius Wilhelmsen and our customers. Long waiting times at key ports was mainly caused by labor shortages in ports and general bottlenecks in the logistics supply chain. In order to mitigate these challenges, we were in continuous dialog with our customers and worked together to re-route cargo to other ports with less congestion whenever and wherever possible.

Total revenue was USD 4,038 million for FY 2022, up 33 percent compared with FY 2021. Average net freight rates increased in all cargo segments, and by 12 percent on average from FY 2021 to FY 2022. The rate increase was due to trade mix and repricing of contracts to sustainable levels, as cargo mix remained stable. The high & heavy and breakbulk share was at 32 percent in both FY 2021 and FY 2022. Transported volumes grew by 4 percent to 62.9 cbm million in FY 2022, and the trade mix was fairly balanced as the volume growth was seen both from exports out from Asia and Europe/US. Throughout the year, our fleet was better utilized with increased cargo volumes, hence CO₂ intensity¹ showed a positive development. Further readings about the company's effort and work on decarbonization is described in the [Planet](#) chapter.

Market growth in light vehicle (LV) deep-sea volumes fell by 6 percent to 13.3 million units in FY 2022, compared to 14.1 million units in FY 2021. This was due to the semiconductor situation and the global port congestion, not due to lack of demand. Wallenius Wilhelmsen's volumes increased more than the general global deep-sea volumes for autos as we were present in more favorable trades and because our customers were performing somewhat better than the market. Charter out activity fell year over year due to a very tight tonnage situation, and more vessels were needed in our own operations. Further, fuel surcharge revenues increased significantly during FY 2022 due to higher fuel prices.

Adjusted EBITDA for the shipping segment ended at USD 1,363 million in FY 2022, up USD 627 million compared to FY 2021. Cargo and voyage related expenses decreased in FY 2022 due to less transshipment and port and canal fees. Fuel expenses increased by 52 percent to USD 1,065 million in FY 2022, driven by a significant increase in fuel prices. Fuel prices fell in the latter half of FY 2022, but was on average considerably higher compared to FY 2021. Charter expenses were stable year

¹ gCO₂e per tonne-km

over year. Throughout the year, the number of short-term charters has decreased and been redelivered, but new long-term charters have entered the fleet as well as increased charter hire from intra-group charters from government services. Vessel operating expenses were up 8 percent to USD 236 million compared to FY 2021, on crew, insurance, maintenance and repair. Further, year-end adjustments and dry docking costs related to redelivery of the long-term charter vessel Morning Cornet impacted the FY 2022 results. Selling, general and administrative expenses (SG&A) increased 13 percent to USD 150 million on a larger employee base, payroll inflation and more travelling activity post Covid-19. Other operating expenses decreased in FY 2022 mainly related to antitrust provisions in FY 2021. As of year-end 2022, the company has concluded all the customer settlements and no provisions remain on the balance sheet.

The fleet

At year-end 2022, Wallenius Wilhelmsen operated a fleet of 125 vessels, down from 131 vessels at year-end 2021. The reduction is due to a cautious approach to short-term charters despite capacity needs, with six fewer short-term charter vessels at year-end 2022. The group owned 83 vessels at year-end 2022, stable year over year. Vessels have been sold to the government segment, but exercise of purchase options on long-term charter vessels has maintained the owned fleet. Long-term charters was also stable year over year at 42 vessels. A few long-term charter vessels have been redelivered, but new tonnage has also entered the fleet, hence the stable development in 2022. The charter market showed a significant increase in charter rates through FY 2022 and ended at an all-time high.

Logistics segment

Logistics services mainly serve the same customer groups as shipping services. Customers operating globally are offered sophisticated logistics services through four distinct products.

Auto is the largest product group in the logistics portfolio, providing light vehicle processing services to auto producers globally. High and heavy (H&H) includes equipment processing centers on and off port sites globally with the largest concentration in the US. Terminal offers our cargo processing, handling and storage at some of the world's largest RoRo ports. Inland includes the global transporting of cargo by road or rail to a port or final point of sale.

Summary of 2022

Global light vehicle (LV) sales for 2022 were slightly below 2021 and significantly below pre-Covid levels. In the US market, LV sales dropped 8 percent in 2022. A typical year before the pandemic saw 16-17 million units in US sales while 2022 was under 14 million units. Lead time and availability of semiconductors improved towards the end of the year contributing to more stable volumes of finished vehicles.

Overall, logistics services saw volume improvement year over year across the business, while the financial performance of the products varied due to market conditions and supply chain challenges. Terminal services, which is closely aligned with shipping, led the way with strong volume and positive cargo mix, despite severe port congestion impacting operations. H&H and inland also saw growth and improved margins year over year.

Auto, traditionally the biggest contributor to logistics profits, faced multiple challenges through the year. Erratic processing volumes led to sporadic interruption to the business with unexpected production shutdowns. As volumes began to shift positively in the second half of the year, hiring and training new labor to support the still unpredictable volumes became challenging. Full time labor shortages were offset by utilizing temporary labor, which is less efficient and more expensive, ultimately impacting margins negatively. As a result of our strong, long-term relationship with key customers, we were able to get partial compensation for labor not utilized as a result of lower than expected volumes. To offset increasing labor and material cost, all new customer contracts are repriced to reflect the high-cost market.

In spite of the challenging market conditions, total revenues improved and profits fell only slightly below last year. Total logistics segment revenue for FY 2022 was 911 million, up 15 percent from USD 789 million, as volumes increased from FY 2021. Adjusted EBITDA was USD 107 million, down USD 1 million compared to FY 2021.

Auto EBITDA for the full year ended at USD 17 million, a 49 percent decrease from FY 2021. North America, a main contributor to auto, saw a 2 percent increase in volume, with the second half of the year significantly better than the first half. In addition to higher volume, an increase in accessorization positively impacted margins in the second half of the year. However, total margins were down due to the negative impact caused by labor shortages and unpredictable volumes resulting in inefficiencies. High & Heavy processing volumes increased 38 percent year over year, and EBITDA for FY 2022 was USD 20 million compared to USD 14 million in FY 2021, mainly due to high volume and increased storage revenue. Terminals volume increased 9 percent year over year and EBITDA ended at USD 63 million compared to USD 53 million in 2021 due to strong volume, positive cargo mix and high storage revenue. Inland volumes increased 26 percent year over year resulting in EBITDA of USD 19 million compared to USD 15 million in FY 2021 as a result of greater volumes in the US and Asia.

Government segment

The government services segment provides ocean transport of US flag cargoes and performs global logistics services for the US government. Ocean transport includes RoRo cargo, breakbulk and vehicles. It also includes charters of vessels to affiliated companies in the shipping services segment and charters or sales of vessels to the US government. Logistics services for the US government are primarily related to multimodal transportation, third party logistics support, stevedoring and terminal operations. The primary customer is the US government, but the segment also includes US Flag commercial cargoes such as those generated by the financial sponsorship of a federal program, or a guarantee provided by the US government.

Summary of 2022

Total revenue from the government segment for the full year of 2022 was USD 302 million, up 28 percent from USD 236 million. This was mainly due to increased US flag cargo activity in large part attributable to cargo moved in support of the United States and NATO response to the Russian invasion of Ukraine. EBITDA was USD 95 million, up USD 55 million (138 percent) compared to FY 2021. The increase in EBITDA was driven by increased government revenue combined with lower operating costs due to the higher mix of US flag cargo year over year and gain on the sale of two vessels to the US government.

The segment's revenue and EBITDA development is primarily driven by government activities which are in part driven by world events and government objectives that do not necessarily follow regular seasonal patterns or the commercial business cycle driving the other segments. In line with the company's sustainability objectives, the segment reduced the impact of rising fuel and labor costs through fuel consumption initiatives and increased focus on safety management.

During the year, government services also experienced significant growth in charter and logistics business, in addition to strong growth in its core government shipping business. Protests of the award of the Global Household Goods Contract (GHC) to the General Accounting Office and Court of Federal Claims were not successful. ARC was previously awarded the GHC twice in 2020, but subsequent protests by unsuccessful bidders overturned the award.

Market development and outlook

The global demand for deep-sea transportation softened in 2022 as supply chain constraints including semiconductor shortages hampered light vehicle (LV) production and thereby sales. The auto original equipment manufacturers (OEMs) have prioritized the most profitable models and markets leading to record high transaction prices. The high & heavy (HH) segment strengthened with record high volumes.

The forward-looking statements herein, including assumptions, opinions and views of Wallenius Wilhelmsen or cited from third party sources, are solely views and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. The company does not provide any assurance that the assumptions underlying such forward-looking statements are free from errors, and it does not accept any responsibility for the future accuracy of any forward-looking statements.

Light vehicle market

Based on data from S&P Mobility (formerly IHS Markit), global light vehicle (LV) sales declined by 1.4 percent in FY 2022 compared to FY 2021 and totaled 79.2 million units, a ten-year low for global sales. Supply chain congestions including semiconductor shortage had an impact on all major markets. The OEMs prioritized to produce and sell well equipped vehicles at premium price points. Chinese LV sales increased 3.5 percent year over year (YoY) as the share of internal combustion engine (ICE) vehicles declined and low-emission vehicles (xEVs) grew sharply. Both in North America, down 7.6 percent, and Europe, down 11.9 percent, inventories of new vehicles grew at the end of the year and average transaction prices trended high.

Global deep-sea LV exports were down 5.7 percent from FY 2021. Deep-sea volumes declined more than total global sales, as North America and Europe, with a relatively high share of deep-sea volume import, underperformed compared to regions with lower deep-sea shares. Light vehicle exports from Europe declined 8.4 percent, while North American exports declined 12.5 percent. Japanese exports were down 16.6 percent from FY 2021, Korean vehicle exports were down 8.0 percent. Chinese exports were significantly up with 25 percent, from 1.2 million to 1.5 million units. A positive factor for Chinese LV export was the fact that battery electric vehicles continued to gain ground in Europe.

According to the forecast from S&P Global (former IHS Markit), the LV sales outlook for 2023 indicates a growth of 5.6 percent compared to 2022. Sales in North America are predicted to increase by 6.8 percent and exceed 17.5 million units sold. Europe is expected to see an improvement of 6.7 percent. The base case scenario expects deep-sea volumes to see a stronger rebound compared to global sales. Deep-sea volume is forecasted to increase with 9.4 percent, with continued Chinese growth and Japanese rebound as the most notable. Solid volumes are expected in the first half of 2023 due to long orderbooks. Volumes are more uncertain towards the second part of 2023, and will depend on the length and depth of the current economic slowdown in Europe and the US. The global production and sales of light vehicles are still far below pre-Covid levels. Constrained supply chains have led to pent-up demand for new vehicles. The age of the global light vehicle fleet is increasing and needs to be replaced. The shift towards low-emission vehicles, and in particular battery electric vehicles, is also expected to drive sales and demand for deep-sea shipments.

High & heavy market

Global markets for agricultural, construction and mining machinery again recorded a very strong year in 2022. According to data by S&P Global, global export volumes increased 15.0 percent year over year (YoY) in the first eleven months of the year – taking volumes to another all-time high.

Construction machinery exports increased 16.1 percent YoY during the period. Except for Africa, all market regions recorded strong demand growth for machinery compared to 2021. Meanwhile, the construction industry reported slowing activity in key markets as the year progressed. Soaring inflation and interest rates weighed heavily on housing markets and residential construction activity, while the nonresidential segment proved somewhat more resilient. Against this backdrop, Off-Highway Research forecasts global construction equipment demand (excluding China) to decrease 5.9 percent from 2022 to 2023, including a moderate pullback in both Europe and North America.

Agriculture machinery demand increased again in 2022, with global exports growing 11.5 percent YoY in the first eleven months of the year. Growth was muted in Europe, while exports to Oceania and the Americas increased strongly. Despite declining from the all-time high reached in Q2, food prices remained well above pre-pandemic levels and supportive of strong farmer profits. Major equipment manufacturers estimate that tractor markets will remain relatively unchanged in volume terms in 2023.

Global demand for mining machinery continued to grow strongly in 2022 with exports increasing 31.2 percent YoY. Excluding Russia, exports increased 47.3 percent, with strong growth seen in all markets except Latin America. Demand was fuelled by mined commodity prices well ahead of pre-pandemic levels, leaving the mining industry with the highest profits in a decade. Strong earnings allowed miners to continue investing in projects and machinery, and capex among mining major rose by an estimated 14.4 percent in 2022. Consensus estimates for selected machinery manufacturers indicate that revenues will increase another 10.9 percent from 2022 to 2023, but order growth has increasingly shifted to aftermarket at the expense of machinery in recent quarters.

Global fleet

The global vehicle carrier fleet totaled 592 vessels with more than 4,000 car equivalent unit (CEU) capacity. In 2022, two newbuilds were delivered and one vessel was recycled. During 2022, there were 54 new orders of vessels above 4,000 CEU. This resulted in an orderbook at the end of 2022 of 107 vessels with more than 4,000 CEU – the equivalent of about 21 percent of the active fleet. Most of the orderbook is scheduled for delivery after mid 2024.²

² Wallenius Wilhelmsen Market Insight

Key risk exposures

Wallenius Wilhelmsen is exposed to a variety of risks through its global operations. These risks are within the following areas: safety, financial, market and commercial, operational, regulatory, climate and environmental. Wallenius Wilhelmsen has a group-wide enterprise risk management model and maps main risks on a continuous basis. Every quarter, management presents a detailed risk assessment. This includes mitigating actions which cover all business units and corporate functional areas to the Board of Directors. Governing bodies, management and employees must be aware of the current environment in which we operate and be responsible for implementing measures to mitigate risks, acting upon unusual observations, threats or incidents, and proactively try to reduce potential negative consequences. Wallenius Wilhelmsen has internal controls, systems and processes for handling risks in place.

Health, safety and security risks

As a result of our core operations, Wallenius Wilhelmsen is exposed to safety risks arising from both its sea and land operations. Our key safety risks are incidents onboard and related to vessels such as fire, piracy attacks and outbreak of contagious diseases. The key risks at our land-based operations mainly relate to the handling and treatment of vehicles and machinery and undesired breaches to perimeters of our terminals and other facilities. These risks are mitigated through respective management systems. The systems include a sharp focus on training, updating routines and processes and measures designed to secure continuous compliance with health, safety and security regulations. Frequent and regular emergency response drills, toolbox talks, and risk assessments are run to reduce these risks. The group monitors key performance indicators and performs root cause analysis of undesired events to identify and prevent potential risks. For further information, please see the [People](#) chapter in this annual report.

Financial risks

The main financial risk exposures for Wallenius Wilhelmsen are interest and currency rates along with fuel prices. For a detailed assessment of financial risk, see [note 17 – financial risk](#) in the financial statements.

Wallenius Wilhelmsen's policy is to economically hedge between 20-80 percent of the average net interest rate exposure over the next five years, predominantly through interest rate swaps and fixed rate loans. The hedge ratio currently stands at about 50 percent.

The US dollar is the dominant currency for both revenues and costs across the group. It is also the group's presentation currency. The group is exposed to currency risk on revenues and expenses in non-functional currencies (transaction/cash flow risk) and balance sheet items denominated in currencies other than USD (translation risk). The group's largest foreign exchange exposure is EUR against USD, but the group also has exposure to a number of other currencies whereof KRW, JPY, SEK, CNY and NOK are the most important. Various financial derivatives, such as forwards, options and cross-currency (basis) swaps are used to hedge this exposure.

Fuel price risk is primarily managed through the inclusion of fuel adjustment factors (FAF) in the customer contracts. Since FAFs are typically calculated on the average price over an historical period, and then fixed during an application period, a lag effect exists, which means that the group is exposed to price changes in the short term.

Regulatory risks

Due to our global presence and operations within different segments, the group is exposed to numerous regulatory frameworks. These include rules and regulations related to for instance anti-corruption, sanctions, fair competition, environment and data privacy. Compliance with relevant requirements within these fields, in addition to other corporate matters, are managed in collaboration with corporate functions, subject matter experts and local responsibilities as per jurisdictional requirements. Awareness and training activities are conducted based on roles and responsibilities. For more on risk management and internal control, please see [Principles of governance](#).

Operational risks

Tonnage and trade imbalance, vessel incidents, adverse weather conditions and access to skilled labor constitute the main operational risks at Wallenius Wilhelmsen. We strive to secure sufficient fleet flexibility by combining owned tonnage with both long- and short-term charters.

During 2022, global supply chain disruptions continued to create challenges to our logistical planning. The owned tonnage and long-term charters represent the core fleet, while the short-term charters enable the operating entities to scale up and down capacity to meet changing demand in a cost-efficient manner. The company proactively handles trade imbalances through vessel swaps and space charter arrangements for excess volumes with other operators.

Due to strict Covid-19 health and safety protocols, crew management has remained challenging. Our Covid-19 response team across the group has continued to work to ensure that best practices, risk assessments and analytics are shared and adopted across the fleet, as well as throughout our land-based organization, and are in full compliance with both global and local regulations.

Post-pandemic, a lack of access to skilled labor has been a challenge for the group as a whole, and for our landbased operations in particular. To mitigate the risk to stable operations, we have made systematic efforts to attract, train and retain skilled workers, while also increasing our utilization of temporary labor.

Cyber-attacks is identified as another important risk, and the company constantly monitors the threat environment. Together with partnerships with leading industry players, Wallenius Wilhelmsen has protection tools and mechanisms in place. We have also implemented internal information campaigns and awareness programs to mitigate risk of security breaches related to phishing and impostor fraud. As other companies in the shipping industry, Wallenius Wilhelmsen risks exploitation by criminal organizations involved in for instance smuggling of narcotics and human traffickers. Please see the [human rights section](#) in the People chapter.

Environmental risks

Wallenius Wilhelmsen is exposed to environmental risks. These are mainly related to vessels and include risks such as oil spills through bunkering, chemical handling and most severely, in case of collision and grounding. The management systems prioritize training, routines and measures designed to ensure continuous compliance with environmental regulations. To reduce these risks, we conduct frequent emergency response drills, toolbox talks and risk assessments. The group monitors key performance indicators and performs root cause analysis of undesired events to identify and prevent potential risks. Please see the [Planet](#) chapter of this report for further information.

Climate risks

Following current and future effects of climate change and the accelerating need to decarbonize our global value chain, Wallenius Wilhelmsen is exposed to a number of climate-related risks. These include physical as well as transitional risks such as market, technology, reputational, policy and legal risks. Our financially material climate risks are related to our shipping segment. High on the agenda is to best prepare and position ourselves for upcoming greenhouse gas regulatory changes from the International Maritime Organisation (IMO), the shipping industry's global regulator and the European Union (EU). For example, in April 2018, the IMO adopted emission reduction targets for 2030, 2050 and beyond. These will have an impact on the shipping industry and ourselves. Wallenius Wilhelmsen seeks to contribute to progressive yet pragmatic outcomes through active engagement in the regulatory development process. For further information, please see the chapter on [GHG emissions and climate risk](#) in the Planet chapter of this report.

Market and commercial risks

Demand for shipping and logistics services are cyclical and closely correlated to global economic activity in general and deep-sea transportation of light vehicles (LVs) and high and heavy (H&H) equipment in particular. Changes in the global economy therefore strongly impact the development of Wallenius Wilhelmsen's volumes and financial performance, including the following events and conditions during 2022.

- The Russian invasion of Ukraine in February 2022, and generally increased geopolitical tensions across several dimensions, creates a more volatile market environment which poses challenges to the company given our global presence.
- Continued disruptions to the semiconductor industry, leading to supply chain bottle necks and shortage of components to car manufacturers, and hence halting production, will continue to pose a risk to Wallenius Wilhelmsen.
- Sustained port congestions causing vessel delays pose a risk to operations and the overall fleet utilization and lifting capacity.
- Furthermore, illnesses or other events that may threaten the health and well-being of employees, customers, and wider communities may cause disruptions to operations and demand, as seen during the Covid-19 pandemic.

Any short-term direct effect of reduction in volumes due to any of the above is not expected to be critical as the group can implement measures to adjust capacity and reduce costs temporarily. On the other hand, indirect effects in case of slower

underlying global economic growth, combined with reduced deep-sea volumes across all cargo segments, would not only directly impact the results but could also lead to continued and increased overcapacity and create pressure on rates. New emissions standards in the LV markets as well as incentives will also influence sales mix and trading patterns. The geographical pattern of the production of LVs and H&H equipment is continuously changing. A shift in the balance between locally produced and exported cargo may affect the overall demand for deep-sea ocean transportation, resulting in a shift to short-sea ocean transportation, and thus affect the overall fleet utilization. A shift in customers' market positions can represent both opportunities and risks for Wallenius Wilhelmsen's operating entities. However, our broad global presence in many regions of the world combined with wide client exposure contributes to actually reducing this risk element.

Events after the balance sheet date

In January 2023, Wallenius Wilhelmsen ASA signed a new USD 100 million revolving credit facility to be available for collateral postings related to cross-currency swaps. The facility is secured by five sailing vessels that were previously unencumbered.

In February 2023, the board of directors approved an updated finance policy for the group. See separate [stock exchange notice](#) as of February 8, 2023.

In January 2023, Pia Synnerman became the new Chief Customer Officer. She joined the group as head of sales to EMEA in 2021, coming from Ericsson with nearly 20 years of experience in international sales.

Dividend for the financial year 2022

The board proposed an ordinary dividend of USD 0.85 per share to the annual general meeting on April 26, 2023. USD 0.51 to be payable in May 2023 and USD 0.34 to be payable in November 2023. The dividend is declared in USD and paid in NOK. The total proposed dividend amounts to USD 360 million, representing 45 percent of the FY 2022 profit after tax which is in the upper end of the dividend policy range of 30-50 percent of profit after tax. Adjusting for one-off, non-cash items such as the change in value of the symmetric put/call option in EUKOR and the impairment in logistics, the dividend represents 42 percent of the adjusted FY 2022 profit after tax.

Prospects

2022 was an exceptional year for our shipping and terminal markets, despite global light vehicle sales at 2012-levels. We expect continued strong volumes and a tight market balance, at least for the first part of 2023. Volumes are more uncertain towards the second part of 2023, and will depend on the length and depth of the current economic slowdown in Europe and the US. In 2024, the fleet capacity in CEU is expected to grow about 8 percent which may cause a less tight balance for shipping. On the upside, we see a potential rate upside from renewing multi-year customer contracts. Further, the global production and sales of light vehicles are still far below pre-Covid levels. Constrained supply-chains have led to pent-up demand for new vehicles. The age of the global light vehicle fleet is increasing and needs to be replaced. The shift towards low-emission vehicles, and in particular battery electric vehicles, is also expected to drive sales and demand for deep-sea shipments.

We continue to expect increasing light vehicle sales in 2023 compared to 2022, despite a shift from supply driven constraints to a softening of demand. This will benefit both the shipping and logistics services segments. H&H volumes were at all time high levels in the second half of 2022 and are expected to soften somewhat in 2023, in particular in the construction segment. The steep fall in container freight rates will increase the competition for break bulk cargoes. We see risks to sales and deep-sea volumes from a deeper than expected economic recession, further disruptions to the global supply chains, as well as labor costs and labor availability. Any escalation of geopolitical tensions may exacerbate these risks and in particular impact our global business model.

Overall, we expect to further strengthen our financial position in 2023, while enabling us to meet our financial targets and to remunerate shareholders. The strengthened financial position will serve us well in a period of increasing uncertainty.



People

While impressive deep sea vessels are our most visible assets, it is our people that are most important. They manage processing centers and terminals, operate our land and ocean fleets efficiently and respond to customer needs. Wallenius Wilhelmsen's people are essential to how we create lasting value. The Covid-19 pandemic has proven to have a lasting impact on the future of work. Wallenius Wilhelmsen, along with many other companies, experiences a competitive talent landscape and a workforce that has been under a lot of pressure during the pandemic. This is more visible in some markets, such as the United States.

Our mission and obligation to our people is to provide a safe and inclusive workplace where everybody's rights are respected. Indeed, we want to make a rock star of every employee by supporting them to realize their full potential, empower them through strong teams and encourage them to drive innovation and development by challenging status quo.

We monitor, manage and report on four material topics related to our people:

1. Health, safety and wellbeing
2. Human and labor rights
3. Diversity, equity, inclusion
4. Training & development

1. Health, safety and wellbeing

Why is it important?

We are committed to our people's health, safety and general wellbeing. Wallenius Wilhelmsen is a global company with extensive terminal operations, processing centers, road and seagoing transportation. Our people handle and control many potential risks. It could be work-related incidents, road accidents, oil spills and other environmental incidents. Safety is the number one priority for Wallenius Wilhelmsen and defining how we can improve our safety culture is at the top of the management's agenda.



How do we work?

Most of our employees work in logistics services. This includes outsourced labor at terminals and processing centers. Safety 1st is the foundation of logistic’s environmental, health and safety program and requires that all employees must understand their roles and responsibilities to maintain a safe work environment. The management system is aligned with the ISO standards for health & safety (45001), environment (14001) and quality (9001). Several of our facilities are already certified to one or more of these standards. During 2022, our facilities in EMEA were certified to the three above-mentioned standards, and our Compas facility in Mexico gained the first ISO 45001 certification in the Americas. The plan is to have all facilities in the Americas certified to all three standards in 2023. Global certification will follow. Dedicated HSEQ managers are responsible for the continual improvement of the systems and senior management monitors this work closely.

External ship management companies employ the crew onboard Wallenius Wilhelmsen’s owned vessels and bareboat charter vessels. Our marine operations management team ensures that the ship management companies comply with our policies and requirements to be certified in accordance with the Maritime Labor Convention, the International Safety Management Code, ISO 14001 and ISO 9001.

Management systems already aligned with relevant global standards

Wallenius Wilhelmsen’s Management System is aligned with key ISO standards. A roadmap is being implemented to achieve groupwide certification. Currently, selected sites are certified to one or more standards.

 VEHICLE SERVICES – VPCs	 HIGH & HEAVY – EPCs	 TERMINAL Services	 Vessels
# of certified Sites in 2023	# of certified Sites in 2023	# of certified Sites in 2023	
ISO 14001	6	ISO 14001	3
ISO 9001	17	ISO 9001	3
ISO 45001	6	ISO 45001	3

- External ship managers
- ISO 9001 and 14001 certified
- Compliance with health & safety standards:
 - The International Ship and Port Facility Security (ISPS) Code
 - Maritime Labor Convention
 - The International Safety Management (ISM) Code

How did we perform?

The Covid-19 pandemic is still impacting our seafarers. We have continued to work with our ship manager vendors to secure their wellbeing whilst maintaining our fleet's operations. As society has opened up, visitors to the vessels, and seafarers who have been onshore, are at risk of bringing Covid-19 infection back onto the vessels. To ensure the health of our seafarers, we launched a Mariners Medico Guide app for diagnosing and following up physical and mental disorders. The app is developed by Gard, the insurer, and the Norwegian Centre for Maritime and Diving Medicine and approved by the the Norwegian Flag State. All seafarers have also been offered a third vaccination dose and the response has been good.

During the pandemic we had limited ability to visit the vessels. We have since strengthened our safety and quality inspections with focus on clean living areas and catering facilities. A limited number of inspections on charter vessels revealed that conditions were not satisfactory. These were rectified. These inspections come in addition to the compulsory maritime labor and port authority controls.

Covid-19 has changed the lives of our land-based employees. Whilst most of the societies we operate in have opened up since the lockdowns, things will not return to how it was prior to the pandemic: The future of work will balance remote and hybrid attendance to meet employees' desires for more flexibility and the need to maintain and strengthen our company culture. We are conscious that increased use of home office for some employees may contribute to mental challenges such as isolation, social anxiety and addiction-related sicknesses. Policies for office-based employees have been implemented across the geographies reflecting local circumstances and regulatory requirements. For production workers, we are exploring options to increase their work flexibility. In the US, for instance, we launched pilot programs with fixed work schedules to provide better shift predictability in order to increase retention of employees and reduce turnover. Preliminary results and feedback are positive.

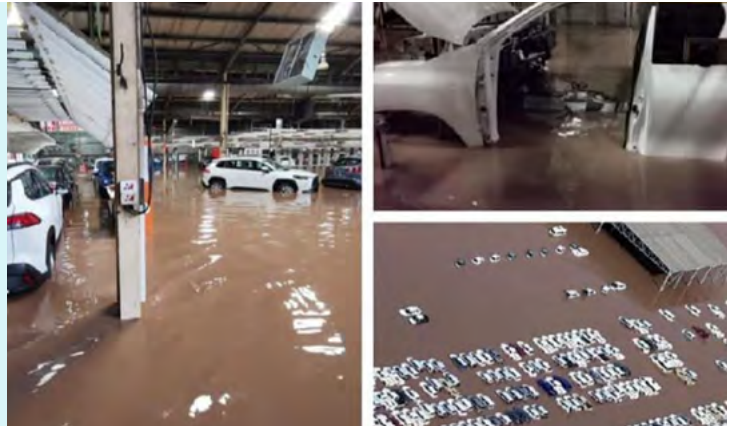
We are increasing our focus on mental health and have implemented employee assistance programs to support to our colleagues:

- **UK:** A new round of mental health courses to increase understanding of mental health issues and raise awareness about how to talk about it and how we can offer help.
- **Sweden:** A mental first-aid training course was conducted for all managers and employees. All staff also receive a fixed sum annually to spend on wellness initiatives.
- **Belgium:** The Evoluno app was introduced. It provides production and office employees with an opportunity to reflect on their current state of mental wellbeing, provides micro learnings and information on where and how to reach out to a mental health professional if desired. In addition an employee assistance program, Pobos, focuses on psychological counselling and burnout issues.
- **Asia:** A mental health toolkit was launched which included a local mental health helpline across Asia as well as awareness sessions on emotional support during tough times.
- **Korea:** A LMC (Labor Management Council) and OSHC (Occupational Safety and Health Committee) were formed to build a positive culture with mutual trust between management and employees.

- **In Brazil, Panama, El Salvador and Mexico:** Employee assistance programs were launched. The programs are free and confidential and provide financial, nutritional support, legal support as well as psychological assistance.

We experienced no serious injuries or fatalities among Wallenius Wilhelmsen employees in 2022. However, a sailor on one of the chartered vessel was lost at sea during a voyage in November. A three-day search and rescue mission was carried out, but the lost crew member was never located despite these efforts. Our thoughts and support go to his family, friends and colleagues.

In Durban, South Africa, our employees experienced the devastation of the April 2022 floods. Wallenius Wilhelmsen assisted employees with food vouchers to bring them immediate help. Also, the company secured payment through an unemployment insurance scheme to alleviate some of the burden on the employees hit by the floods.



Although we have seen improvements over the years, the safety performance in logistics declined during 2022. At the end of the year, lost time injury frequency (LTIF) was 15.8 in our land-based operations with 206 lost-time injuries for staff and contractors. This is above our 2022 LTIF target of 14.5. Many of our incidents were related to slips, trips and muscle strains and we have run a number of initiatives to bring attention to key causes of these injuries and accidents to reduce this risk. We have also been piloting TuMeke, a computer vision joint tracking for ergonomic assessments, to reduce muscle strains and injuries due to poor ergonomics. We will improve our standard operating procedures based on the ergonomic risks identified. With an aging workforce, we hope the tool will help educate managers and frontline employees on how to complete tasks in a way that reduces the risk of e.g. muscle strains.

The global safety committee which was established in 2021, expanded to include more colleagues across the world. Discussions in the committee about incidents and sharing experiences has contributed to an improved and more consistent safety management across locations.

The aim is to share good practices among operations and regions. The committee, which consists of health & safety professionals from the Americas, EMEA, Asia and Oceania, meets regularly to share lessons-learned and strengthen our general safety culture.

At sea, the LTIF was 0.38 at the end of 2022, well below our target of 1.0. Most of the injuries are related to slips and trips.

For many years we have arranged RoRo Rodeo events at our Baltimore terminal and in 2022 the event was also held at our Zeebrugge terminal in Europe. The aim of the RoRo Rodeo is to upskill sub-contractors and the operations team in cargo securing techniques, ergonomic safety and damage prevention. The training is provided by technical representatives from all the major machinery manufacturers.

We are proud of our employees who work diligently to ensure a safe work environment. Southampton achieved zero LTIs this year, while our operations in South Africa saw an 80 percent reduction in LTIs, from 11 in 2021 to 2 in 2022. At our Brunswick terminal in Georgia, USA, we realized almost 3,000 injury-free days.

Even though Wallenius Wilhelmsen's LTIF is comparable to the industry average in countries such as the US, it remains a priority to further improve our safety performance. We are focussing on the facilities that have had the highest numbers of incidents and recurring root causes. During 2022, we deep-dived into two sites and the findings and remedies will be closely followed up. The work with certifying our operations to ISO 45001 Health and Safety standard is expected to strengthen our management processes and improve our performance.

We have also included work environment and safety as a section in our employees #engage survey. The section is directed towards production workers in logistics and covers questions related to how they perceive safety management, such as "safety rules are carefully observed, even if it means work is slowed down." We have set targets for the score and monitor the results.

The absenteeism for logistics increased slightly from 2.35 percent in 2021 to 2.52 percent in 2022.

"RoRo Rodeo is a great way to facilitate communication with our front-line team members. Here we share information, solve problems and improve teamwork. It is a great way to strengthen our safety and quality culture."

Mary Carmen Barrios
SVP Port, Terminal and Stevedoring Operations EMEA



Safety is an indicator of a company's health

“Safety is an indicator of a company's health,” says **Sarah Walsh**, VP Fleet Management. “Shipping is a high-risk business. It's a mix of multi-million-dollar vessels, complex heavy machinery, large quantities of polluting fluids combined with the unpredictable nature of the elements, the wind and the sea. It can be a recipe for disaster. Add to that the human elements, we are not robots. We all make mistakes.

For me there are three simple reasons why safety is so important:

1. The human perspective, we all want to be safe. We all have families and people who we love.
2. Our responsibility towards the environment. We should not harm the environment or the habitats.
3. A commercial reason, we want to make our business a success. Without safety, no business model will survive.

Safety relates directly to quality. Quality relates to customer satisfaction. Customer satisfaction relates

to the success of the business – and ultimately the sustainability of our company long term. Safety is the responsibility of all. It is our culture that empowers our colleagues to act as safety barrier – to feel safe to speak up! We need people to challenge the process!”



How will we proceed?

Improving our safety performance and safeguarding our people's health and wellbeing will continue to be a top priority for the company in 2023:

- Continue to raise our employee survey safety score – #engage – for production workers from 7.5 to 7.8.
- Strengthen our health & safety management system by certifying our facilities to ISO 45001 health and safety standard.

Key performance indicator	2022 actual	2022 target	2023 target
LTIF logistics	15.76	<14.25	14.15
LTIF ocean	0.38	<1	<1

2. Human and labor rights

Why is it important?

As a global company, we operate in many different regions and countries. Identifying relevant human rights and understanding how we may impact them is critical for both us as a company and our stakeholders. We are committed to respecting human and labor rights across our business in all countries and regions in which we do business and recognize the internationally recognized UN Universal Declaration of Human Rights and the International Labour Standards (ILO declaration on fundamental principles and rights at work). In addition, regulations, such as the Norwegian Transparency Act and the minimum social safeguards of the EU taxonomy, increasingly demand that companies carry out due diligence in their value chains, develop governance and management, provide grievance mechanism and report on progress. This section encompasses reporting to meet the requirements of the Norwegian Transparency Act. Please also refer to our separate statement on the [website](#) related to the UK Modern Slavery Act.

How do we work?

The respect for human and labor rights is embedded in our code of conduct and our human rights policy which specify the key principles, objectives and commitments. The policy explicitly bans any form of modern slavery in our operations and supply chain. This includes human trafficking, forced labor, exploitative working conditions and practices, slavery and child labor. Furthermore, human rights are a core part of our supplier code of conduct and our sustainable procurement policy. Please see the section on [sustainable supply chain](#) section in the prosperity chapter.

We have established a governance structure to comply with relevant regulations relating to labor rights and working conditions: In 2021, we conducted a human rights risk assessment and due diligence (HRDD). This was done in accordance with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. The assessment involved a desktop analysis, development of a systematic process and several workshops with colleagues from human resources, legal, safety, emergency & security and procurement. Human rights aspects were assessed across our value chain to determine which factors are relevant for us and decide why others are not. Existing mitigating actions were also mapped. For the relevant risks, scenarios were developed, likelihood and impacts defined and assessed to prioritize key risks and mitigating actions.

How did we perform?

During 2022, we further built upon our human rights risk assessment and due diligence from 2021. To raise awareness of human rights amongst our senior management, we organized a seminar with internationally recognized experts as well as an in-depth workshop for the task force of key functions which was established to advance our internal human rights work. We also launched a sustainability gamification training which included our approach to human rights as well as a specific training course on human rights. The courses are directed towards our PC-enabled employees and they are provided to new employees as part of the onboarding process when joining Wallenius Wilhelmsen.

We have updated our Alert Line to specifically include queries and concerns relating to human rights impacts and potential breaches, and we are in the process of revising our Code of Conduct. The code specifies that discrimination based on race, color, religion, gender, age, nationality, sexual orientation, disability, or any status protected by law is not tolerated. In addition, it condemns all forms of forced labor, modern slavery, trafficking and other exploitative working conditions and child labor.

An overview of key scenarios that are relevant for us and incidents and actions in 2022:

- **Stowaways on vessels:** Human traffickers and smugglers can be behind stowaways onboard our vessels. Stowaways are also at risk of becoming victims to modern slavery upon arrival. We experienced three incidents of stowaways in 2022. When stowaways are found on a vessel after leaving the port of departure, guidelines are in place as prescribed by IMO in Resolution 13 (42): FAL Convention and strictly followed. P&I clubs are also consulted to ensure the safety of stowaways when considering potential ports for disembarkation. We also cooperate closely with port and terminals to prevent this illegal activity. Examples of preventive measures are ID-checks, CCTV-systems, manual cargo inspections and thermal screening cameras. During 2022, we have not engaged any armed guards during transits.
- **Migrants in distress picked up at sea:** Unfortunately, migrants still risk their lives by crossing the seas in search of a better life and Wallenius Wilhelmsen recognizes our duty pursuant to international law for ships to attempt to rescue persons at danger at sea. In the case where migrants in distress are picked up at sea, recommended practice is followed as per IMO, including the 1982 UN Convention on the law of the sea and the 1974 international convention for the safety of life at sea.

In September, a refugee boat with more than 200 persons was adrift east of Malta in the Mediterranean. As requested by the Maritime Rescue Co-ordination Center, our vessel, MV Morning Carol, remained stand-by in case of an emergency. The crew lifted four people out of the water and attempted to deliver food and water to the refugee boat, but unfortunately their boat drifted away. MV Morning Carol could not approach the refugee boat because it was too small compared to our vessel. They were rescued by a smaller boat carrier. We do not know if the refugees were victims of smugglers or human traffickers.

- **Supply chain risks:** We have further developed our approach to identify and address risks related to human rights in our supply chain. During 2022, we have worked on implementing our sustainable procurement policy and supplier code of conduct. Specifically we have strengthened our approach towards shipyards to build and recycle our vessels because of the risk they represent to human rights. Please see the section below on shipyards and the sustainable supply chain in the [Prosperity](#) chapter.

- **Shipyards and ship recycling:** We have kept our focus on eliminating adverse human and labor rights impact in the area of ship recycling for decades. This is because vessel recycling yards are a known hotspot for human rights violations and cases of modern slavery have been revealed. We are one of the founding members of the [Ship Recycling Transparency Initiative](#), an online platform where we share information on shipping companies' recycling policies and practices. No vessels were recycled in 2022.

During 2022, we also developed our approach for addressing human rights in preparation for building new vessels. We consulted external experts and included human rights requirements in the tender process in line with our supplier code of conduct and procurement policy. In addition, we will conduct ESG (Environment, Social and Governance) due diligence audits for potential suppliers. We have already completed the tender process to select the ESG due diligence auditor.

- **Health and wellbeing during the pandemic:** The Covid-19 pandemic still impacts our seafarers and we have worked tirelessly to ensure the safety of our staff and to mitigate adverse human rights' impacts. Please see the section on [health, safety and wellbeing](#) above.
- **Discrimination and harassment:** Non-discrimination and harassment have a dedicated chapter in our code of conduct and it is integrated into our management procedures. Please see section on [diversity, equity and inclusion](#) (DEI) below.
- **Employee and supplier information privacy:** Please see how we address this risk in the governing elements in the [principles of governance](#) section below.

How will we proceed?

We will develop our human rights due diligence by:

- Continuing to raise awareness of the group's human rights policy and implement it in all parts of our company and towards our suppliers
- Continuing to expand our stakeholder engagement to a wider group of internal stakeholders and consult external stakeholders such as NGOs or industry network
- Updating the human rights scenarios
- Presenting initiative and results to management and the board
- Strengthening our assessment and monitoring of risks in our supply chain

3. Diversity, equity and inclusion

Why is it important?

Our employees, with their diverse backgrounds and experiences, cooperate closely every day across borders and time zones, making Wallenius Wilhelmsen a truly global company. We aspire to be a workplace where everybody feels safe and well, where we get the opportunity to realize the best version of ourselves and learn from each other. Diverse and inclusive organizations are innovative, they make good decisions and perform well. In other words: We aspire to make a rock star of every employee by supporting all employees to:

- Realize their full potential
- Empower all through strong teams
- Encourage all to drive innovation and development by challenging status quo

In today's society, recognition for who you are, where you are from, and that we all bring something unique to the table, is a given. We constantly strengthen our understanding on diversity, we mobilize and remobilize, as we continue to develop this crucial component of our corporate strategy.

How do we work?

Our board of directors and senior management are committed to, and deeply engaged in, the work with DEI which is anchored in our code of conduct. The code of conduct explicitly states that discrimination based on race, color, religion, gender, age, nationality, sexual orientation, disability, or any status protected by law is not tolerated. We strive to provide everybody with equitable treatment and opportunities when they are recruited and promoted, as well as in their daily work.

“Happy employees are productive employees”

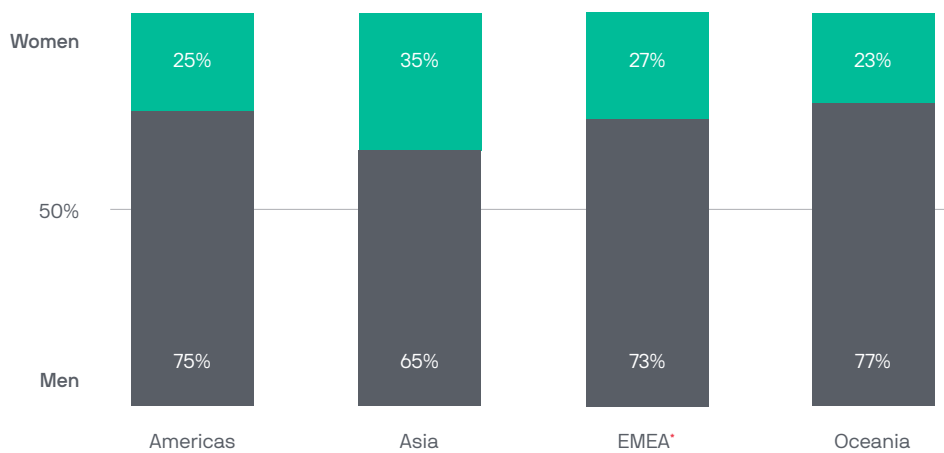
Meet **Silandra Makardoij**, who is the general manager in South Africa: “We have a really great corporate culture that promotes work life balance, diversity, mental wellbeing and equal opportunity for all.” Makardoij is strongly committed to supporting people to develop, grow and realize the best versions of themselves. “Through my job, I feel that we can create a work environment of learning, innovation, and fun, where all our employees can thrive and be the best that they can be. With people being our greatest assets, happy employees are productive employees.”



During 2022, we launched a new campaign called: Be a rock star of your own career, to strengthen and motivate employees and leaders to understand that happy employees who gets opportunities to grow and experience success in their roles deliver better results. Leaders should help employees shine, colleagues should help each other become rock stars. It is another way of visualizing “grow and learn.” The concept encompasses diversity, integrity and inclusion. We monitor our employees’ perception of the working environment and our progress on developing an inclusive culture through the DE&I score in our bi-annual employee survey.

We have partnered with organizations such as Women who Code, Women in Tech and Women’s International Shipping & Trading Association (WISTA). Also, we supported Microsoft Sweden’s program for Ukrainian refugees by inviting a group of women to our offices as part of a crash course in IT development. One of the women joined the technology services team as an intern in January 2023.

Gender mix per region – 2022



* Europe, Middle East and Africa

How did we perform?

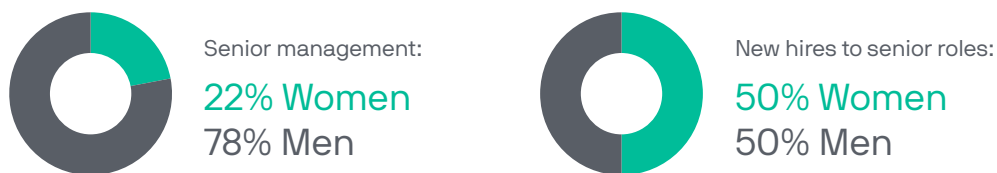
In 2022, we reached an important milestone and we are proud to have our first female captain. Captain Lee Eun Ran from South Korea is employed by our ship management company and has taken command of our vessel Morning Pilot. Captain Lee is the first female captain to be appointed within Wilhelmsen Ship Management and only the third female captain in Korean commercial shipping history. She joined EUKOR/WSM in 2010 as a cadet and has completed all of her maritime career to date on Wallenius Wilhelmsen/EUKOR vessels. In addition, we have female chief officers and chief engineers on our vessels. As there are currently only 2 percent women participation in shipping ¹, these women are pioneers and we are already seeing a marked increase in applications for cadetships. It is a focus area for us to add gender diversity to the existing good diversity in nationalities and we are focusing on creating a safe and inclusive workplace as well as retaining female seafarers after motherhood by seeking to offer onshore jobs in the transition phase.

During 2022, we improved the gender diversity in our executive management team by adding a new Chief People Officer. As of January 2023, a female Chief Customer Officer was also appointed.

¹ <https://safety4sea.com/percentage-of-women-seafarers-unchanged-the-last-40-years/>

Moreover, we are continuing the work on increasing our diversity, especially amongst production workers. The pandemic has also revealed a gap between available labor and the number of jobs provided. We are dedicated to strengthening our DEI work to attract talents from a wider labor market. We are implementing several initiatives to encourage job applicants who would typically not consider our line of business to address this disparity, but larger macro-factors such as labor shortages are also at play.

Of our approximately 2,500 office workers, 42 percent are women, whilst women constitute only 18 percent of all production workers. Our industry has historically been male-dominated and it is a priority for us to change this. We have therefore set a target for gender ratio for office workers in senior management to at least 24/76 (f/m) for 2022 and 35:65 (f/m) by 2030 as a first step. The share of women in senior management positions remained at 22 percent in 2022, falling short of our target of 24 percent. The initiatives we are implementing are expected to close this gap going forward.



To secure equity and fair pay, we conducted a global gender compensation analysis in 2021 and during 2022, we have worked to close the pay disparity that was identified in certain regions and for certain positions. For information regarding our diversity and equal opportunities for our Norwegian operations, please see [our reporting](#) in accordance with local anti-discrimination regulation.

Earnings ratio women:men



Specific initiatives conducted during 2022 to strengthen work on DEI include the following:

- We launched a specific DEI policy to guide our work
- We held a webinar on DEI and LGBTQ+ with internationally recognized experts to increase awareness and understanding. The webinar was attended by nearly 500 people
- We launched an Inclusion TipKit campaign and e-learning courses to enhance DEI and emotional awareness among leaders and new joiners globally
- We ran intranet campaigns on ideas to build an inclusive culture and strengthen mental health
- We published several articles on our intranet celebrating Pride month

As part of diversity and inclusion, we amended the US holiday calendar to include Juneteenth and Martin Luther King Day in recognition of our African American workforce.

Diversity, equity, inclusion & belonging

We aspire to build a workplace where our people feel they can bring their best version of themselves – everyday, learn from each other and be appreciated. Our employees are critical for us to achieve our ambitions and our company’s future success. Diversity, equity, integrity and belonging are central to our business outcomes because it touches every part of our operations and strategy. When the whole workforce can bring their talents to the table, results are better than when only some people can. Indeed, diverse organizations are both more resilient and innovative. Happy employees is the foundation upon which we achieve desired results! Be a “rock star” of your career! As we build #TheWalWilWay, we will strengthen and diversify our services, helping everyone thrive in a world that keeps surprising us.



How will we proceed?

Going forward, we will:

- Conduct training on inclusive leadership and on structured-candidate interview and selection process
- Continue to close the pay gap
- Establish local DEI goals that are aligned with country context, culture and demographics
- Introduce a DEI learning path on our learning management system with specific required course

4. Training & Development

Why it is important?

Training and development are central to how we learn as individuals. As an organization, we prioritize the development of all employees globally. Developing new skills and staying up-to-date in our knowledge of technical and scientific developments and best practices are important to build a strong, competitive workforce. We believe that well-supported employees are more productive, and more engaged in business.

“At the core of our company lies our people and the company culture. Our commitment is to build a great workplace where people feel safe, trusted and engaged. We achieve our results through collaboration, and everyone should feel free to speak up without fear of repercussions.”



Wenche Agerup
CPO

How do we work?

GoGrowSucceed is the company-wide platform for employees to manage their professional development objectives and facilitate their performance and development check-ins with their managers. Unlike past performance reviews that ranked individuals, GoGrowSucceed deliberately does not have a ranking system. The aim is to foster engagement, further motivation and allow for an enhanced coaching relationship between managers and team members. We provide our employees with a combination of digital and in-person training sessions. Employees are required to participate in regular trainings on the company's code of conduct. In addition to mandatory training sessions, the company provides open enrollment in e-courses through iLearn, the company's digital training platform. We aim to motivate employees to develop their own learning journey to bolster career progress.

We believe in the power of connections to support our people, provide an improved employee experience, and help people perform at their best.

How did we perform?

During 2022, we had several training and development initiatives and an overview is provided below:

- **Code of Conduct:** We ran a global reinvigorated initiative on this code. It encompassed both office (automated) and production workers (manually).
- **Bluepoint Global leadership:** We launched a global leadership development experience program for selected team leaders. The program is designed to optimize their leadership skills and enhance career growth potential. It is a global program and in 2022, we had 33 participants enrolled in the eight-month long academy-style program. Participants began their experience with a three-day in-person program focused on leadership skills. They will continue to work with individual coaches, personalized learning trios as well as participating in webinars focused on critical leadership topics and skills. The program capstone will take place in June and will be a three-day event focusing on leading others.
- **iLearn:** We enhanced the user experience by redesigning the homepage and updated communications. The content was enhanced through new joiner orientation, custom courses and learning journeys. Learners completed more than 6,000 courses in 2022. This is an increase of 59.5 percent year over year and includes both required and non-required courses. Learners spent close to 6,700 hours dedicated to their growth and development. This is a 31 percent increase compared to 2021. In 2022, this equates to 1.7 hours per active user.
- **Sustainability:** A sustainability gamification training was launched in April 2022. The training aimed to develop a common understanding of what 'sustainability' means for Wallenius Wilhelmsen, what the drivers and the benefits are. The course covered different aspects of sustainability, our code of conduct, policies, practices and examples. We used interactive learning and cases. It has been 100 percent completed by about 20 percent of learners and it is included in the onboarding training for new employees.
- **Human Rights:** We launched a gamified training on human rights on UN Human Rights Day on December 10. The aim of this training was to raise awareness and understanding of how we as a company impact human rights and also how our colleagues can support them in their daily lives.
- **Cyber security training:** We updated the 2021 gamified training on cyber security to keep abreast of developing challenges. The training was launched in November 2022 and so far, about 10 percent of the learner population have completed the training.

How will we proceed?

In 2023, we will continue our transition to digital learning, enhancing our ability to deliver new knowledge and skills to all our colleagues, regardless of their location.



Planet

The world faces a climate crisis, and there is an urgent need for action. By decarbonizing operations and reducing our environmental footprint, we will be a part of the solution, not the problem. As a leading provider of logistics services, both on land and at sea, we work to minimize and responsibly manage our environmental impact. Wallenius Wilhelmsen adheres to the scientific consensus on climate change and supports the Paris Agreement.

To manage our impacts on the planet, we monitor, manage and report on four material topics:

1. Greenhouse gas (GHG) emissions and climate risk
2. Biodiversity
3. Air quality
4. Waste management

1. Greenhouse gas emissions (GHG) and climate risk

Why is it important?

Nearly all (99 percent) of our scope 1 CO₂e emissions relates to our seagoing transportation. Although shipping in general has a much lower carbon intensity per tonnes-km transported than air and land-based transportation, it constitutes three percent of annual CO₂ emissions globally. To most, there are no alternatives to seagoing transportation. International shipping carries about 90 percent of world trade, and the volumes of goods are predicted to increase significantly toward 2050.

Our industry faces a clear call to decarbonize from our stakeholders:

- **Elevated pressure from consumers:** The consumers' increasing consciousness around how their consumption contributes to climate change drives our customers to seek new ways to reduce their carbon emissions, including those related to the transportation of finished products. Decarbonizing supply chains is becoming the new frontier.
- **Attracting talent:** Our employees increasingly communicate that they want to work for a company that is aligned with their values. To attract and retain talented people with a diversity of skills, backgrounds and experience, this is particularly important in the current tight labor market. Sustainability is a powerful attribute in attracting employees.
- **Tightening regulatory requirements:** Technical (Energy Efficiency Existing Ship Index) and operational (Carbon Intensity Indicator) IMO regulations come into effect and impact the shipping fleet. In addition, maritime transportation will be included in the EU Emissions Trading Scheme, putting a price on each tonne of carbon emitted. IMO is also likely to introduce a carbon pricing mechanism in the near future.
- **Increased scrutiny from investors and other financial stakeholders:** Banks and fund managers are adapting their portfolios to be aligned with e.g. the EU taxonomy and the Paris Agreement.

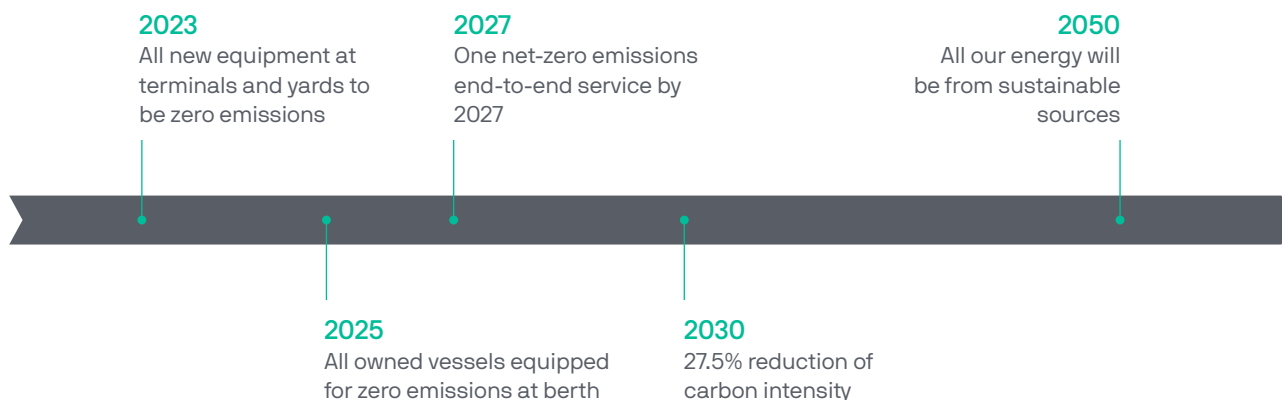
Wallenius Wilhelmsen is the leading player in global RoRo shipping and finished vehicle logistics. As an important infrastructure player, we have the ambition to be a “shaper” of the race towards zero emission, not an “adaptor.” This way we can build a lasting competitive advantage.

How do we work?

The best way to meet our obligations is to set ambitious targets that lead us towards a zero emissions future. Our environmental policy is at the center of our management approach.

To strengthen how we manage our transition to zero emissions, the company will assemble a task force named the “Orcelle Accelerator” in early 2023. The task force will consist of dedicated resources and report directly to the CEO.

Milestones on our decarbonization journey:



The ambition to reduce CO₂e emission intensity by 27.5 percent by 2030 (compared to 2019) is in itself an ambitious challenge, going beyond regulatory requirements. To meet this target, we will need to increase energy efficiency on existing vessels, utilize biofuels in our existing fleet, while investing in new, zero emission, enabled assets (e.g. vessels and trucks) and zero emission equipment and power at our terminals and processing centers.

The CO₂e intensity reduction target is integrated into our overall business strategy. We work diligently on a day-to-day basis to minimize our emissions – through investments in known and emerging technologies and in collaboration with partners who share our ambitions to transition to a zero carbon industry.

Our goal is to ensure a resilient and competitive business model, while doing our part to mitigate the climate crisis and reduce the emissions from global trade. Rather than focusing strictly on factors we can directly control, we have voluntarily committed to a target which is largely dependent upon external developments, such as future propulsion technologies, fuels and fuel infrastructure.

We also need to invest in vessels with new propulsion technology and fuel types before the end of the decade. Zero emission technology on propulsion and fuel needs to be developed and made globally available. These considerations form an integrated part of our newbuilding strategy, which will be completed in 2023.

Going into 2023, we will begin to build one net-zero end-to-end service, aimed to be launched by 2027. To reach this ambitious milestone, we will invest in vessels capable of utilizing net-zero carbon fuels at delivery. Further, we need to secure renewable energy and install net-zero emissions equipment at terminals and processing centers.

This will require the support of our customers, and we will actively engage our customers on our approach.

We will continue to improve our Carbon Compass 2.0 tool so we can integrate data and accurately monitor emissions across all transportation modes. We also need to establish a traceable, third-party verified process for mass balance calculations.

Orcelle Wind

Our flagship R&D project is to develop a wind-powered pure car truck carrier, the Orcelle Wind, with a design capability of reducing CO₂e emissions by as much as 90 percent on a single voyage.

The concept is undergoing in-depth commercial, operational and technical studies to ensure viability prior to final investment decision.

Read more about this project in the [Innovation chapter](#) under Prosperity.



Reducing our CO₂e from trucking services, terminals and processing centers

For our logistics activities, which include terminals, EPCs and VPCs, we are introducing many initiatives to improve our energy efficiency in buildings and reduce direct emissions. The majority of direct GHG emissions from logistics services are related to fossil fuel powered equipment such as forklifts and trucks used to move cargo, and also mini-vans used for crew transportation.

Our clean fleet initiative requires that all equipment purchased as of 2023 will be zero emission. In addition, we will build charging infrastructure for our on-site equipment and contribute towards building on-site renewable energy production, such as wind turbines and solar panels. We will also shift our purchasing of electricity to prioritize renewable and low-carbon sources to lower our scope 2 emissions. As part of the clean fleet initiative, we purchased several electric heavy duty forklifts in 2022. After an extensive trial period at our Baltimore facilities, more such forklifts will be procured to start replacing our conventional diesel powered forklifts. Unfortunately, long lead-times for delivery of the electric equipments affects the rate of replacement.

In 2022, we stepped up our efforts to reduce our carbon emissions from land-based operations by partnering with the company Einride to pilot electric trucks in Georgia, USA. The initial phase of the new joint project was launched in Savannah, Georgia, and includes the lease of three e-trucks which will be used for regular shuttle moves between the port of Savannah and our equipment process facility in nearby Pooler, including local dealer deliveries. Our ambition is to increase this number up to 30 e-trucks by 2026, if initial tests yield satisfactory uptime, operational capacity and demonstrate the potential for scale that our customers need.

In 2022, we focused on screening different technical solutions to identify those with the greatest potential to increase the energy efficiency of our vessels. We also initiated new partnerships to explore technologies to implement and lay the groundwork for future cooperation.

Keen Transport is partnering with Einride to pilot electric trucks in Georgia.



This year, we became the first global shipping company to adopt a fully AI-based approach to voyage optimization. We implemented live-streaming of vital data onboard five vessels at the end of 2022, with implementation of an additional 60 vessels within the first quarter of 2023. The team from RaaLabs, the Oslo-based company owned by Wilh Wilhelmsen, developed and delivered the data acquisition infrastructure to our vessels. This new approach is expected to help reduce fuel consumption by up to 10 percent. By sourcing the data through the cloud and running it through a complex mathematical model, the company DeepSea Analytics' AI system ultimately provides the vessel captain with detailed instructions regarding optimal route and vessel speed. This solution delivers instructions which no human could predict no matter how much experience s/he has. This will in turn reduce fuel consumption with corresponding reductions of CO₂ emissions and also strengthen safety.

A priority in 2022 was to achieve a granular understanding of how our vessels and fleet can be developed to contribute to our carbon intensity target as well as the IMO regulation on Carbon Intensity Indicator (CII) which entered into force in January 2023. The work involved enhanced monitoring of vessel emissions and the preparation of vessel-specific improvement plans in cooperation with ship management service providers. 2023 and the following years will be focused on implementing these solutions and will lead to fuel savings and emission reductions.

We have for many years had a very strong bio-fouling management policy. This is an important topic that received much attention in the industry in 2022. A clean hull reduces fuel consumption and we perform continuous monitoring of hull antifouling condition, as well as on-demand hull cleaning and propeller polishing to reduce drag and lower subsequent fuel consumption. At the same time, these measures reduce the risk for transfer of invasive species into new environments. You can read more on how we work on the topic of invasive species in our [Biodiversity chapter](#) below.

Installing A.I system
onboard Thalatta



This year we strengthened our policy for keeping optimum trim and ballast for our vessels. A new dashboard for monitoring and alerts of suboptimal conditions ensure better control and follow up of vessels with potential to improve their floating conditions and lower the required engine power output.

We are collaborating with our suppliers to evaluate and implement equipment upgrades and retrofits of our vessels, these include:

- Develop retrofit of new propeller hub caps (propeller boss cap fins, PBCF): The initiative will improve the propulsion efficiency hence lower fuel consumption. This upgrade is relevant for more than 30 of our vessels and several were already completed by year end. Maker upgrades available to the engines is another example that lowers the engine's specific fuel oil consumption.
- Improve hydrodynamic with bulbous bow retrofits: We are also working on, and evaluating, the possibility to retrofit the bulbous bow on some of our vessels when they next time go to dry-dock. The aim is to improve the vessels' operating conditions and remaining lifetime.
- Upgrade variance frequency drives (VFD) to lower onboard energy consumption: We are upgrading many of our vessels with variable frequency drives (VFD) for onboard main pumps and fans. These frequency converters enable the equipment to operate dynamically according to actual load demand, thus lowering energy consumption. This year we entered into a frame agreement with a supplier and started the work to prepare for installations which are planned for the majority of our owned vessels.

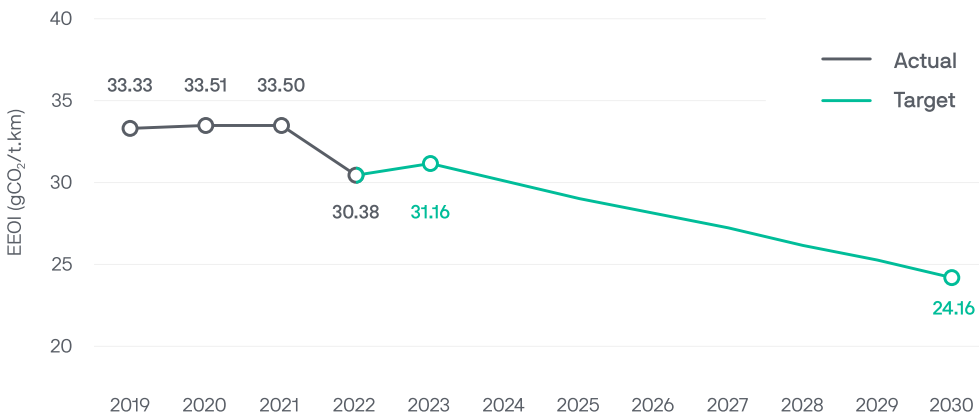
- Optimize the operation of main and auxiliary engines: We have engaged a supplier of a smart digital tool that will help us to continuously monitor, assess and calibrate the performance of the main and auxiliary engines on most of the vessels in our fleet. Roll out of this solution started towards the end of the 2022.

These ongoing operational and technical initiatives are critical to meeting our carbon intensity target. Together with our newbuilding strategy, which will be launched in 2023, and the Orcele task force’s objective of setting up a zero emission end-to-end service, it forms the foundation of how we work to lead the journey to zero emissions. We will also invest in carbon neutral fuels, such as biofuels, to meet our carbon reduction commitments and comply with the CII regulation. Green certificates and carbon credits will also be part of the solution.

As biofuel is costly and in high demand, we will in 2023 conclude a fleet-wide study to understand which vessels and trades should be prioritized to receive biofuel in order to maximize the benefits and to ensure that we meet CII requirements. In other words, we need to ensure that we get biofuel on the right vessels at the right time. Simultaneously, we are in dialog with suppliers to secure access to the fuel volumes required. We will not invest in transitional fuels such as LNG. We plan to go directly to fuels that offer a significantly larger green house gas reduction potential.

How did we perform?

In 2022, our CO₂e intensity (EEOI¹) was 30.38, a significant reduction compared to our 2021 performance of 33.51 gCO₂ per tonne-km. Our total CO₂e emissions from shipping in 2022, 4.51 million tonnes, was comparable to our performance in 2021 of 4.58 million tonnes. The improved CO₂e intensity is mainly due to an increase in cargo work compared to last year, in addition to our continuous focus on energy efficiency.

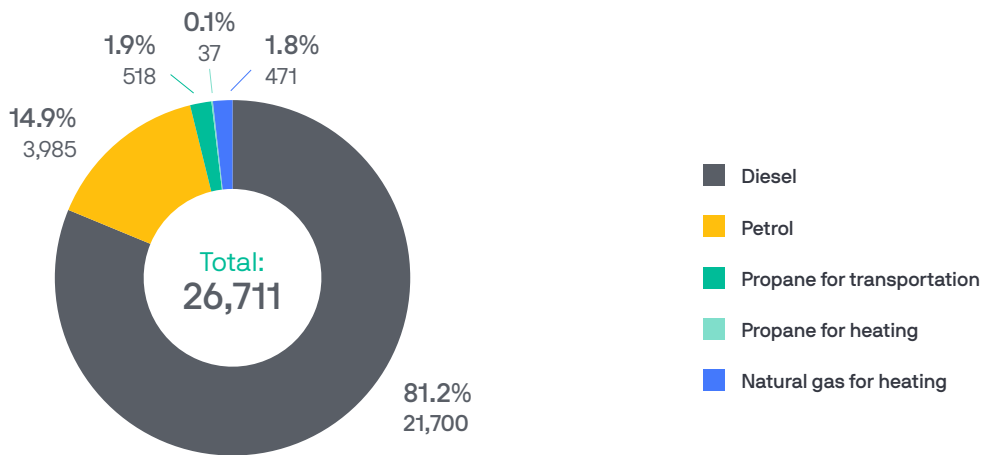


Our EEOI target for 2023 is 31.16, with the ambition to further reduce our CO₂e intensity to 24.16 in 2030 to meet our 27.5 percent intensity reduction target.

¹ Energy Efficiency Operational Indicator, gCO₂e per tonne-km

In 2022, our total Scope 1 CO₂e emissions were 4.54 million tonnes, of which 99.4 percent were related to shipping. From our logistics segment, CO₂e emissions increased from 6,200 tonnes in 2021 to 28.3 thousand tonnes in 2022. This development is due to including emissions from our land-based trucking services of our Keen brand. Keen operates approximately 120 semi-trucks and was acquired in late 2017. Logistic’s direct (scope 1) CO₂ emissions are related to combustion of diesel and petrol fuels for semi-trucks fork-lifts and on-site vehicles, such as crew-transporting mini-vans. Ninety-six percent of scope 1 emissions in logistics are related to diesel and petrol consumption for transportation, while the remaining 4 percent is related to the use of natural gas and propane. Natural gas is used for heating and heat treatment of cargo, whilst propane is mainly used in forklifts.

Tonnes Scope 1 CO₂ per energy source



Scope 2 emissions from logistics was approximately 4000 tonnes CO₂e in 2022.

Managing climate risks and opportunities

Climate change creates potential risks for our business, but it also presents opportunities. Both are part of the company’s long-term strategy, and are assessed regularly as part of our overall risk management. In 2021, we conducted workshops to identify climate risks and opportunities across the company, following the recommendations of the Task-force on Climate-related Financial Disclosures (TCFD). This initial assessment included desktop research to identify industry-specific risks and opportunities, and potential timeline of each risk and impact. Please see our [TCFD index](#) for further information.

We expanded this work in 2022 and the risks and opportunities were reassessed, categorized and prioritized. The ranking methodology, which is based on the upcoming EU Corporate Sustainability Reporting Directive (CSRD), considered the potential impact on Wallenius Wilhelmsen in three different time horizons – short, medium and long term. The results of this exercise were captured in a Climate Risk and Opportunities register. Please see high level overview below.

Two climate risk scenarios are used in the assessment of physical climate change risks based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) 2.6 and 8.5. These represent a future global temperature of well below 2°C and 4°C respectively and provide a structured and disorganized scenario. Projected climate data has been sourced from CMIP6 for the years 2030 and 2050.

Explanation

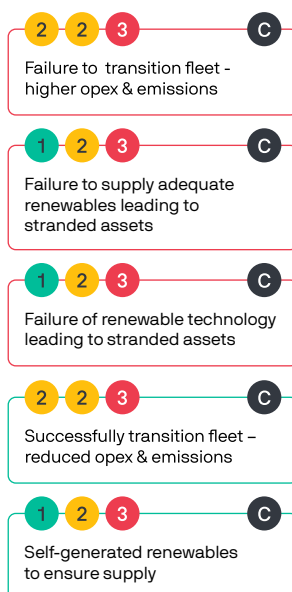
Impact	C Continuation of the use of resources	D Dependency on the use of resources
Critical	4 Impossible, very costly or unavailable in the short term	4 Strong adverse reaction currently or very likely in the future
Significant	3 Possible, but costly in the short term, very costly or lacking in the medium term, impossible in the long term	3 Adverse reaction currently, strong adverse reaction likely in the future
Important	2 Possible in the short term, costly in the medium term, very costly in the long term	2 Negative reaction currently, adverse reaction likely in the future
Informative	1 Possible in the short, medium and long term	1 Signs of negative reaction currently in the future
Minimal	0 Without consequence in the short, medium and long term	0 Neutral / no reaction currently and likely in the future

Overview – Physical Risk

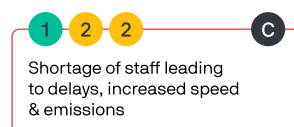
Area	Sub-category	Description	Short <= 1 yr	Medium by 2030	Long by 2050	Impact
Physical	Chronic & Acute	Port Flooding	2	2	3	C
		Business Interruption/ days down due to weather events	1	1	3	C
		Increased insurance costs due to increased abnormal weather	1	1	3	C
	Acute	Increased weather-related accidents	2	2	2	D
		Heat stress on vessel crews and production workers	2	2	2	D
		Increased weather-related damage to infrastructure, cargo and equipment	1	1	2	C
		Variation of speed to make up time lost due to abnormal weather	1	1	2	C
		Increased safety requirements due to increased abnormal weather	0	1	2	D
		Increased traffic interruption due to increased abnormal weather	1	1	2	C

Overview – Transition Risk

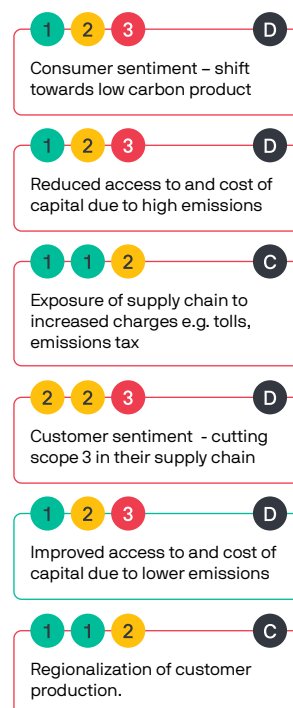
Technological



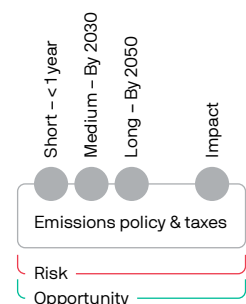
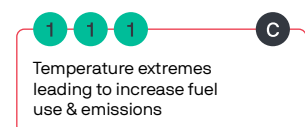
Social



Economic



Environmental



How will we proceed?

The following initiatives have been prioritized for 2023:

- Continuous implementation of operational improvements and technical upgrades on our vessels and land-based facilities to meet our climate targets
- Establish the “Orcelle Taskforce” with the goal of enabling a net-zero emission end-to-end service by 2027
 - Establish resources, governance, roles and responsibilities
 - Order zero emission capable vessels
 - Secure letters of intent for zero emission fuel upon delivery
 - Establish a 3rd-party verified model for emission data and mass balancing
- Further enhance our climate risk and opportunities assessment by:
 - Test the resiliency of our business model against two different temperature scenarios
 - Quantify the financial impacts of our climate risks and opportunities.

EU Taxonomy eligibility

To achieve its Green Deal and target for Europe to become climate neutral by 2050, the EU has developed a classification system – a “taxonomy.” The purpose is to:

1. Reorient capital flows towards sustainable investments
2. Systematically integrate sustainability into risk management
3. Promote transparency in economic and financial operations by defining sustainable activities through a “common language”

For 2021, we assessed and identified the portion of turnover, Capex and Opex, that can be considered eligible. Norwegian companies are not required to report on taxonomy alignment for 2022. We are working towards reporting on the alignment criteria and our current status is provided in the sustainability statements.

2. Biodiversity

Why is it important?

The importance of protecting the planet's biodiversity is critical to preserving a healthy ecosystem that can sustain society. This is also called biosecurity and is receiving increased attention. As a global logistics provider, we have an impact on biodiversity in many ways, especially life below water. Our most important aspect includes invasive species in our cargo, ballast water and through hull fouling, and our vessels' impact on whales and other cetacean species.

How do we work?

We manage our impact on biodiversity in several ways, including waste avoidance and reduction, and avoiding sensitive areas on our journeys. Most importantly, we strive to reduce the risk of spreading invasive species through ballast water treatment systems and anti-fouling programs, adhering to our strict anti-fouling standard and ballast water management policy.

Whale protection

Whales are endangered species and whilst no longer at risk of being hunted, their feeding and migration routes are often located close to major ports and often overlap with shipping lanes. They are therefore vulnerable to collision with vessels and could be impacted by noise pollution. We adhere to mandatory regimes on the Americas' east coast which include reporting when entering key whale habitats, fixed and temporary speed reduction and slow zones. On the west coast of the US, our efforts to adhere to voluntary speed reduction measures received a gold award in 2022 by the [Blue Whales and Blue Skies program](#). Together with a few other shipping companies, we introduced a new voyage passage around Sri Lanka to protect blue whales during their feeding and breeding areas. We engage electronic chart displays and information system (ECDIS) suppliers to add voluntary speed reduction regions to electronic maps, although it is not easy to keep updated with the movements of the whale populations.

None of our land-based operations are reported to be near protected or sensitive areas.

“Together with a few other liner companies, we decided to make our own routes around the southern tip of Sri Lanka to avoid interfering with the blue whale feeding and spawning ground. We follow a new route to go clear of the blue whales for a sustainable future for whales and other mammals in the oceans around the globe.”



Captain Filip Svensson
Senior Safety, Quality & Security Manager at
Wallenius Wilhelmsen Marine Operations Management

Invasive species

We continued to manage our impacts on biodiversity by installing nine company-owned vessels with ballast water treatment systems (BWTS) in compliance with regulations. By the end of 2022, 83 percent of the company-owned fleet had a BWTS installed. The remainder of the owned fleet complies with requirements through ballast water exchange. 100 percent of the owned fleet is enrolled in our hull biofouling management program. Guided by our biofouling management policy, our management program includes regular underwater inspection, hull cleaning, propeller polishing and dry-docking.

Effective management of biofouling on the vessels' hull reduces drag and lowers the fuel consumption needed to maintain optimal efficiency. In addition, it is important to minimize the risk of carrying invasive species to new areas. We have continued our long-standing collaboration with Jotun and Kongsberg Maritime and are committed to the roll out and use of the state-of-the-art Hull Skater hull inspection and cleaning robot for proactive hull cleaning. This will take biofouling management to the next level and ensure that our vessels' hulls are as clean and efficient as possible. We have the ambition to use this technology for many vessels in the fleet and by year end more than ten vessels were already prepared for the hull skating solutions service.

We are also at risk of carrying invasive species, such as snails and bugs as well as seeds, in the cargo we transport and this is a growing international concern. Take the Brown Marmorated Stink Bug (BMSB) as an example: The bug is native to East Asia, but has now migrated to the US, Canada and Europe, where it ruins crop harvests and has had significant economic impact. Measures are being taken to prevent the BMSB from entering Australia, New Zealand, Papeete and Nouméa, where its impact on the ecosystem would be catastrophic. We have established a Biosecurity Management Plan to reduce this risk. All cargo travelling to these destinations during the season must undergo either a heat treatment or a stringent fumigation process. We also inspect for BMSB findings during treatment sessions before shipment – as well as count findings onboard the vessel during sea voyages. See our [webpage](#) for further details.

Peak season is from September to December, but it can be hard to predict depending on seasonal temperatures. The bugs hibernate during wintertime.

“Australia and New Zealand are the countries with the most stringent rules and regulations regarding biosecurity. We have focus on the brown marmorated stink bug (BMSB) season and the treatments and inspections required to comply with Oceania regulations.”



Henrik Meyer

Senior Manager Operational Excellence Quality

Water consumption

Water scarcity is an increasing environmental challenge due to the effects of climate change. Use of potable water on our vessels is mainly limited to consumption by crew, such as bottled drinking water (reusable bottles) or for other purposes, such as showering and cooking, which is produced from seawater onboard the vessel.

However, our land-based operations consume water from municipal sources. This water consumption can in some instances be significant, especially on sites that offer vehicle cleaning services. In 2022 we performed a high-level stress test of selected land-based assets to map exposure to water stress. The mapping identified² two sites that are located in areas with ‘extremely high’ water stress, and eight in areas with ‘high’ water stress. All sites are located in either USA, UAE or Australia. We strive to minimize water consumption at these facilities and to reuse water if possible. We also collect and use rain water at some sites.

	Water stress	
	High	Extremely high
Water consumption in 2022 (mega liters)	6.1	13.0

The mapping of facilities in water stressed areas and subsequent water consumption is focused on those facilities that already internally report their water consumption.

How will we proceed

- Conduct biodiversity impact assessment and set goals and take actions to reduce material identified impacts.
- In 2023, we plan to do a mapping of all facilities and prioritize collecting, monitoring and reporting the water consumption for the facilities located in areas with high or extremely high water stress.

² WRI Aqueduct Water Risk Atlas

3. Air quality

Why is it important?

Our environmental impacts extend beyond CO₂. SO_x and NO_x are contributors to acid rain which is harmful to ecosystems and can have an adverse impact on human health. NO_x also reacts with other pollutants in the presence of sunlight to form ozone, which at high concentrations can damage vegetation. We have a responsibility to reduce our emissions of SO_x and NO_x and strictly adhere to global regulations regarding the emissions of these gases.

How do we work?

We were a founding member and leader of the Trident Alliance, a coalition of ship owners and operators who share a common interest in effective enforcement of maritime sulfur regulations and who are willing to collaborate to help mitigate the problem. The Trident Alliance is now inactive, following the introduction of the IMO global sulfur cap. We comply with the IMO global sulfur cap which came into force on January 1, 2020. The requirement mandates a limit of 0.50 percent sulfur for all areas that are not already at 0.1 percent.

Wallenius Wilhelmsen complies with IMO regulations using very low sulfur fuel oil (VLSFO, <0.5 percent) or low sulfur marine gas oil (LSMGO, 0.1 percent max) on ships where scrubbers are not installed. In the scrubbers we use, the exhaust gases are brought into contact with seawater by spraying it into the exhaust stream. Through several chemical reactions, the sulfur is transformed and released to sea as sulphates. In addition to sulphates, the scrubber wash water may also contain elevated concentrations of other pollutants, including heavy metals and organic substances. We are investigating how we can measure the impact on water quality from the release of scrubber wash water. All scrubbers installed on our vessels are hybrid, meaning they can operate both in open and closed loop mode. The scrubbers significantly reduce SO_x emissions to air, in addition to Particulate Matter (PM).

Improving our operational efficiency will further reduce our sulfur emissions as we become more energy efficient and use less fuel. Wallenius Wilhelmsen is considering a number of different fuel and engine technologies for the future. A shift to biofuels or zero emission fuels, such as methanol or ammonia, would drastically reduce, and potentially eliminate, our emissions of SO_x and PM to air.

To avoid emission to air of particulate matter (PM 2.5 and 10) at berth, we are committed to having all our owned vessels – by 2025 – equipped to utilize shore power where available. By powering our ships with electricity during loading and unloading of cargo, we can eliminate the emission of particulate matter to our surroundings.

Our logistics operations have limited emissions to air. Emissions sources are confined to hydrocarbon powered equipment, vehicles and some natural gas or propane-fired heating systems for buildings.

How did we perform?

In 2022, total SO_x emissions of our ocean shipping fleet were 11,084 tonnes. This is an increase of 4 percent from 2021. The average sulfur content of fuel for the ocean fleet was similar as in 2020, 0.37 percent vs 0.39 percent in 2022. Twenty-four of our owned vessels are equipped with a scrubber. There are no more scrubber installations planned for the fleet.

4. Waste management

Why is it important?

Proper waste management is crucial for protecting public health and the environment. It involves the collection, transportation, treatment and disposal of waste in a manner that minimizes negative impacts. Improper waste management leads to littering, air and water pollution, and the spread of disease, as well as damage to ecosystems and wildlife. On the other hand, effective waste management can reduce greenhouse gas emissions and conserve resources. By promoting sustainable waste management practices, we can create a cleaner, safer, and healthier world for current and future generations.

How do we work:

Wallenius Wilhelmsen promotes proper waste management and strives to reduce waste at source, recycling, properly disposing hazardous waste, and educating employees on the importance of waste reduction and proper disposal methods.

How did we perform?

Our ocean fleet landed 7,177 m³ of waste to shore reception facilities in 2022, of which 2,217 tonnes were plastic. Waste from logistics services was reduced this year compared to 2021, from 4,856 tonnes to 4,385 tonnes in 2022. We sort all our waste as far as possible and use reputable waste reception services to ensure that our waste is responsibly handled. We will also work to reduce waste production and minimize waste going to landfills.

We were also the first carrier to partner in a port waste reception facility transparency initiative. The initiative entails providing vessels information on ports' waste management abilities and allow vessels to plan disposal of different types of waste in ports which have facilities to recycle or incinerate it.

Wallenius Wilhelmsen and Wilhelmsen Ships Service have a groundbreaking pilot underway: The initial goal is to collect and handle 10,000 tons of ropes annually. 200-meter long vessels use a lot of mooring ropes during their lifetime. Thus far most retired ropes end in landfills or are burned. There has not been a sustainable rope return system available.

“Keep in mind, these ropes are made from virgin plastic. They are only in the initial phase of the lifecycle as fibers, maybe we can build a functional and sustainable value chain containing a series of plastic products,” says **Tore Strand**, subject matter expert ropes at Wilhelmsen Ships Service.



How will we proceed?

In 2023, we will continue to assess ways to reduce waste production, minimize waste going to landfills and increase the share of waste that is recycled or recovered for energy.

 <p>Preserving biodiversity</p>	 <p>Minimizing waste</p>	 <p>Protecting cetaceans</p>	 <p>Supporting research</p>
<ul style="list-style-type: none"> • Industry leader in hull-fouling management through collaboration with innovators to develop new techniques for hull monitoring and cleaning • Pioneered measures for cargo-borne invasive species prevention and treatment • Installed IMO 'D2' discharge standard compliant ballast water management systems across owned fleet 	<ul style="list-style-type: none"> • Longstanding leader on responsible vessel recycling, co-founder of Ship Recycling Transparency Initiative, SRTI • Co-founder of the 'Show me the Plastic' initiative to reduce packaging left onboard • First carrier to partner in port waste reception facility transparency initiative • Partner in developing of mooring rope recycling initiative • Multi-year supporter of World Ocean Day with numerous related beach clean-ups • Installed water fountains across owned fleet to eliminate single-use plastic bottles • Owned vessels equipped with segregated waste compactors for better recycling 	<ul style="list-style-type: none"> • Gold Award recipient in 2020 Blue Skies Blue Whales program • Successfully pushed ECDIS suppliers to add VSR areas to electronic charts as standard • New route course implemented for all vessels further south of Sri Lanka to avoid blue whale breeding areas • Seek to adhere to all Voluntary Speed Reduction measures 	<ul style="list-style-type: none"> • First carrier to join Woods Hole Oceanographic Institute's Science Research on Commercial Ships, alias 'Science RoCS' initiative • Deploying free-drifting and vessel mounted instruments to monitor the vast and open ocean



Prosperity

We will continue to create long-term value whilst contributing to local and global economic, environmental and social progress. Our success is tied to the economic well-being of society and we strongly believe our business activities should contribute to sustainable value creation, societal prosperity and the UN Sustainable Development Goals (SDGs). Prosperity is also tightly aligned with the financial value we as a company generate for shareholders, employees and society as a whole. For instance, the strategic work we have done on sustainable finance during 2022 helps secure long-term economic growth through the implementation of decarbonization initiatives that drive the company's emissions towards zero.

By solving some of our industry's greatest challenges, we create prosperity for our employees, customers, partners, shareholders and the communities in which we operate.

To manage our impact on global prosperity, we monitor, manage and report on six material topics:

1. Innovation
2. Quality of service
3. Sustainable consumption
4. Sustainable supply chain management
5. Tax practices
6. Sustainable finance

1. Innovation

Why is it important?

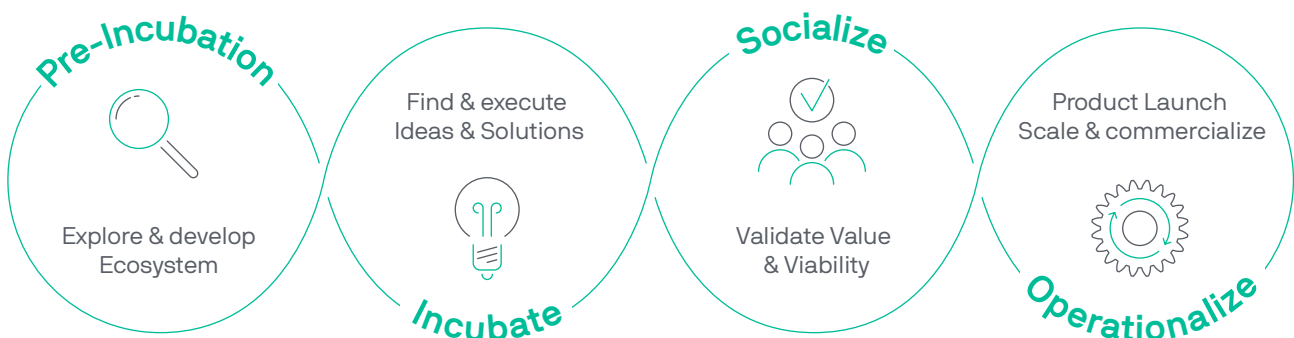
Innovation is necessary to succeed with our zero emissions goals. Our search for innovative solutions not only improves operations, it also increases our commercial advantages while creating value and new opportunities for our employees, customers, investors and suppliers. Please see “Our strategy” section in the chapter Message from the board for further information.

How do we work?

Digital product innovation is managed by our digital accelerator team (DA 1.0) who works according to the principles of lean start-up and agile to develop innovative digital goods in the following six strategic areas:

- Inspection and quality with AI-powered computer vision
- Boost supply chain management with data and AI
- Mixed-reality powered services, audits and training
- Automation and robotics for inventory, asset and safety
- Logistics services for multi-modal, last mile and fleet management
- Cooperation with research and science organizations to plan, identify and test new areas of innovations supporting our decarbonization ambitions

Playbook to Innovate and Operationalize Digital Goods:



How did we perform?

We continued to successfully drive a digital business culture shift which is a transformation essential for us to reap the full benefits of digital innovations like AI, machine learning and computer vision.

By the end of 2022, our Digital Playbook approach yielded several digital products and platforms currently at different stages of operationalization:

Our digital products pipeline

	In Incubation	Viable for production	Limited Production, ready to scale
1	Safety training deploying VR to address multilingual needs.	Asset Tracking	Quality Check
2	Self-instructed employee training tool using AR.	ErgoSafe	Remote Assists & virtual visits
3	ID-powered digital wallet managing rewards and recognition.	Vessel Voyage Geo Tracking	Mobile Inspection
4	Private wireless network for reliable operations and provisioning new services.	Competitor Insight	Booth Inspection
5	Predicating Port Congestion for better vessel capacity utilization, lower emissions.	Electrification of Fleet	Port Intelligence
6	Logistics orchestration to replace legacy solution for SCM contracts.		



Pradeep Garg and Hayley Roy Gill of Wallenius Wilhelmsen accept the Corporate Innovation Award at the Silicon Valley Summit hosted by Plug And Play, a leading innovation platform, in recognition of Wallenius Wilhelmsen’s distinctive approach to promoting innovation through its unique playbook approach driving innovation.

Throughout the year, the digital accelerator (DA) team continued to build the company's digital maturity, enabling us to create products, at scale, through increased capacity and improved processes. The team also developed key learnings and added two new roles (innovation champions) to help orchestrate complex global partnerships and embed learnings into our digital business culture.

Partnerships and industry engagement are critical ingredients for our innovation approach. The Orcelle Wind remains our flagship innovation project and partnership.

The Orcelle Wind is a wind-powered pure car truck carrier, a type of deep-sea Roll On/Roll Off vessel. It will be 220 meters and have a capacity of ~7,400 cars. It will also be capable of carrying breakbulk and rolling equipment. In 2022, Wallenius Wilhelmsen and project partners were awarded EUR 9m from Horizon Europe to help bring this project from concept to reality. This includes the installation of a land-based test rig in 2023 and a test rig (a one wing sail) to be installed and tested on an existing vessel in 2024. Orcelle Wind is a crucial part of Wallenius Wilhelmsen's fleet decarbonization strategy and the ambition is for the vessel to commence sailing in 2027. There will be critical learning points to be taken from this project.

In 2022, we also partnered with the company DeepSea Technologies for the implementation of a suite of services using AI for voyage optimization. The goal is to reduce CO₂ emissions. In addition, we partnered with the company Acceleron to support the implementation of a fleet-wide solution on engine performance and optimization.

Orcelle Award continues to foster innovation in our industry

Since 2012, Wallenius Wilhelmsen has been a global partner and sponsor of Ocean Exchange, a non-profit organization that finds, funds and fosters sustainable maritime innovations. Every year, Ocean Exchange and Wallenius Wilhelmsen host a competition for the Orcelle® Award of USD 100,000 which goes to an innovative solution that demonstrates the greatest combined sustainable and economic value to our business. Over this decade, we have awarded just over USD 1 million in funding and attracted innovators to our cause.

“Our products and solutions going forward will be a combination of physical assets – powered by electric, made smart with IoT, optimized by AI – and orchestrated by people.”

Roopesh Das
SVP digital accelerator



Spanish-based startup BeePlanet Factory won the 2022 Orcelle Award. BeePlanet Factory has a versatile and powerful green energy solution that is based around creating a second life for electric vehicle batteries. This can provide an intriguing fit with some of our own strategic interests surrounding full lifecycle logistics and electric vehicles. BeePlanet Factory currently manufactures second-life lithium-ion energy storage systems from 4kWh to +1MWh capacity with different applications for a variety of commercial and industrial sectors, including solutions to address growing electric vehicles' rapid charging needs. The aim is to provide a more affordable and sustainable energy solution, while also increasing the uptime of electric vehicles.

BeePlanet Factory's CEO and Co-founder, Jon Asin in the middle. Roger Strevens, VP Sustainability at Wallenius Wilhelmsen, to the right and Millicent Wallace Pitts, CEO of OceanExchange.org



With the USD 100,000 that comes with the Orcelle Award, the BeePlanet Factory team plans to refine their battery design to meet UL Standards, which they will need to enter the North-American market. They are also looking at running a pilot based on their current operations to see how their batteries would interact in an existing electric vehicles' charging ecosystem.

We also seek to contribute to scientific research and and continued our collaboration with the Science Research on Commercial Ships (Science RoCS) of the Woods Hole Oceanographic Institute. This involves installing sensors on seawater pipelines, and in 2023, we will install instrumentation systems onboard one of our vessels, Tysla, to draw air and water samples which will be analyzed for CO₂ content. This will provide insight on the rate of CO₂ uptake in different parts of the ocean. The air is sampled at about 35m over the water surface and the water is drawn from the vessel's sea chest which is about 8-9m below the surface. Tysla is an unusually good test vessel because she operates in a regular round-the-world service which few other vessels do. It means the instruments can collect data from a huge cross section of the world's ocean areas and assess how the data develop over time. WHOI is planning for additional instrumentation to measure algae and microplastic concentrations in the oceans. The crew of the Tysla has been very supportive of the project and appreciates being part of the 'greater good' initiative.

How will we proceed?

In 2023, the work on improving our digital capacity and maturity will continue. Throughout our digital business transformation, we have had many successes, but we have also identified learnings to help us improve our digital playbook. These are:

- Effective collaboration within a global ecosystem of partners is difficult
- Adoption at both speed and scale is complicated
- Non-standardization of key moments in the supply chain inhibit product development at a global scale

Over the upcoming year, the DA team will capitalize on these learnings, fine-tune our digital playbook and continue to enhance our digital capacity and maturity. We will continue to follow our digital playbook while pursuing three strategic objectives in order to foster sustainable innovations in shipping and logistics:



**Supercharge our
workforce**



**Make our
networks smarter**



**Advance our
sustainability priorities**

2. Quality of service

Why is it important?

As a global logistics provider, our customers trust us to move billions of dollars of manufactured goods worldwide. Quality is at the center of our workday, every day, on land and at sea. This focus protects and contributes to the integrity and efficiency of our customers' outbound supply chains.

How do we work?

To secure the quality of our shipping services, we monitor, measure and manage the uptime of the Wallenius Wilhelmsen fleet to ensure on-time deliveries. To monitor uptime, Wallenius Wilhelmsen's marine operations management team tracks the unplanned off-hire on each vessel. We manage the risk of off time by maintaining and adhering to detailed maintenance schedules and procedures for our vessels, as well as having close communication with our suppliers.

To manage the quality of our logistics services, we track internal damages and report damages per units processed. Our logistics sites all work consistent with the ISO 9001 standard, and many of our high-volume processing centers hold an ISO 90001-certificate.

Our customers' perceptions and satisfaction are also key elements of quality. Engagement is therefore central for improving the quality of our services. Our global sales team conducts a semi-annual customer satisfaction survey (CSAT). They use the results to help our business units plan and prioritize initiatives for improving quality and the customer experience. Twice annually, the CSAT Index Report gives departments and team leaders data and insights from the survey so they can tap into the voice of our customers to:

- Prioritize initiatives as part of business planning
- Leverage existing initiatives to address the Voice of the Customer
- Use Voice of Customer for performance reviews and internal discussions
- Communicate our services consistently

All our management and production teams are also empowered to continuously improve our way of working to deliver global, best-in-class, innovative solutions that are safe, sustainable, lean and agile. During 2022, we had increasingly more strategic meetings with key customers. We expect strategic meetings to become even more important going forward as we continue to execute on our decarbonization strategy.

*“Feedback is a gift, even when it is negative!
In these tough times, listening is even more
important. Companies are people, and one
builds trust by nurturing relationships.”*

Cecilia Guerra
VP of Global Customer Experience



How did we perform?

Covid-19 continued to challenge our industry throughout 2022. During the year, we were again challenged by limited capacity, port slowdowns and congestions and a severe workforce shortage in certain locations. Despite these upsets, we remained focused on securing the delivery of services while protecting our people.

We believe that there is no higher reward than acknowledgment and trust from our customers. Trust is built on delivering quality results, and it is essential to value creation because it unlocks future opportunities. That is why we are incredibly proud to have been named Logistics Supplier of the Year by Stellantis, and Nissan's North America Finished Vehicle Logistics Partner of the Year for the US market. We are honored to have received Partner Status from John Deere for the 15th year in a row, qualifying us for the Deere Hall of Fame. We also were awarded Toyota's Kaizen award for our work in Canada, and recognition from NIO for our work in China.

In logistics services, we began reporting on internal damages. This allows us to more precisely understand and improve damage control measures.

Lasse Kristoffersen together
with William Li, CEO NIO at the
NIO house, Oslo, Norway.



Key Results from Q4 2022 Customer Survey

**8 Partner accounts
100% participated**

↔ +0% vs Q2 2022 (100%)

↔ +0% vs Target (100%)

**33 Global accounts
83% participated**

↑ +8% vs Q2 2022 (74%)

↓ -3% vs Target (85%)

**96 Contract accounts
participated**

↑ +15 vs Q2 2022 (81)

↑ +66 vs Target (33)

**87% of our revenue
base participated**

↑ +15% vs Q2 2022 (79%)

↑ +2% vs Target (85%)

To elevate the voice of our customers in our internal decision-making, the company developed and launched a Customer Satisfaction (CSAT) Survey in 2022. An overall customer satisfaction score is measured by asking customers “How satisfied are you with our service?” Responses range from 1 to 5 (1 = extremely dissatisfied, 5 = extremely satisfied). The survey also asks our customers about five strategic themes: Effective communication, operational excellence, partnership/relationship, service offerings and digital solutions. In 2022, our customer satisfaction score was 4.0 in Q2, slightly dipping to 3.8 in Q4.

In the Q4 survey, 75 percent responded that they were either “satisfied” or “extremely satisfied” with our services. Of greatest concern to customers was limited cargo space on vessels and service reliability. Three topics – effective communication, service offerings and operational excellence – were rated most important (at that moment). Management used this insight to validate internal priorities and decide on related investments for 2023.

How will we proceed?

In 2023, the customer experience team will set performance benchmarks and targets for our customer survey. We will enhance the survey with offering a new website-based customer touchpoint for collecting more survey data to feed into our customer satisfaction score. Additional touchpoints will also be explored to ensure we receive continuous feedback from customers at important moments of the customer journey. This could be collecting feedback from customers while booking cargo, while accessing schedules and so forth.

We remain committed to working with globally recognized ISO standards to manage quality across the organization. In 2023, we will continue developing our roadmap for improved quality and sustainability management systems and certifications. Building on work began in 2022, we will complete ISO certification (14001, 9001, and 45001) of our logistics sites in the Americas, and then proceed with all other logistics sites globally that are not already certified.

3. Sustainable consumption

Why is it important?

At Wallenius Wilhelmsen, we believe developing our role as the leading supplier of sustainable outbound logistics is critical to our long-term success. We are dedicated to leading our industry's transition to zero emissions, which requires more sustainable consumption of our services. By encouraging our customers to use more sustainable logistics solutions, we seek to ensure our own long-term economic success, while contributing to a more prosperous and sustainable global economy.

How do we work?

At Wallenius Wilhelmsen, sustainable consumption goes hand in hand with our decarbonization strategy. The sales organization works closely with our emissions management and operational excellence teams to identify ways that our customers can help drive our strategy. The sales team leads customer outreach and takes primary responsibility for engaging customers in this effort.

We also collaborate with our customers to identify climate-positive changes to their current ways of shipping, and to instill sustainable supplier management practices into our own supply chain .

How did we perform?

In 2021 we launched the Carbon Compass 2.0, an online tool that gives our customers more visibility into their carbon emissions from our services. The Carbon Compass calculates the emissions of our vessels and neatly visualizes the data. It is quick, accurate and flexible, allowing emissions to be viewed by trade, customer or voyage. Emissions are measured based on IMO standards. Key operational, technical and commercial factors impact GHG performance. Factors such as fuel consumption, cargo weight and distance need to be taken into consideration. This past year, we continued to enhance this tool and developed our plans for customer adoption. We also reported allocated emissions to OEM customers through CDP's climate survey and platform.

How will we proceed?

Over the past year, we have seen a growing sense of urgency among our customers over their Scope 3 emissions. In pursuit of our decarbonization strategy, we will leverage this interest in 2023 and begin to engage with targeted customers who share our journey on new biofuel offerings, which is an important part of transitioning to one zero emission end-to-end service. We will also continue to improve our Carbon Compass 2.0 tool with upgrades aimed at integrating emissions data from across our network, and develop an adoption strategy focused on targeted customers.

4. Sustainable supply chain

Why is it important?

A sustainable supply chain is essential to satisfying our customers' needs, while minimizing our own sustainability risk exposure, reaching our emissions reductions ambitions, contributing to our customers' scope 3 emissions goals and ensuring compliance with new legal requirements and social expectations.

How do we work?

We believe in cultivating strong and transparent relationships with our suppliers, emphasizing pro-active and continuous improvement efforts on their part, and a high level of transparency to manage risk. Our suppliers are our trusted, long-term partners, who help us deliver innovative solutions and services to our customers.

In 2021, we adopted a Sustainable Procurement Policy to guide our procurement activities. It included an accompanying supplier code of conduct that stated our expectations and policy objectives to our suppliers and subcontractors. Additionally, supplier contract templates were updated to include reference to our supplier code of conduct.

Our policy is built upon a series of commitments that set our ambition for a more sustainable supply chain:

- Set objectives, action plans and KPIs in support of this policy, regular monitoring and public reporting on progress, and pursuing continuous improvement of our practices
- Prioritize suppliers who have sustainable and ethical practices within their respective organizations and who drive such practices throughout their own supply chain
- Identify environmental, social and governance risks within our supply chain and collaborate with suppliers to manage those risks
- Comply with local, national and transnational regulatory policies
- Encourage our business partners, suppliers and sub-contractors to apply principles of responsible business conduct compatible with the UN Global Compact, UN Universal Declaration of Human Rights, the International Labour Standards (ILO Declaration on fundamental principles and rights at work) and the OECD's Guidelines for multinational enterprises

The company has also assembled a sustainable procurement working group to identify opportunities to make our supply chain more sustainable. The working group meets at least once per quarter and covers three strategic procurement areas: Vessel new builds, direct operations and vessel recycling.

How did we perform?

In 2022, we integrated sustainability and human rights criteria into our procurement processes and contract templates for vessel newbuilds. This will help ensure that our largest (measured in USD) procurement decisions are sustainable, and that these suppliers are aligned with our values and goals and contributing to our purpose.

We continued to integrate sustainability into our supply chain management by developing a supplier self-assessment (SSA) which will help us better identify and manage the sustainability risks in our supply chain. The SSA was sent to 25 targeted suppliers, and about half replied by year end. The survey asked ten questions about the suppliers' environmental, social and governance practices, including if they have a human rights policy in place, and if they have assessed the risk of child and/or forced labor in their operations. Sixty-four percent of respondents told us they have a human rights policy in place, and almost 80 percent have assessed their operations for child and/or forced labor.

2022 Sustainability Self -Assessment results



A risk assessment of human rights and labor conditions in our value chain was also conducted in 2022, identifying specific risks and their location in our value chain. See the [People](#) chapter for more details.

How will we proceed?

In 2023, we will continue to develop, improve and refine our sustainable procurement approach. We will launch a group-wide project to embed our sustainable procurement policy into purchasing procedures group-wide, while developing tools to enable group-wide monitoring and reporting on suppliers and supply chain performance.

5. Tax practices

Why is it important?

Wallenius Wilhelmsen is committed to being a responsible corporate citizen, and that includes ensuring that we manage and report our tax affairs in a manner which secures compliance with local law and regulations in all countries in which we operate. This is applicable to all taxes, including direct taxes, indirect taxes, payroll taxes and other forms of taxation. Transactions between Wallenius Wilhelmsen's group companies are conducted at an arm's length basis in accordance with OECD principles and our internal transfer pricing policy.

How do we work?

Tax compliance and day to day responsibilities for the operation of the local tax function rest with the Wallenius Wilhelmsen subsidiaries. The global tax department manages tax risks and ensures compliance in all significant operational and financial transactions as well as securing arm's length pricing in all intercompany transactions. The company is committed to adopting a justifiable and fair tax position where tax regulations are open to interpretation or choices. The tax position taken in all significant transactions is supported by employment of qualified in-house personnel and, where necessary, the use of an external tax opinion. Further we aim to operate under a policy of transparency with local tax authorities. Corporate tax affairs are the chief financial officer's responsibility and extend to all jurisdictions in which the company operates.

How did we perform?

Reporting of our total taxes paid provides information on Wallenius Wilhelmsen's contribution to governmental revenues which support governmental functions and public benefits.

How will we proceed?

In 2023, we will continue to follow developments and regulations regarding tax transparency and adjust our reporting accordingly.

6. Sustainable finance

Why is it important?

Access to capital is essential to support our business and reach our target of decarbonizing our operations. Many financial stakeholders, including lenders and investors, seek long-term financial returns that mitigate harm to the environment and that ensures social safeguards. They expect companies with high emissions in hard to abate sectors to demonstrate how they will decarbonize. Over time, access to capital may become limited for companies that do not decarbonize and transparently report on their decarbonization strategy, goals and the results achieved every year.

How do we work?

In February 2022, we launched our sustainability-linked financing framework v1.0, underlining the commitment to reduce carbon intensity by 27.5 percent from 2019 to 2030. The framework includes interim CO₂ intensity targets for each year from 2022 to 2030 based on the fleet average carbon intensity indicator (CII). A second opinion on our framework was provided at launch by CICERO Shades of Green. We will release annual progress reports disclosing information regarding the performance of the CO₂ intensity targets, any recalculations if applicable, and any updates in the emission reduction strategy on our investor pages. The progress report will be accompanied by external verification of the calculated CO₂ intensity.

In Q2, the group signed its first USD 950 million of sustainability-linked bank- and bond financings with international banks and investors. The proceeds are available for refinancing and general corporate purposes and pricing of the agreements is linked to certain interim CO₂ intensity targets as defined in the framework. If we do not meet the relevant targets, the price of the debt will increase, while if we meet the targets pricing of the bank financing will improve.

How did we perform?

We will report on our performance 2022 CO₂ intensity target through a progress report on our investor pages during Q2 2023. The performance of the target will influence the pricing of the sustainability-linked bank financings for the coming 12 months. In 2022, we experienced very high activity in our shipping segment, which in combination with the supply-demand imbalance and port congestions have contributed to a higher average speed of our vessels. While we remain fully committed to our CO₂ intensity target, we recognize that these factors will affect our performance on the target.

How will we proceed?

In 2023, we will prepare for upcoming emission pricing regulation such as the EU ETS and we will explore the adoption of an internal carbon pricing scheme. We will intensify the dialog with the investment community on sustainability topics as well as explore sustainable financing opportunities available to the company.



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Principles of governance

Wallenius Wilhelmsen adheres to good corporate governance standards. This is critical to realizing our strategy to deliver long-term prosperity for our shareholders and other stakeholders in a sustainable manner.

Implementation and reporting on corporate governance

Wallenius Wilhelmsen ASA ('Wallenius Wilhelmsen' or 'the Company') is a public limited company which complies with Norwegian law. Listed on the Oslo Stock Exchange, the Company is subject to Norwegian securities legislation and stock exchange regulations. This report is based on the requirements covered in the Norwegian Code of Practice for Corporate Governance ('the Code', dated October 14, 2021), the Public Limited Companies Act and the Norwegian Accounting Act, approved by the board and published as part of the Company's annual report. The report is also available on the Company's [website](#).

The “comply or explain” principle

The Code covers provisions and guidance that in part elaborates on company, accounting, stock exchange and securities legislation. It also covers areas not addressed by legislation. We follow the 'comply or explain' principle required by the Code and justify any deviations from its 15 provisions and describe alternative solutions where and if applicable.

Governing elements

Employees and others working for and on behalf of Wallenius Wilhelmsen shall carry out their business in a sustainable, ethical, and responsible manner, and in accordance with current legislation and the Company's standards such as the board approved Code of Conduct. The Code is currently being updated and will be implemented in 2023.

To ensure that the right results are achieved in the correct way, Wallenius Wilhelmsen has a set of governing elements, including its values, basic philosophy, leadership expectations, code of conduct, compliance policies and company principles. These governing elements guide the employees in making the right decisions and navigate safely in a rapidly changing environment. Steering documents are available electronically on our intranet. We recognize that our extensive global reach, combined with operations in countries where corruption is a significant risk factor, requires particularly high levels of integrity. The Code of Conduct, specifically, outlines how employees should conduct trustworthy business and behave ethically. It encompasses topics such as fair competition and anti-corruption, equal opportunities and diversity, harassment and discrimination, health and safety, etc. The Code of Conduct is available publicly on our webpage, and it is part of the onboarding procedures at Wallenius Wilhelmsen in training programs and re-confirmed annually.

In 2022, as in 2021, anti-corruption, competition law, data privacy (e.g. General Data Protection Regulation and data protection agreements), fraud and theft prevention received particular attention: The group authority policy and matrix were updated and implemented. IT contracting was improved, i.e. through updated routines regarding data processing agreements. We further developed our third-party sanction and credit risks screening in 2022. We will also continue to focus on anti-corruption, competition law, data privacy and other ethical and good corporate governance aspects.

| **Deviations from the Code:** None

Security and emergency response

Security and emergency response is crucial for our operation. With an emerging number of security risks, particularly in cyber security, we have escalated our organization and focus. The process to standardize and develop emergency and crisis response capabilities across the group, and to focus on security risks as criminality and terrorism continues. Our CTPAT (Customs Trade Partnership Against Terrorism) program was again re-certified and re-launched for 2023. This is a security framework to mitigate risks. The work will continue in 2023 and this will be a framework for all our sites globally. We have also established, updated and standardized emergency response practices for local and regional incidents. This is done to prepare the various local, regional, and global entities to ensure effective and common response mechanisms for more global crises. In addition, we launched an updated gamification training on cyber security.


The business

Articles of Association

Wallenius Wilhelmsen’s business activities and the scope of the board’s authority are restricted to the business specified in article three of the Company’s articles of association which reads as follows: ‘The objective of the Company is to engage in shipping, maritime services, aviation, industry, commerce, finance business, brokerage, agencies and forwarding, to own or manage real estate, and to run business related thereto or associated therewith. This may take place in a direct manner, or in an indirect manner by way of guarantee, share subscription, or in other ways.’ The full articles of association are presented on the Company’s [website](#).

Strategy and framework for implementation

Our ambition is to build more sustainable supply chains, imagining new and more efficient solutions for the changing world of logistics on land and at sea. Our holistic strategy is to create value for our shareholders and other stakeholders by further developing our ocean and land-based business in a sustainable manner. The group will leverage its market positions, global network, and collective competence to continue to grow a sustainable and profitable business. Four principles of our sustainability strategy guide us in this work. By striving for what is both economical and sustainable, we will produce the best long-term results for the people and the planet. Our commitment, approach and performance on sustainability is described throughout this report and can be summarized in the model below.

	People	Planet	Prosperity	Principles of Governance
	Safe and inclusive workplace where people’s rights are respected	Decarbonize and reduce our environmental impact	Solving the biggest challenges while creating new opportunities	Transparent, with strong ethical business conduct
				
Material Topics	Health, safety & wellbeing Human rights Diversity, equity & inclusion Training & development	GHG emissions and climate risk Biodiversity Waste management Air quality	Innovation Tax practices Quality of service Sustainable consumption Sustainable supply-chain Sustainable finance	Ethical business conduct Emergency preparedness Security Privacy and data security
SDGs				

Our strategy contributes to the Sustainable Development Goals (“SDGs”) issued by the United Nations. We focus on the eight SDGs listed in the above illustration, these have been assessed and identified as the ones upon which we have the greatest impact. We assessed relevant environmental, social and governance related impacts along the company’s value chain. We ranked the different topics in terms of impact and importance to Wallenius Wilhelmsen and our stakeholders. The assessment is based on continuous dialog with stakeholders, including our customers and partners, employees, investors and regulators. We delayed the update of our materiality assessment awaiting the finalization of the EU Corporate Sustainability Reporting Directive. A double materiality analysis will be conducted in 2023. Sustainability is integrated into our holistic approach to business: The group’s long term strategy has been sharpened and is described in the section [Message from the board](#). It consists of four strategic goals:

1. Become the leading supply chain and mobility orchestrator
2. Be our customers first choice in Shipping
3. Be the preferred partner in processing and terminal services
4. Introduce one net-zero emissions end-to-end service before 2027

We execute the strategy using tools and practices from SAFe (Scaled Agile Framework). This methodology is adopted to create business agility. It is used by numerous organizations to increase productivity, bring better solutions faster to the market and improve collaboration, leading to happier and more motivated employees. Operationally, we implemented the strategy with a portfolio organized around the four strategic goals. Following the portfolios, we work in cross functional teams using agile methodology and customer-centricity to innovate and develop better solutions. Considering the risk profiles that our business has, the strategy is formulated to capitalize on our current market position, balance our risk profile and maximize value creation for our shareholders and society. The Board of Directors evaluates Wallenius Wilhelmsen’s objectives, strategies and risk profiles at least once per year.

| [Deviations from the Code](#): None

Equity and dividend

Capital structure

The Wallenius Wilhelmsen group has a sound level of equity tailored to its objectives, strategy and risk profile, as seen in the Financial review. The Board of Directors believes the capital structure of the Wallenius Wilhelmsen group is appropriate to our objectives, strategies and risk profile.

Dividend policy

In 2022, the board applied a dividend policy that targeted a dividend which over time would constitute between 30 percent and 50 percent of the Company's profit after tax. When deciding the size of the dividend, the board considered future capital requirements to ensure the implementation of its growth strategy as well as the need to ensure the group's financial standing remains warrantable at all times. Dividends was declared in USD and paid out semi-annually. The Board of Directors has updated the dividend policy for the financial year 2023 and onwards, as outlined in Financial targets and dividend policy.

Authorizations to the Board of Directors

At the AGM in 2022, the board of directors was granted an authorization to acquire own shares, with a total nominal value of up to NOK 22,001,456, which equals 10 percent of the current share capital. The authorization can be used in connection with the Company's long-term incentive scheme for the executive management and as an alternative to dividends. The authorization is valid until the AGM in 2023, but will last no longer than June 30, 2023. Furthermore, at the AGM in 2022, the board of directors was also granted an authorization to increase the share capital by up to NOK 22,001,456, representing 10 percent of the issued share capital. The authorization can be used in connection with acquisitions in return for shares and for general corporate purposes. The authorization is valid until the AGM in 2023, but no longer than June 30, 2023.

Deviations from the Code: The authorizations to the board of directors to acquire own shares and to increase the share capital both cover more than one purpose. The board of directors believes that for several reasons this gives flexibility to (i) buy back shares to honor obligations under the incentive scheme or as an alternative to dividends, and (ii) increase the share capital by up to 10 percent – either in connection with acquisitions, for general corporate purposes or a combination of the two, depending on the specific needs of the Company.

Equal treatment of shareholders

Shareholders

As of December 31, 2022, Wallenius Wilhelmsen had 6,275 shareholders, of which 353 were foreign, and the remaining were Norwegian. This indicates an increase of 5 percent in the number of shareholders compared to year end 2021. The Norwegian shareholders account for 194,615,641 of Wallenius Wilhelmsen shares, the equivalent of 46 percent of the total number of shares.

Pre-emptive rights

The board of directors has not made any resolutions to increase the share capital based on the authorizations granted in 2022. If the board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders based on a mandate granted to the board, the board will publicly disclose the justification in a stock exchange announcement to be issued in connection with the increase in share capital.

Transaction in own shares

Wallenius Wilhelmsen has not purchased any own shares pursuant to the authorization granted to the board of directors in 2023. However, it has previously purchased own shares of which 586,119 was held in treasury as of year-end 2022.

Freely negotiable shares

All shares in Wallenius Wilhelmsen are freely negotiable and listed on the Oslo Stock Exchange under the ticker 'WAWI'. There are no restrictions on any party's ability to own, trade or vote for shares in Wallenius Wilhelmsen.

| **Deviations from the Code:** None

General meeting

The general meeting will normally be held in the middle of the second quarter. The board of directors will ensure that the Company's shareholders can participate in the general meeting either through physical or electronic presence. The board of directors will further ensure that:

- The resolutions and any supporting documentation are sufficiently detailed, comprehensive and specific, allowing shareholders to understand and form a view on all matters to be considered at the general meeting
- The CEO, the members of the board of directors and the chair of the nomination committee shall attend the general meeting.
- That the general meeting is able to elect an independent chairperson for the general meeting.

Shareholders wishing to attend the general meeting must notify Wallenius Wilhelmsen at least two working days before the meeting takes place. Shareholders who are unable to be present at the general meeting will be given the opportunity to vote by proxy, or through written voting in a period prior to the general meeting. Wallenius Wilhelmsen will in this respect provide information on the procedure and prepare the form for the appointment of a proxy, or written voting form, which will indicate that it is possible to vote on each agenda item. Wallenius Wilhelmsen seeks to accommodate that shareholders are able to vote on each individual candidate that is nominated for election. However, for practical reasons, the vote took place as a combined vote in 2022. Wallenius Wilhelmsen will also nominate a person who can act as proxy for the shareholders. Shareholders with known addresses are notified by mail no later than 21 days before the meeting, and all relevant documents are published on Wallenius Wilhelmsen's [website](#) no later than 21 days before the meeting. Shareholders may, upon request, receive hard copies of the material. The minutes from the AGM are available on the Company's [website](#), immediately after the meeting and may be inspected by shareholders at Wallenius Wilhelmsen's office. The general meeting of 2022 was chaired by the Company's external counsel as appointed by the general meeting.

Deviations from the Code: In 2022, voting on members to the board of directors took place as a combined vote.

Nomination committee

In accordance with section eight of Wallenius Wilhelmsen's articles of association, the general meeting has appointed the nomination committee, approved the guidelines for the committee's work and agreed the remuneration to be paid for participating in the committee. All members of the nomination committee are independent from the Company's executive management. The nomination committee currently consists of Anders Ryssdal (chair), Carl Erik Steen and Jonas Kleberg. None of the committee members are executives in Wallenius Wilhelmsen. The committee nominates candidates to the board and proposes board members' remuneration. As part of its nomination process, the committee will have contact with major shareholders, the board and Wallenius Wilhelmsen's executives to ensure the process takes the board's and Wallenius Wilhelmsen's interests into consideration. A justification for a candidate will include information on each candidate's competence, capacity and independence. The nomination committee will justify its proposal on each candidate separately. In 2022, the nomination committee held four meetings.

| **Deviations from the Code:** None

Board of directors – composition and independence

Wallenius Wilhelmsen does not have a corporate assembly, and therefore the general meeting elects the board. The board shall consist of between three and nine members and up to three deputy members. The board of directors currently comprises six members. The board of directors elects its own chair, and Wallenius Wilhelmsen is therefore in deviation with section eight of the Code. The composition of the board of directors addresses the common interests of all shareholders and meets the Company's need for expertise, including industry and sustainability knowledge, capacity and diversity. The board of directors is also formed so that it can act independently of any special interests. Four of the directors, Rune Bjerke, Yngvil Eriksson Åsheim, Margareta Alestig and Anna Felländer, are independent of the majority owners, the executive management, and significant business relations. The board does not include executive personnel. Each of the two large shareholders have respectively nominated one observer in Wallenius Wilhelmsen's board, namely Christian Berg and Peter Augustsson.

Information on the background and experience of the directors is available on Wallenius Wilhelmsen's [website](#), which also lists the number of Wallenius Wilhelmsen shares held by each director. Members of the board of directors are encouraged to own shares in Wallenius Wilhelmsen, although they know not to let this encourage a short-term approach, which is not in the best interests of Wallenius Wilhelmsen and its shareholders over the longer term. Board members have attended a seminar hosted by Advokatfirmaet Thommessen AS regarding the rules that apply to stock exchange listed companies. The objective of the course was to provide information on legislation, rules, regulations, and best practices that are relevant for board members of listed Norwegian companies. We have also held sustainability seminars with external experts where board members participated.

Board member	Elected	Period	Up for election
Rune Bjerke	April 2022	2	2024
Thomas Wilhelmsen	April 2021	2	2023
Margareta Alestig	April 2021	2	2023
Anna Felländer	April 2022	2	2024
Hans Åkervall	April 2022	2	2024
Yngvil Eriksson Åsheim	April 2022	2	2024

Deviations from the Code: The board elects its own chair as stated in Wallenius Wilhelmsen's articles of association as the members of the board have in-depth knowledge of the Company's underlying business and are best suited to nominate their own chair.

Board responsibility and work

The board of directors

The board of directors has adopted instructions for the work of the board. These include rules on the work of the board and its administrative procedures which determine what matters the board should consider. The board has the ultimate responsibility for the management of Wallenius Wilhelmsen and must ensure the business is run in a sustainable and responsible way.

The board of directors has also adopted instructions for the executive management to clarify internal allocation of responsibilities and duties. The board heads Wallenius Wilhelmsen's strategic planning. This involves setting the direction for management through discussions of the strategy and risk, and make decisions that form the basis for the administration's execution of the strategy. The board of directors evaluates Wallenius Wilhelmsen's objectives, strategies and risk profiles at least once per year. The chair of the board has an extended duty to ensure that the board operates well and carries out its duties.

The board of directors has also implemented procedures to ensure that members of the board of directors and executive personnel make Wallenius Wilhelmsen aware of any material conflicting interests that they may have regarding items being considered by the board of directors.

The board of directors will also be chaired by some other member of the board, if the board is to consider matters of a material character in which the chair of the board is, or has been, personally involved.

Sustainability appears regularly on the board's agenda, either in the form of updates on sustainability regulation or progress on our sustainability initiatives.

Quarterly, the board reviews corporate risks and these include risks related to more stringent climate, environment and social regulations as well as indicators for attraction and retaining competence. The board establishes an annual plan for its work and evaluates its performance and expertise annually.

In 2022, Wallenius Wilhelmsen arranged nine meetings which all board members attended. I.e. 100 percent attendance in meetings during 2022. In addition, the board regularly visits business-related locations to ensure they have a solid understanding of the business, market and outlook for the shipping and logistics industry. Such updates may also be given through a variety of communication channels, including a board portal containing timely and relevant information. The directors and officers are covered by Wallenius Wilhelmsen ASA's Directors and Officers Liability Insurance (D&O) placed with AIG, AXA XL, Risk Point and IF. The insurance comprises the directors' and officers' personal legal liabilities, including defense- and legal costs. The cover also includes employees in managerial positions or employees who become named in a claim or investigation, or is named co-defendant, and is extended to include members of the company's steering committee, audit committee, compensation committee, litigation committee, advisory committee or other management or board committees.

Audit committee

The Company's audit committee currently consists of three members:

- Margareta Alestig (chair)
- Yngvil Eriksson Åsheim
- Hans Åkervall

All members of the audit committee are independent of Wallenius Wilhelmsen, and at least one member of the audit committee is competent in respect to financial reporting and audit. The committee's objective is to act as a preparatory working committee and support the board's supervisory roles with respect to financial and sustainability reporting and the effectiveness of Wallenius Wilhelmsen's internal control and risk management systems. The committee also monitors that the external auditor is independent in relation to services rendered and relationships that may impact objectivity and independence between the external auditor and Wallenius Wilhelmsen, including review and pre-approval of non-audit services provided by the external auditor. During 2022, the committee had six meetings, including a strategy meeting.

People, Culture and Remuneration Committee

The board of directors' people, culture and remuneration committee consists of three members:

- Rune Bjerke (chair)
- Thomas Wilhelmsen
- Anna Felländer

The members are independent of Wallenius Wilhelmsen's executive management. The committee sets guidelines for remuneration of the executive management, including incentive schemes, pension schemes/terms and employment agreements. The People, Culture and Remuneration Committee also proposes the general remuneration principles for other employees in the Company as well as principles related to people and culture. During 2022, the committee had four meetings.

Management team

In 2022, the executive management team at Wallenius Wilhelmsen consists of a chief executive officer (CEO), and the following other roles:

- Chief financial officer (CFO)
- EVP, chief operating officer (COO) Shipping Services
- EVP, chief operating officer (COO) Logistics Services
- EVP, chief people officer (CPO)
- EVP, chief digital officer (CDO)

The executive management team discusses and coordinates all main business and management issues relevant for Wallenius Wilhelmsen. An overview of the background and expertise of the executive management team is provided on [page 19](#) as well as on the Company's [website](#).

CEO

The board's instruction to the CEO includes a statement of duties, responsibilities and delegated authorities. The CEO has the overall responsibility for Wallenius Wilhelmsen's results and for conducting the businesses and affairs of the Company and its businesses in a proper and efficient manner, and in the best interests of Wallenius Wilhelmsen and its shareholders.

The CEO has a particular responsibility to ensure that the board receives accurate, relevant and timely information that allows it to carry out its duties. Wallenius Wilhelmsen's operations, financial results, projections, financial status, or other topics specified by the board are regularly shared with the board between board meetings.

The CEO has delegated the responsibility of the different business areas to other members of the executive management team.

CFO

The CFO heads finance, legal and compliance for Wallenius Wilhelmsen. The CFO is responsible for providing the CEO and the board with reliable, relevant and sufficient financial information related to Wallenius Wilhelmsen's business activities, and ensure that such information is based on requirements for listed companies.

Governance in partly-owned companies

Wallenius Wilhelmsen holds a controlling ownership interest in EUKOR Car Carriers, Armacup Limited, Syngin Technologies, LLC, Wallenius Wilhelmsen Solutions (Pty) Ltd, RRS RoRo Stevedores Germany GmbH and WWL-GZL Logistics Co., Ltd. Each entity has its own board responsible for issues related to the specific operating entity. Wallenius Wilhelmsen's ambition is to be a demanding and reliable owner, taking the long-term interests of the companies, as well as its own interests, into consideration when developing its strategy. This includes how ownership, financial prospects and expectations towards code of conduct will be exercised, and how environmental and sustainable standards and aspirations are determined.

| **Deviations from the Code:** None

Remuneration of the Board of Directors

Remuneration of directors is determined by the AGM and it is not dependent upon the Wallenius Wilhelmsen's results. The fee reflects the responsibilities of the board, its expertise, the amount of time devoted to board-related work and the complexity of the Wallenius Wilhelmsen's businesses. The remuneration of the board of directors is not linked to our performance, and we do not grant share options to members of the board of directors. None of the directors perform other assignments for Wallenius Wilhelmsen in addition to their appointment as member of the board of directors.

| **Deviations from the Code:** None

Risk management and internal control

Board accountability

The board is accountable for Wallenius Wilhelmsen's internal control and risk management frameworks and believes that Wallenius Wilhelmsen's systems are appropriate given the extent and nature of our activities. The system contributes to a control environment characterized by integrity and responsible business conduct. It is based on the Wallenius Wilhelmsen's guidelines for business standards and sustainability. The board reviews Wallenius Wilhelmsen's risk matrix four times per year and the internal control arrangements at least once per year, preferably together with the Wallenius Wilhelmsen's external auditor.

About the system

Governing documents, such as values, code of conduct, company principles, policies, procedures and process descriptions are documented and electronically available to Wallenius Wilhelmsen's employees through our global integrated management system. Various internal control activities give management assurance that the internal control of financial systems works adequately and according to management's expectations.

Wallenius Wilhelmsen's internal control is a process designed to provide reasonable assurance of:

- Effective and efficient operations
- Risk management
- Reliable financial reporting
- Compliance with laws and regulations
- Necessary resources provided and used in cost-efficient ways.

Internal control includes:

- Activities established to evaluate and confirm the quality of internal control regarding financial reporting (per segment)
- Procedure for year-end financial statements and the Wallenius Wilhelmsen board's responsibility statement semi-annually and annually
- Enterprise risk assessment – including reporting of the segment's internal control, and quarterly reporting of risk assessment to the board
- Risk factors are described and made public to the market in Wallenius Wilhelmsen's second quarter report and annual reports

Wallenius Wilhelmsen's governing documents are in line with the group's financial strategy.

During 2022, we conducted a strategic risk assessment facilitated by an external expert. The assessment analyzed future trends and their potential impact as well as the connection and velocity of the risks. The analysis leveraged the insight and experience of ca 40 internal experts.

External assurance

Wallenius Wilhelmsen’s auditors conduct the audit in accordance with the laws, regulations, and auditing standards and practices generally accepted in Norway. These give reasonable assurance as to whether the consolidated financial statements are free from material misstatements, and whether internal control over financial reporting was appropriate in the circumstances relevant to the audit.

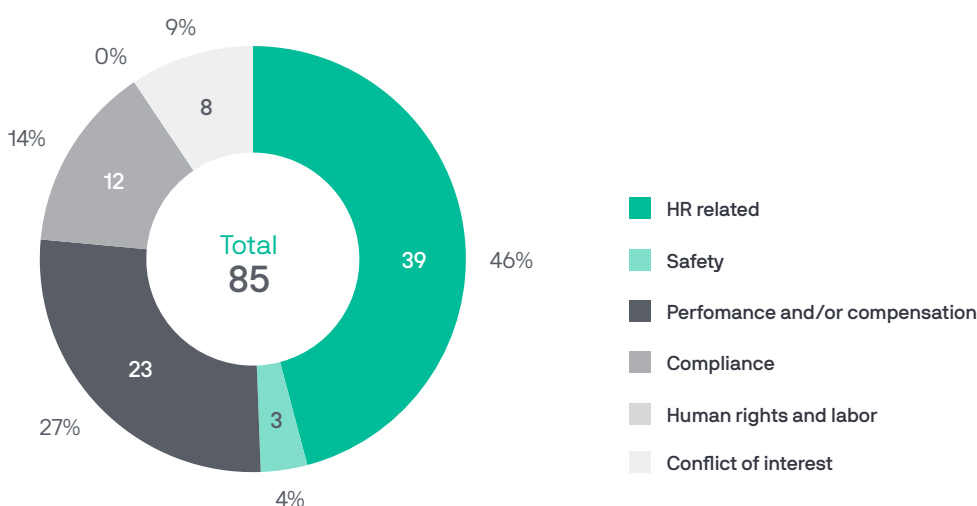
The audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall financial statement presentation including the disclosures.

Whistleblowing

Wallenius Wilhelmsen has a Group-wide Alert line, which is a global whistleblowing system where employees can submit notices about potential non-compliance, e.g. corruption, theft, sanctions, anti-trust, fraud, bullying and harassment, modern slavery and other human rights breaches or other breaches to the Company’s business standards. The whistleblowing channel is hosted by an independent third party and employees can report with due process related to confidentiality and anonymity and as per regulations in relevant jurisdictions. The procedures strengthen transparency and ensure that the business standards are applied the way they are intended. They also ensure that the Group has a professional way of handling potential breaches of laws and regulations, self-imposed business standards or other serious irregularities. Concerns raised in good faith and in line with good principles related to this, and also stated elsewhere, shall not be met with retaliatory actions. During 2022, we received 85 cases through the Alert line. Cases are reviewed and acted upon by Legal & Compliance, HR and relevant resources as per the nature of each submitted case. No cases of corruption were confirmed during 2022. We will during 2023 continue to improve the Alert line further, and raise awareness to encourage employees to report any potential breaches to a superior, Legal & Compliance or HR, or through the Alert line.

| **Deviations from the Code:** None

Cases reported through the whistleblower channel:



Salary and other remuneration for executive personnel

Remuneration policy and reporting

Wallenius Wilhelmsen's remuneration policy covers all employees and is developed to ensure we attract and retain competent employees. The remuneration principles are communicated to all employees to ensure a common understanding of expectations and rewards, both linked to Wallenius Wilhelmsen's strategic ambitions, financial targets and business standards. The board determines the CEO's remuneration and establishes the framework for adjustments for other employees. Salary adjustment for each employee is settled administratively within the limits set. For these purposes, the administration carries out a comparison with salary conditions in other companies and looks to the general level of pay adjustments in the relevant markets. These details are listed in an overview showing employee benefits, including salary and other components of the CEO's, CFO's and COO's remuneration packages. Sustainability targets are part of management's remuneration and include safety and green house gas performance. The details are provided in the remuneration report in accordance with the Public Companies Act and relevant regulations, and provided on our [website](#) as a separate document.

Short-term variable remuneration

As a key component of the total remuneration package, the annual, variable pay scheme emphasizes the link between performance and pay and aims to be motivational. It aligns the senior executives with relevant, clear targets derived from the overall strategic goals. The variable pay scheme takes into consideration both key financial targets and individual targets (derived from the annual operating plan).

Long-term variable remuneration

In 2018, the board of directors approved the introduction of a long-term incentive program (LTIP). The program is a performance share unit (PSU) program for the members of the executive team and other defined employees in key positions. Participation is subject to approval by the board of directors.

The purpose of the LTIP is to support Wallenius Wilhelmsen's long-term strategy and drive growth and performance leading to long-term value creation, and thus increased shareholder value over time. The program should also contribute to the retention and increased motivation of top executives. It aligns the interest of the executive team and other employees in key positions with the interests of the owners and shareholders of Wallenius Wilhelmsen.

The PSU plan is structured as a conditional right for participants to receive shares and synthetic shares after a three-year performance period. The award is maximum 50 percent of the annual fixed salary for the President and CEO and the CFO, and between 30 and 40 percent for other executives.

| **Deviations from the Code:** None

Information and communication

Communication principles and standards

Transparency, accountability and timeliness guide the Group's communication activities. In its reporting, Wallenius Wilhelmsen follows applicable securities and accounting legislation, and the guidelines set by the Oslo Stock Exchange. Further to this, the Norwegian Investor Relations Association, and its opinion of best practice related to financial reporting and investor relations information is also followed.

Communication channels and activities

The quarterly, interim and annual results are presented to the financial markets and business journalists. All presentations are transmitted directly by webcast. Results, presentations and webcasts are also posted on the Company's investor relations web pages. The market is regularly informed about Wallenius Wilhelmsen's activities and results through stock exchange notices, annual and quarterly reports, press releases and updates on the Company's [website](#). Extensive information about the activities of the group is provided on the group's [website](#). A separate section named 'Investors relations' includes relevant information to shareholders, including reports and presentations, financial calendars, share information, contact information, and news and media. The Company is present on social media but it has strict rules on who can use social media for Company purposes, and it has clear guidelines stating that stock-sensitive information must be published through the Stock Exchange before it is made available on social media.

Silent period

For a period of four weeks before the planned release of quarterly financial reports there is a silent period. This is a period where Wallenius Wilhelmsen cannot comment on matters related to its general financial results or expectations, and contact with external analysts, investors, and journalists will be minimized. This is to reduce the risk of information leaks and ensure the market has access to similar information.

Deviations from the Code: Wallenius Wilhelmsen was in 2022 in deviation of section 13 of the code, which recommends guidelines covering Wallenius Wilhelmsen's contact with its shareholders outside of the general meeting. Although the board of directors in 2022 had not determined such guidelines, shareholders were invited to four quarterly presentations per year, as well as a capital markets day. A financial calendar is also updated and made public for the shareholders annually. Wallenius Wilhelmsen's [website](#) is also regularly updated with relevant information. An investor relations policy has been adopted in 2023 and the company will not deviate from the code on this point going forward.

Takeovers

The board has not established a policy for its response to possible takeover bids. The board and management will seek to treat any takeover bids for Wallenius Wilhelmsen's activities or shares in a professional way and in the best interest of our shareholders. If such circumstances arise, the board and the Wallenius Wilhelmsen's management will seek to treat all shareholders equally, take action to ensure shareholders receive sufficient and timely information to consider the offer and otherwise abide by the principles of the corporate governance code.

| **Deviations from the Code:** No policy developed, but intention described above.

Auditor

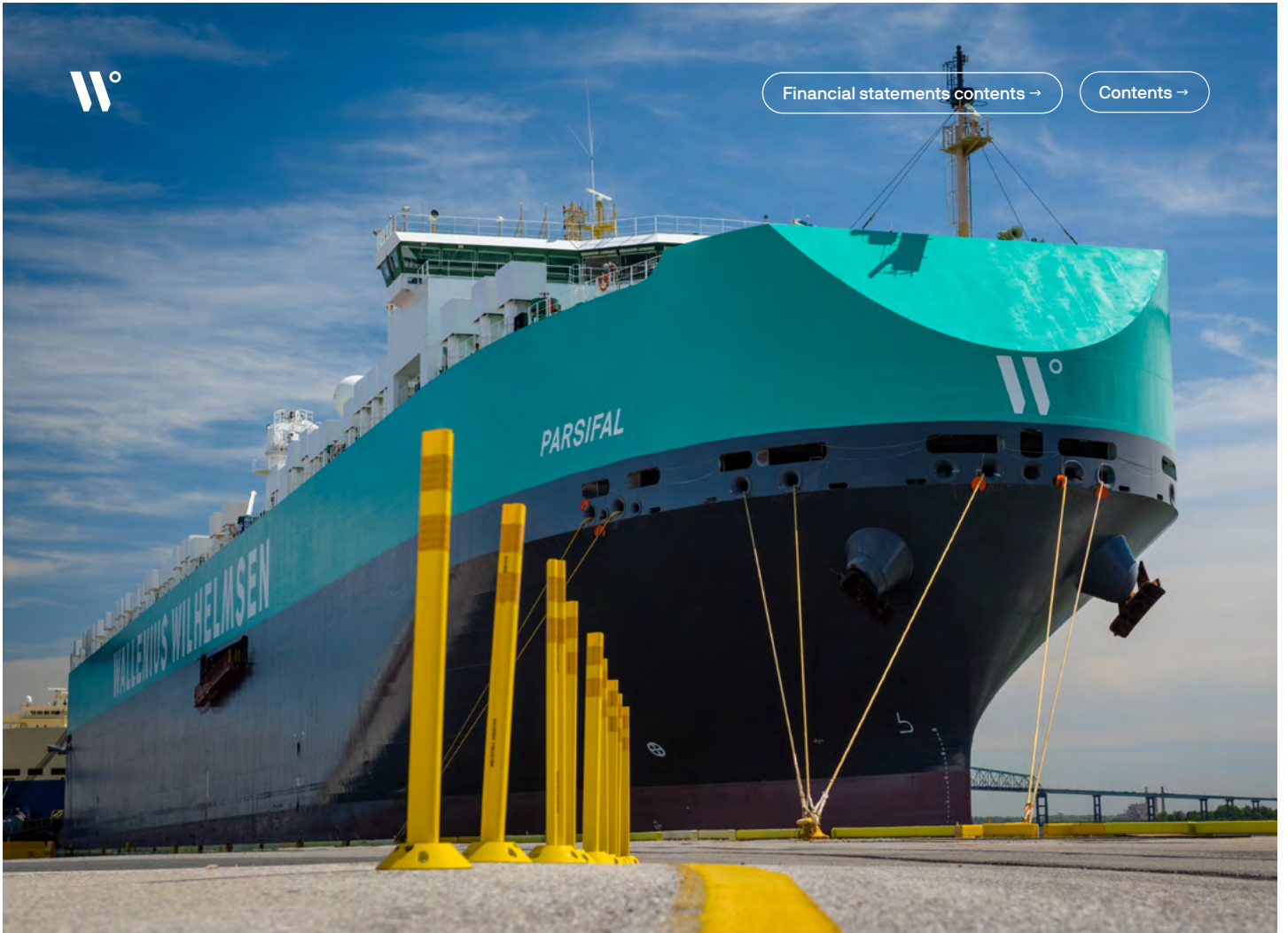
The board of directors is responsible for ensuring that the board and the audit committee is provided with sufficient insight into the work of the auditor. In this regard, the board of directors ensures that the auditor submits the main features of the plan for the audit of the Company to the audit committee annually. The Company's auditor – PricewaterhouseCoopers AS (PwC) – attends all board audit committee meetings and is always present when the annual financial statements are reviewed. At these meetings, the auditor (i) reports on any material changes in the Company's accounting principles and key aspects of the audit, (ii) comments on any material accounting estimates, and (iii) reports all material matters on which there has been disagreement between the auditor and the executive management of Wallenius Wilhelmsen. There were no disagreements between management and PwC during 2022. Once a year, the board of directors reviews the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement. It is important to the board that the auditor is independent of management. The board therefore has at least one meeting with PwC without senior management being present. To ensure the auditor's independence of Wallenius Wilhelmsen's executive management, the board of directors has established guidelines regarding the use of the auditor by the management for services other than the audit. The auditor provides the board with confirmation of independence in relation to non-audit services provided. For the financial year 2022, Bjørn Lund was the Company's engagement partner from PwC.

| **Deviations from the Code:** None



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Wallenius Wilhelmsen ASA Group

Consolidated income statement

USD million	Notes	2022	2021
Total revenue	2	5,045	3,884
Operating expenses	3	(3,497)	(3,054)
Operating profit before depreciation, amortization and impairment (EBITDA)		1,548	830
Other gain/(loss)	5	(47)	21
Depreciation and amortization	8,9,10	(541)	(483)
(Impairment)/reversal of impairment	8,9,11	(29)	(62)
Operating profit/(loss) (EBIT)		931	306
Share of profit/(loss) from joint ventures and associates		2	1
Interest income and other financial items		184	95
Interest expense and other financial expenses		(288)	(203)
Financial items – net	6	(104)	(108)
Profit/(loss) before tax		829	199
Tax income/(expense)	7	(35)	(23)
Profit/(loss) for the period		794	177
Profit/(loss) for the period attributable to:			
Owners of the parent		679	133
Non-controlling interests	13	116	43
Basic and diluted earnings per share (USD)	14	1.60	0.32

Consolidated statement of comprehensive income

USD million	Notes	2022	2021
Profit/(loss) for the period		794	177
Other comprehensive income/(loss):			
Items that may subsequently be reclassified to the income statement:			
Currency translation adjustment		(7)	(6)
Items that will not be reclassified to the income statement:			
Changes in the fair value of equity investments designated at fair value through other comprehensive income		(5)	22
Remeasurement pension liabilities, net of tax	15	11	3
Other comprehensive income/(loss), net of tax		(1)	19
Total comprehensive income/(loss) for the period		794	196
Total comprehensive income and loss attributable to:			
Owners of the parent		679	149
Non-controlling interests		115	47
Total comprehensive income/(loss) for the period		794	196

Consolidated balance sheet

USD million	Notes	Dec 31, 2022	Dec 31, 2021
Assets			
Non-current assets			
Deferred tax assets	7	59	71
Goodwill and other intangible assets	8	395	455
Vessels and other tangible assets	9	3,943	4,033
Right-of-use assets	10	1,599	1,507
Other non-current assets	19	247	249
Total non-current assets		6,242	6,315
Current assets			
Fuel/lube oil		139	147
Trade receivables	20	605	457
Other current assets	19	191	144
Cash and cash equivalents		1,216	710
Asset held for sale	9	-	21
Total current assets		2,151	1,479
Total assets		8,394	7,794
Equity and liabilities			
Equity			
Share capital	14	28	28
Retained earnings and other reserves		3,125	2,511
Total equity attributable to owners of the parent		3,153	2,539
Non-controlling interests	13	355	266
Total equity		3,508	2,804
Non-current liabilities			
Pension liabilities	15	40	55
Deferred tax liabilities	7	71	82
Non-current interest-bearing debt	16	2,200	2,158
Non-current lease liabilities	16	1,254	1,218
Non-current provisions	18	-	16
Other non-current liabilities	19	95	68
Total non-current liabilities		3,659	3,596
Current liabilities			
Trade payables	20	112	154
Current interest-bearing debt	16	316	515
Current lease liabilities	16	317	238
Current income tax liabilities	7	2	4
Current provisions	18	-	28
Other current liabilities	19	479	455
Total current liabilities		1,226	1,395
Total equity and liabilities		8,394	7,794

Consolidated cash flow statement

USD million	Notes	2022	2021
Cash flow from operating activities			
Profit before tax		829	199
Financial (income)/expenses	6	104	108
Share of net (income)/loss from joint ventures and associates		(2)	(1)
Depreciation and amortization	8,9,10	541	483
Impairment/(reversal of impairment)		29	62
(Gain)/loss on sale of tangible assets		(14)	-
Change in net pension assets/liabilities		(12)	(8)
Change in derivative financial assets	5	47	(21)
Net change in other assets/liabilities		(190)	(173)
Tax (paid)/received		(35)	(24)
Net cash flow provided by operating activities		1,297	623
Cash flow from investing activities			
Dividend received from joint ventures and associates		-	-
Proceeds from sale of tangible assets		45	5
Investments in vessels, other tangible and intangible assets	8,9	(112)	(141)
Investment in subsidiaries, net of cash acquired		(11)	-
Investment in financial investments		-	(7)
Interest received	6	15	2
Net cash flow provided by/(used in) investing activities		(62)	(140)
Cash flow from financing activities			
Proceeds from loans and bonds	16	1,002	474
Repayment of loans and bonds	16	(1,095)	(531)
Repayment of lease liabilities	16	(352)	(204)
Interest paid including interest derivatives		(189)	(165)
Realized other derivatives		(14)	7
Dividend to non-controlling interests		(16)	(8)
Dividend to shareholders		(63)	-
Change in cash collateral	17	(2)	-
Net cash flow used in financing activities		(729)	(427)
Net increase/(decrease) in cash and cash equivalents		505	56
Cash and cash equivalents at beginning of period		710	654
Cash and cash equivalents at end of period¹		1,216	710

¹ The group is located and operating world-wide and every entity has several bank accounts in different currencies. Unrealized currency effects are included in net cash provided by operating activities.

Consolidated statement of changes in equity

USD million	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Balance at December 31, 2021	28	-	28	2,511	2,539	266	2,804
Profit for the period	-	-	-	679	679	116	794
Other comprehensive income	-	-	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	679	679	115	794
Disposal of own shares	-	-	-	1	1	-	1
Change in non-controlling interests	-	-	-	(3)	(3)	(8)	(11)
Dividend to owners of the parent	-	-	-	(63)	(63)	-	(63)
Dividend to non-controlling interests	-	-	-	-	-	(16)	(16)
Balance at December 31, 2022	28	-	28	3,125	3,153	355	3,508
Balance at December 31, 2020	28	-	28	2,363	2,391	224	2,615
Profit for the period	-	-	-	133	133	43	177
Other comprehensive income	-	-	-	16	16	3	19
Total comprehensive income	-	-	-	149	149	47	196
Disposal of own shares	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	(1)	(1)	3	1
Dividend to non-controlling interests	-	-	-	-	-	(8)	(8)
Balance at December 31, 2021	28	-	28	2,511	2,539	266	2,804

As of December 31, 2022, own shares represented 0.1 percent of the share capital in nominal value.

As of December 31, 2021, own shares represented 0.2 percent of the share capital in nominal value.

Accounting policies

General information and background

Wallenius Wilhelmsen ASA (the parent company) is a public limited company incorporated in Norway, and its shares are listed on the Oslo Stock Exchange. The parent company's registered office is at Strandveien 20, Lysaker, Norway.

These consolidated financial statements consist of the parent company and its subsidiaries (the group) and the group's interests in associated companies and jointly controlled entities. The group's business is primarily made up of shipping and logistics operations. The principal activities of the group are described in note 2 Segment information. These consolidated financial statements were approved for issue by the board of directors on March 14, 2023.

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and additional disclosure requirements in the Norwegian Accounting Act as effective December 31, 2022. The financial statements for the parent company have been prepared and presented in accordance with simplified IFRS as stated by § 3-9 of the Accounting Act and the Regulations on the Simplified Application of International Accounting Standards established by the Norwegian Ministry of Finance on February 7, 2022. In the parent company, the company has elected to apply the exemption from IFRS for dividends and group contributions. Otherwise, the accounting policies for the group are also adopted by the parent company. Wallenius Wilhelmsen provides additional disclosures in accordance with requirements in the Norwegian Accounting Act related to remuneration to the board and management.

The consolidated financial statements are presented in US dollars (USD), rounded to the nearest whole million unless otherwise stated. USD is the functional currency of most entities in the group. The parent company is presented in its functional currency USD.

Historical cost convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including financial derivatives) at fair value either through the income statement or other comprehensive income. Preparing financial statements in conformity with IFRS and simplified IFRS requires management to make use of estimates and assumptions which affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Estimates and related judgments are based on historical experience and other factors regarded as reasonable in the circumstances. The actual result can vary from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are described in more detail in [note 1](#).

New and revised standards – adopted and not yet effective

None of the amendments to IFRSs or IFRIC interpretations implemented with effect from January 1, 2022 have, or are expected to have, a material impact on the group or the parent company's financial statements. At the date of the approval of these financial statements, the group has not identified significant impact to the group or the parent company's financial statements as a result of amendments effective for 2023. The group has not yet fully assessed the impact of changes which are effective for 2024 and beyond.

Principles of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of Wallenius Wilhelmsen ASA and its subsidiaries as of December 31, 2022.

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method is used by the group to account for business combinations.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method.

Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group currently only has interests in joint ventures. Interests in joint ventures are accounted for using the equity method.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it

has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. Shares in subsidiaries, joint ventures and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the recoverable amount of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

Changes in ownership interests

A change in ownership interest of a subsidiary that does not result in a loss of control is a transaction with equity owners of the group and accounted for as an equity transaction. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only the proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss.

Shares in subsidiaries, joint ventures and associates (parent company)

Shares in subsidiaries, joint ventures and associates are recognized according to the cost method. Group contributions and dividends from subsidiaries are recognized in the year in which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary.

Segment reporting

The group's operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker which is the group's Chief Executive Officer (CEO). Financial and operational information is prepared for each segment, and the information disclosed is in line with the information used by the CEO to assess performance and allocate resources. The chief operating decision-maker is responsible for coordinating business and management to optimize the use of know-how and resources and to align decision-making related to the implementation of the group's strategy.

Related party transactions

See [note 22](#) to the group financial statements for related party transactions. See [note 4](#) to the group financial statements for remuneration of senior executives in the group and [note 2](#) to the parent company financial statements for information related to loans and guarantees for employees in the parent company. Wallenius Wilhelmsen also provides additional disclosures in accordance with requirements

in the Norwegian Accounting Act §7-31b related to remuneration to the board and management. This information is included in the separate Remuneration report for 2022.

Foreign currency transaction and translation

Transactions

In individual companies, transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange as of the transaction date. Monetary assets and liabilities denominated in foreign currencies are subsequently translated into the relevant functional currency by using the rate of exchange at the balance sheet date. Realized and unrealized currency gains or losses are included in financial income or expense.

Translation

In the consolidated financial statements, the assets and liabilities of non-USD functional currency subsidiaries, joint ventures and associates, including related goodwill, are translated into USD using the rate of exchange as of the balance sheet date. The results and cash flows of non-USD functional currency subsidiaries, joint ventures and associates are translated into USD using the average exchange rate for the period reported (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rate on the dates of the transactions). Exchange rate adjustments arising when the opening net assets and the net income for the year retained by non-USD operations are translated into USD are recognized in other comprehensive income. On disposal of a non-USD functional currency subsidiary, joint venture or associate, the deferred cumulative amount recognized in equity relating to that particular entity is recognized in the income statement.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquired business and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired

is recognized as goodwill. If after reassessment, those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit and loss as a bargain purchase gain. Contingent consid-

eration is classified either as equity or a financial liability and initially measured at its acquisition-date fair value. Amounts classified as financial liabilities are subsequently remeasured to fair value with changes in fair value recognized in profit and loss. If a business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value. Any gains or losses arising from such remeasurement are recognized in profit and loss.

Revenue recognition

The group recognizes revenue from the following major sources:

- voyage charter revenue (freight revenue)
- land-based revenue

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognizes revenue when it transfers control of a product or service to a customer.

The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The accounting policies for the group's main types of revenue are set out below.

Voyage charter revenue

Voyage charter revenue is recognized in accordance with IFRS 15 by estimating the total income for a vessel on a voyage. The voyage charter revenue is recognized over time on the basis of progress on fulfillment. The measure of progress is the number of days incurred compared to estimated total days for the applicable voyage. When recognizing revenue from voyage charters the group applies the practical expedient defined by the standard enabling the group to account for several contracts with similar characteristics as a portfolio, since combining the contracts does not produce a materially different outcome than accounting for the contracts individually.

Land-based logistics service revenue

Land-based logistics services are recognized in accordance with IFRS 15 in the accounting period in which the services have been rendered.

Tangible assets

Vessels and other tangible assets acquired by group companies are initially recognized at cost. Depreciation is calculated on a straight-line basis. A residual value, which reduces the depreciation base, is estimated for vessels. The estimate is based on a 10 year average rolling demolition price for general cargo vessels. In addition, a charge for green ship recycling is deducted. The calculation is performed on an annual basis.

The carrying value of tangible assets equals the historical cost less accumulated depreciation and any impairment charges.

The group capitalizes loan costs related to the construction of new vessels on the basis of the group's average borrowing rate on interest-bearing debt. Shipbuilder installments paid, other direct vessel costs and the group's interest costs related to financing the acquisition of vessels are capitalized as they are paid.

Tangible assets are depreciated over the following estimated useful lives:

Vessels	27-30 years
Property	30-50 years
Land	no depreciation
Other tangible assets	3-10 years

Each component of a tangible asset, which is significant for the total cost of the item and for which the estimated useful life is different, will be depreciated separately. Components with similar estimated useful lives will be included in a single component.

An analysis of the group's fleet concluded that vessels based on a pure car truck carrier/roll-on roll-off design do not need to be separated into different components since there is no significant difference in the estimated useful life for the various components of these vessels over and above docking costs. Costs related to docking and periodic maintenance will normally be depreciated over the period until the next docking.

The estimated residual value and useful life and depreciation method of tangible fixed assets are reviewed at each balance sheet date. The effect of any changes in estimate is accounted for on a prospective basis.

Goodwill and other intangible assets

Amortization of intangible assets is based on the following estimated useful lives:

Goodwill	Indefinite
Customer relations/contracts	3-10 years
Other intangible assets	3-10 years

Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree (if any) over the fair value of the group's share of the identifiable net assets of the acquired subsidiary, joint venture or associate. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. Goodwill arising from the acquisition of an interest in a joint venture or an associated company is included in the carrying amount of the investment and tested for impairment as a single asset.

Goodwill from acquisition of subsidiaries is tested for impairment at least annually and carried at cost less impairment losses. Impairment losses on goodwill are not reversed. A gain or loss on disposal of a business or part of a business includes the attributable amount of goodwill.

Customer relations and contracts

Identifiable customer relationships and other contractual arrangements acquired as part of business combinations are initially recognized at fair value (which is regarded as their cost) when the asset arises from contractual or other legal rights or the relationships are separable, and it is probable that the future economic benefits that are attributable to the asset will flow to the entity.

Subsequent to initial recognition, customer relations and contracts are amortized over their estimated useful lives in accordance with the straight-line method.

Other intangible assets

Port use rights acquired through business combinations are recognized as an intangible asset. The amount is initially estimated based on the discounted value of the differential cash flow for the future port use right period. The differential cash flow is calculated based on the difference between the estimated rental payments based on market terms and the rental payments under the contractual port use right arrangement. The port use right intangible asset is amortized using the unit of production method.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured

Capitalized expenses related to software assets are amortized over their estimated useful lives in accordance with the straight-line method.

Costs associated with maintaining computer software are recognized as an expense as incurred.

Impairment of goodwill and other non-financial assets

At each reporting date, the group reviews the carrying amounts of its goodwill, intangible assets, vessels and other tangible assets and right-of-use assets to determine whether there is any indication of impairment.

If any indication of impairment exists, or when annual impairment testing for an asset is required (goodwill), the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the highest of the fair value less costs of disposal and value in use. In assessing value in use, the net present value (NPV) of future estimated cash flows from the employment of the asset is determined. The discount rate applied is the weighted average cost of capital ("WACC") reflecting the required rate of return of the asset or CGU. If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Impairment losses are recognized in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. An impairment loss for goodwill is not subsequently reversed.

Vessels and vessel related projects

Estimated future cash flows are based on an assessment of the group's expected time charter earnings and estimated level of operating expenses for each type of vessel over the remaining useful life of the vessel. Vessels are organized and operated as a fleet and evaluated for impairment on the basis that the whole fleet is the relevant CGU. The vessels are trading in a global network as part of the fleet, where the income of a specific vessel is dependent upon the total fleet, and not the individual vessel's earnings. Furthermore, the group's vessels are interchangeable among the operating companies and part of a coordinated fleet management structure in place to optimize operations (long term chartering activities, vessel swaps, space chartering, combined schedules etc.).

Goodwill

Goodwill acquired through business combinations has for the purpose of impairment testing been allocated to the relevant CGU or group of CGUs expected to benefit from the business combination. CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU or group of CGUs may be impaired. If the recoverable amount of the CGU or group of CGUs to which goodwill has been allocated is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets, pro-rata on the basis of the carrying amount of each asset in the CGU or group of CGUs.

Leases

The group's leased assets primarily consist of vessels and land. In addition, the group leases office space and various equipment.

Identifying a lease

At the inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the agreement creates enforceable rights of payment and obligations
- the identified asset is physically distinct
- it has the right to obtain substantially all of the economic benefits from use of the asset
- it has the right to direct the use of the asset
- the supplier does not have a substantive right to substitute the asset throughout the period of use

Separating components in the lease contract

For contracts that constitute, or contain a lease, the group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying

assets in the contract. The group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the group estimates this price by maximizing the use of observable information.

Recognition and measurement of leases

At the lease commencement date, the group recognizes a lease liability and a corresponding right-of-use asset for all lease agreements in which it is the lessee. The following policy choices and practical expedients have been applied by the group:

- the standard will not be applied to leases of intangible assets, and these will continue to be recognized in accordance with IAS 38 Intangible assets
- all leases deemed to be short-term (<12 months) are recognized as an operating expense on a straight-line basis over the term of the lease
- all leases deemed to be of low value are recognized as an operating expense on a straight-line basis over the term of the lease
- non-lease components are separated from the lease component in all vessel leases. For other lease agreements, the group applies a materiality threshold when evaluating separation

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

The lease payments included in the measurement of the lease liability comprise:

- fixed lease payments less any lease incentives receivable
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amount expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option, if the group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the group exercising an option to terminate the lease

The group does not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate. The group presents its lease liabilities as separate line items in the balance sheet reflecting the non-current and current portions of the liability.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred by the group
- an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date over the shorter of the lease term and the remaining useful life of the right-of-use asset.

The group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Financial assets

The group classifies financial assets based on the business model in which they are managed and their contractual cash flows. The principal categories of financial assets are amortized cost and fair value through either profit or loss (FVPL) or other comprehensive income (FVOCI).

Management determines the classification of financial assets at their initial recognition.

Financial assets carried at fair value through profit or loss are initially measured at fair value with transaction costs recognized immediately in the income statement. Subsequent changes in fair value are recognized in profit or loss.

Where the group has made an irrevocable decision to designate an investment at fair value through other comprehensive income, the investment is initially measured at fair value plus transaction costs. Subsequent changes in fair value are recognized in other comprehensive income. Cumulative gains or losses are not recycled through profit or loss on disposal of the investment.

Receivables and other financial assets

Non-derivative financial assets, such as receivables other than trade receivables, are assets with fixed or determinable payments. They are classified as current assets, except for assets with a maturity later than 12 months after the balance sheet date, which are classified as non-current assets. Non-derivative financial assets are classified as Other current assets or Other non-current assets in the balance sheet. Non-derivative financial assets are recognized initially at their fair value plus transaction costs and subsequently measured at amortized cost.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or are transferred, and the group has transferred by and large all risk and return from the financial asset.

Realized gains and losses are recognized in the income statement in the period they arise.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognized at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and trade receivables are therefore measured subsequently at amortized cost using the effective interest method. The group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Derivative financial instruments

The group utilizes a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

Derivative financial instruments are included in current assets or current liabilities, except for those with a maturity later than 12 months after the balance sheet date. These are classified as non-current assets or other non-current liabilities.

Derivative financial instruments are recognized at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at each reporting date.

Contracts for derivative financial instruments are entered into for hedging purposes, but the group has elected not to document the hedge relationship and can therefore not apply hedge accounting. Changes in the fair value of derivative instruments are thus recognized immediately in the income statement as financial income/expense.

Put and call options for non-controlling interest

Non-controlling interests containing a symmetrical put and call option held by the non-controlling interest shareholder and the group respectively is recognized as one integrated derivative financial instrument. The derivative financial instrument is recognized as a non-current asset when the options are exercisable, and the fair value of the non-controlling interest exceeds the value of the exercise price for the symmetrical put and call option. Changes in fair value of the derivative financial instrument is recognized as Other gain/(loss) in the income statement.

Put options held by non-controlling interest shareholders are recognized as a financial liability reflecting the present value of the redemption amount as other non-current (interest-bearing) liabilities with a corresponding entry reducing equity through retained earnings and other reserves. All subsequent changes to the liability are recognized in profit or loss. In the event that the option expires unexercised, the liability will be derecognized with a corresponding adjustment to equity.

Interest-bearing debt

Interest-bearing debt is recognized at fair value when the proceeds are received, net of transaction costs. In subsequent periods, loans are measured at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the term of the loan.

Sustainability-linked financing agreements (loans and bonds) are instruments where the interest payable varies depending on reaching or achieving specified

sustainability KPIs that are linked to the sustainability goals. The sustainability-linked loan or bond is initially recognized as a financial liability measured at amortized cost based on an assessment of the likelihood of reaching the sustainability goals in the sustainability-linked financing agreement. An initial assessment is made as to whether there are features that represent embedded derivatives that must be separated from the debt host contract and accounted for as standalone derivatives.

Interest-bearing debt is classified as current liabilities unless the group or the parent company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Deferred tax assets and liabilities

Deferred tax is calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using the tax rates and laws which have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred income tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group.

For group companies subject to tonnage tax regimes, the tonnage tax is recognized as an operating cost.

Employee compensation

Pension obligations

Group companies have various pension schemes, and the employees are covered by pension plans which comply with local laws and regulations. The group and the parent company have both defined contribution and defined benefit plans.

Defined contribution plans require the group and the parent company to pay contributions to publicly or privately administered pension insurance plans on an obligatory, contractual or voluntary basis. The group and the parent company have no further legal or constructive payment obligations once the contributions have been paid. The contributions are recognized as an employee expense when they fall due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is one which is not a defined contribution plan. This type of plan typically defines an amount of pension benefit an employee will receive on retirement, normally dependent on one or more factors such as age, years of service and level of wages and salaries.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds

that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Remeasurements of the pension liability for the defined benefit pension plan arising from experience adjustments and changes in the actuarial assumptions are recognized in other comprehensive income. Past service costs are recognized immediately in the income statement.

Share-based compensation

The group has long-term incentive plans for senior executives. These are bonus schemes where monetary awards are delivered in an equivalent number of listed Wallenius Wilhelmsen ASA shares to the extent that performance conditions have been met over a defined period of time. The bonus is assessed over, and becomes payable, after three years, subject to continued employment and the achievement of financial and strategic long-term performance targets, including return on capital, market capitalization and a discretionary element. The most recent plans also include a sustainability target.

The group may also offer employees an opportunity to purchase shares in Wallenius Wilhelmsen ASA at a reduced price. The related cost is recognized when the employee exercises this option.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other current highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented as borrowings in current liabilities on the balance sheet.

Fuel/lube oil

Fuel is valued at the lower of cost and net realizable value. Lube oil represents the lubrication oil held on board the vessels.

Provisions

The group and the parent company recognize provisions for legal claims when a legal or constructive obligation exists as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be estimated with a sufficient degree of reliability.

Dividend in the group financial statements

Dividend payments to the parent company's shareholders are recognized as a liability in the group's financial statements from the date when the dividend is approved by the general meeting.

Dividend and group contribution in the parent company financial statements

Proposed dividend payments to the parent company's shareholders are presented in the parent company financial statements as a liability as at December 31, in the current year. Group contributions received from subsidiaries are recognized as financial income and current assets in the financial statement at December 31, in the current year.

Note 1. Significant accounting judgments, estimates and assumptions

Applying the group's accounting policies as described above in the preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The assumptions, estimates and judgments are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. This includes risks related to the continued impact of Covid-19. Also, the Russian invasion of Ukraine in February 2022, and generally increased geopolitical tensions, create a more volatile market environment which may impact management's assumptions and judgments. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Wallenius Wilhelmsen faces significant risks and opportunities as a result of climate change, and climate-related factors may impact estimates and assumptions going forward. These risks and opportunities are integrated in risk management of the group and in the strategy process. The uncertainties and risk of climate change for financial performance relate to both transition risk (market-related changes, regulatory requirements and technology) and physical risk (extreme weather) and may affect management's estimates and judgments in a number of areas. The main transitional risks identified include increased regulations for management reporting on impact, technological solutions and availability. The main physical risks refer to port flooding, extreme precipitation and wind and heat stress on vessel crew and production workers. More detailed information on climate risk facing the group can be found in the chapter [Planet](#).

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Vessels and other tangible assets

The group has significant carrying amounts related to vessels and other tangible assets recognized in the consolidated balance sheet. The value in use of some of these assets could be influenced by changes in market conditions. Vessels constitute the main asset group in the balance sheet and any changes to the value in use of these vessels may render significant impairment losses recognized in the income statement. A reduction in the estimated useful life of the assets can also lead to periods with higher depreciation expense going forward. Climate-related factors, including regulation, may in the future impact the estimated useful life of vessels and make them commercially and technologically obsolete earlier than previously expected (stranded assets). Consequently, the expected timing of replacement of existing assets may be accelerated. We are, however, continually implementing a range of operational and technical solutions to improve the energy efficiency of our vessels. These efforts may counteract the risk of obsolescence. Management has concluded that as of December 31, 2022, the above factors do not have an impact on the remaining useful life of vessels and other tangible assets.

As there are no significant impairment indicators as at December 31, 2022, the group has not carried out impairment tests for vessels as of this date. Vessel market values (broker estimates) have increased following the improved market conditions and a tightening tonnage market, and exceed carrying values on a fleet level. The carrying amount of vessels, other tangible assets and leased assets at December 31, 2022 is USD 5,542 million. See notes 9 and 10 for further details.

Goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash generating unit or group of cash generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit or group of cash generating units and to determine a suitable discount rate in order to calculate present value. The cash flow estimates for replacements and maintenance include consideration of our “clean fleet” initiative. The results of various operational and technical solutions that will improve energy efficiency have also been considered in the cash flow estimates. Please refer to the [Planet](#) chapter for more details.

The carrying value of goodwill, customer relations/contracts and other intangible assets at December 31, 2022 is USD 201 million, USD 159 million, and USD 35 million, respectively. In 2022, a USD 29 million goodwill impairment was recognized in the logistics services segment based on updated long-term forecasts.

Further information on recognized goodwill and intangible assets are provided in [note 8](#). The impairment information and sensitivities are provided in [note 11](#).

Anti-trust provision

In arriving at the estimated costs for anti-trust proceedings taking into consideration the possibility for civil claims, management has made a number of critical assumptions affecting the estimates. The judgments are made in conjunction with external legal counsel based on factors such as status of the outstanding proceedings as well as the possibility for civil claims. There was no remaining provision as of December 31, 2022. Further details on the anti-trust provision are provided in [note 18](#).

Tax assets

The group recognizes deferred tax assets if it is probable that taxable income will be available in the future against which the unused tax losses can be utilized. At December 31, 2022, the group has estimated that sufficient future taxable income in the Norwegian entities would not be generated to recognize deferred tax assets related to tax losses carried forward. As a result of this estimate, the group has calculated an additional valuation allowance of USD 32 million related to the deferred tax asset arising from tax losses carried forward in the Norwegian entities, giving a total valuation allowance in the balance sheet of USD 134 million related to tax losses carried forward. The estimate of future taxable income is based on significant judgment related to future development in taxable income for Norwegian entities. The carrying amount of deferred tax assets at December 31, 2022 is USD 59 million.

Critical judgments in applying accounting policies

Financial instruments

A non-controlling shareholder holds a put option for their 20 percent shareholding in EUKOR through a shareholder agreement entered into in 2002. The shareholder agreement also contains a symmetrical call option held by the group. Management has evaluated this to be a symmetrical put and call option held by the non-controlling interest shareholder and the group, respectively, and it is recognized as one integrated derivative financial instrument. The derivative financial instrument is recognized as a non-current asset when the options are exercisable, and the fair value of the non-controlling interest exceeds the value of the exercise price for the symmetrical put and call option. Changes in fair value of the derivative financial instrument is recognized as Other gain/(loss) in the income statement. In 2022, a loss of USD 47 million was recognized related to this derivative. As of December 31, 2022, the estimated fair value of the derivative financial instrument is USD 105 million. See [note 5](#) for more information.

Leases

The group cannot always determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate reflects what the group 'would have to pay,' which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when the rates need to be adjusted to reflect the term and currency of the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the group. The carrying amount of leased assets (right-of-use assets) at December 31, 2022 is USD 1,599 million. See [note 10](#) for more information.

Note 2. Segment reporting

The group's operating segments, which are the same as the group's reporting segments, are the key components of the group's business which are assessed, monitored and managed on a regular basis by the Chief Executive Officer (CEO).

The board of directors and management have identified three operating and reporting segments based on the current organization of activities. These comprise:

- Shipping services
- Logistics services
- Government services

The organization of activities and operating and reporting segments are continuously being assessed and remains subject to future changes.

Shipping services

The shipping services segment is engaged in ocean transport of cars and RoRo cargo. Its main customers are global car manufacturers as well as manufacturers of construction and other high and heavy equipment, in addition to select industrial break-bulk cargo. The customers' cargo is carried in a worldwide transport network. This is the group's most capital-intensive segment. The revenue is generated from transporting these products and varies with voyage routes. The total vessel capacity is balanced by time charter, both in and out. The shipping services segment's margin is highly influenced by fuel prices. FAF (fuel adjustment factor) is a key mechanism to manage fuel oil price risk in the segment and the main contributor to fuel surcharges revenue. However, the segment has a short-term exposure to fuel prices since FAF is calculated based on the average fuel price over a historical period and then fixed during an application period, creating a lag effect. In periods of rising fuel prices the segment will therefore not be able to recoup the higher prices through the FAF. Conversely, in periods of falling fuel prices the segment will benefit from higher FAF. In the shipping services segment, contract duration is normally one to five years, with some 30 percent of contracts being renewed annually. Fixed prices are usually applied with review for CPI development or other applicable index for contracts exceeding three years. FAF adjustments are reflected in most contracts and represent a variable pricing element. In some contracts, the group is guaranteed a fixed percentage of a customer's volume, but mostly there are no defined minimum volumes.

Logistics services

The logistics services segment has mainly the same customer groups as shipping services. Customers operating globally are offered sophisticated logistics services, such as vehicle processing centers, equipment processing centers, inland distribution networks and terminals. The segment's primary assets are human capital (expertise and systems) and long-term customer relationships. In the logistics services segment, contract duration is normally one to five years with options to extend and in some cases a term up to 10 years. Pricing is usually fixed with CPI or other adjustments applicable for many contracts. Volumes may vary depending on customer output.

Government services

The government services segment provides ocean transport of RoRo cargo, break-bulk and vehicles. The segment also performs logistics services primarily related to multimodal transportation, stevedoring and terminal operations. The primary customer is the US government, but the segment also includes commercial cargos such as those generated by the financial sponsorship of a federal program or a guarantee provided by the US Government. In the government services segment, contract duration can vary between less than one year and up to as long as ten years. Segment revenue and EBITDA are primarily driven by government activities which are in part driven by world events and government objectives, and do not necessarily follow regular seasonal patterns.

Holding/eliminations

Remaining group activities are shown in the “holding/eliminations” column. The holding segment includes the parent company and other minor activities (including corporate group activities like operational management, tax and finance) which fail to meet the definition for other core activities. Eliminations are transactions between the group’s three segments mentioned above.

Accounting policies

The accounting policies of the reporting segments are the same as the group’s accounting policies.

Income statement

USD million	Shipping services		Logistics services		Government services		Holding/ eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net freight revenue	3,289	2,742	-	-	136	110	-	-	3,425	2,851
Fuel surcharges	724	246	-	-	7	4	-	-	732	250
Operating revenue	14	33	799	687	77	62	-	-	889	782
Internal operating revenue	11	8	112	102	82	60	(205)	(170)	-	-
Total revenue	4,038	3,029	911	789	302	236	(205)	(170)	5,045	3,884
Cargo expenses	(652)	(660)	-	-	(37)	(48)	157	147	(532)	(561)
Fuel	(1,065)	(701)	-	-	(38)	(25)	-	-	(1,103)	(726)
Other voyage expenses	(399)	(402)	-	-	(13)	(13)	-	-	(412)	(415)
Ship operating expenses	(236)	(219)	-	-	(82)	(56)	-	-	(317)	(275)
Charter expenses	(175)	(173)	-	-	(16)	(31)	40	19	(150)	(185)
Manufacturing cost	-	-	(314)	(254)	(9)	(4)	7	4	(316)	(254)
Other operating expenses ¹	(2)	(72)	(348)	(300)	9	(2)	10	32	(331)	(342)
Selling, general and admin expenses	(150)	(133)	(142)	(126)	(21)	(17)	(23)	(20)	(335)	(296)
Total operating expenses	(2,679)	(2,359)	(803)	(681)	(207)	(196)	192	182	(3,497)	(3,054)
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	1,359	670	107	108	95	40	(14)	11	1,548	830
Other gain/(loss)	(47)	21	-	-	-	-	-	-	(47)	21
Depreciation	(395)	(340)	(67)	(66)	(36)	(33)	1	-	(497)	(439)
Amortization	(4)	(4)	(34)	(34)	(6)	(6)	-	-	(45)	(44)
(Impairment)/reversal of impairment	-	(76)	(29)	-	-	14	-	-	(29)	(62)
Operating profit/(loss) (EBIT)²	913	271	(22)	8	53	15	(13)	11	931	306
Share of profit/(loss) from joint ventures and associates	-	-	2	1	-	-	-	-	2	1
Financial income/(expense)	(63)	(66)	(11)	(26)	-	1	(31)	(17)	(104)	(108)
Profit/(loss) before tax	851	205	(31)	(16)	53	17	(43)	(6)	829	199
Tax income/(expense)	(44)	(27)	(5)	4	(2)	1	16	-	(35)	(23)
Profit/(loss) for the period	806	177	(35)	(12)	51	17	(27)	(6)	794	177
Profit for the period attributable to:										
Owners of the parent	691	136	(36)	(14)	51	17	(27)	(6)	679	133
Non-controlling interests	115	42	-	2	-	-	-	-	116	43

- ¹ Sale of a vessel from shipping to government services in 2022 resulted in a USD 10 million loss in the shipping segment included in Other operating expenses. A similar transaction in 2021 resulted in a USD 32 million loss in the shipping segment included in Other operating expenses. These amounts are eliminated on group level.
- ² The cash settled portion of fuel hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses.

In 2022, revenue of approximately USD 308 million and USD 245 million (2021: USD 226 million and USD 189 million respectively) related to the group's shipping segment originated from two external customers. In 2022, revenue of approximately USD 130 million (2021: USD 118 million) in the logistics segment originated from one external customer.

Revenue from the shipping services segment is recognized over time on the basis of progress on fulfillment. Revenue arising from activities in the logistics services segment is recognized at a point in time when the services are performed.

Balance sheet

USD million	Shipping services		Logistics services		Government services		Holding/ eliminations		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Deferred tax asset	9	31	29	31	(2)	(1)	23	11	59	71
Goodwill and other intangible assets	72	65	255	355	30	35	38	-	395	455
Vessels and other tangible assets	3,499	3,623	136	129	298	281	10	-	3,943	4,033
Right-of-use assets	1,217	1,145	389	361	1	2	(8)	-	1,599	1,507
Other non-current assets	143	284	46	34	5	25	53	(94)	247	249
Other current assets	700	580	201	170	81	48	(46)	(50)	936	748
Cash and cash equivalents	915	508	190	118	90	84	21	-	1,216	710
Assets held for sale	-	-	-	-	-	21	-	-	-	21
Total assets	6,555	6,235	1,244	1,197	504	495	90	(133)	8,394	7,794
Equity controlling interests	2,748	2,180	213	251	349	298	(157)	(190)	3,153	2,539
Equity non-controlling interests	339	240	16	25	-	-	-	-	355	266
Deferred tax	17	20	34	41	19	20	-	-	71	82
Interest-bearing debt	1,693	2,014	330	328	98	144	394	187	2,516	2,673
Lease liabilities	1,147	1,058	431	396	2	2	(8)	-	1,572	1,455
Other non-current liabilities	33	77	9	26	1	2	91	33	134	138
Other current liabilities	577	646	211	130	36	28	(231)	(163)	593	642
Total equity and liabilities	6,555	6,235	1,244	1,197	504	495	90	(133)	8,394	7,794
Investments in tangible assets ¹	56	111	31	10	54	69	(38)	(54)	103	136

¹ In 2022, the government services acquired a vessel from the shipping services segment for USD 38 million.
In 2021 the government services segment acquired a vessel from the shipping services segment for USD 54 million.
These amounts are eliminated on group level.

Geographical segments

USD million	Europe ¹		Americas		Asia & Africa ²		Elimination		Total landbased & holding		Shipping and government services		Elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total revenue	192	180	586	491	137	118	(4)	-	911	789	4,339	3,265	(205)	(170)	5,045	3,884
Total assets	4,281	915	653	509	302	289	(644)	-	4,592	1,714	7,051	6,676	(3,250)	(595)	8,394	7,794
Investment in tangible assets	14	1	15	7	1	1	-	-	31	10	110	180	(38)	(54)	103	136

¹ Europe includes the holding segment.

² Asia & Africa includes Oceania.

Shipping services and government services segments

Assets in the shipping and government services segment, which are comprised mainly of vessels, operate internationally, with individual vessels calling at various ports across the globe. The group does not consider the domicile of its customers as a relevant decision-making guideline and hence does not consider it meaningful to allocate vessels and income to specific geographical locations. This is therefore allocated under the “shipping and government services” geographical area.

Total revenue

Area revenue is based on the geographical location of the company.

Total assets

Area assets are based on the geographical location of the assets.

Investments in tangible assets

Area capital expenditure is based on the geographical location of the assets.

Note 3. Operating expenses

USD million	Notes	2022	2021
Voyage expenses			
Stevedoring – loading/discharging		(393)	(425)
Other cargo expenses		(139)	(136)
Total cargo expenses		(532)	(561)
Port & canal expenses		(386)	(397)
Additional voyage expenses		(26)	(18)
Total other voyage expenses		(412)	(415)
Fuel		(1,103)	(726)
Total voyage expenses		(2,047)	(1,702)
Charter expenses		(150)	(185)
Ship operating expenses			
Crew expenses ¹		(148)	(136)
Maintenance of vessels		(44)	(35)
Ship management fee		(15)	(14)
Other ocean expenses		(111)	(90)
Total ship operating expenses		(317)	(275)
Manufacturing cost		(316)	(254)
Other operating expenses and SG&A			
Employee benefits	4	(512)	(460)
Hired personnel		(67)	(50)
External services		(21)	(17)
Provision related to anti-trust investigations	18	6	(35)
Other administration expenses		(73)	(76)
Total operating expenses and SG&A		(666)	(638)
Total operating expenses		(3,497)	(3,054)

¹ Crew/seagoing personnel are hired and not employed by the group.

Expensed audit fee (included in External services)

USD thousand	2022	2021
Statutory audit	1,554	1,909
Other assurance services	-	49
Tax and legal advisory services fee	117	324
Total expensed audit fee	1,672	2,282

Note 4. Employee benefits

USD million	Notes	2022	2021
Salary		447	393
Payroll tax		40	35
Pension cost	15	23	25
Other remuneration		2	6
Total employee benefits		512	460

Number of employees	2022	2021
Group companies in Norway	111	89
Group companies in Europe, excl. Norway	992	1,100
Group companies in South Africa	491	510
Group companies in Asia & Oceania	819	798
Group companies in United States	2,840	2,615
Group companies in Mexico	1,694	1,672
Group companies in Americas, excl. US and Mexico	486	466
Total employees	7,433	7,250
Average number of employees	7,342	7,540

Executive management remuneration

USD thousand	2022	2021 ¹
Fixed base salary	3,058	3,408
Benefits	376	712
Pension	388	563
Short-term incentive	1,239	1,381
Long-term incentive	5,474	3,401
Severance	919	1,313
Total executive management remuneration	11,454	10,778

¹ The 2021 figures have been updated as certain benefits and tax compensation had not been included in the prior year.

Remuneration of the board of directors and nomination committee

USD thousand	2022	2021
Remuneration paid to the board of directors		
Håkan Larsson	-	181
Rune Bjerke	159	63
Thomas Wilhelmsen	59	63
Marianne Lie	69	76
Jonas Kleberg	57	63
Margareta Alestig	66	72
Anna Felländer	66	63
Yngvil Eriksson Åsheim	-	-
Hans Åkervall	-	-
Nomination committee		
Anders Ryssdal	11	10
Jonas Kleberg	7	5
Carl Erik Steen	7	5

The board's remuneration for the financial year 2022 will be approved by the general meeting on April 26, 2023 and paid/expensed in 2023.

At the AGM in 2022, Jonas Kleberg and Marianne Lie resigned from the board of directors.

Hans Åkervall and Yngvil Eriksson Åsheim were elected as board members at the AGM in 2022. They did not receive any remuneration in 2022.

Remuneration paid in other currencies than USD will not be comparable year-on-year due to changes in exchange rates.

See also [note 22](#) Related party transactions and [note 2](#) Employee benefits in the parent company financial statements.

Refer to the separate Remuneration report for further details regarding remuneration of group executive management.

Shares owned or controlled by representatives of the group at December 31, 2022

Name	Number of shares	Percent of shares
Board of directors		
Rune Bjerke (chair)	22,250	0.01%
Thomas Wilhelmsen	161,375,095	38.14%
Margareta Alestig	-	-
Anna Felländer	-	-
Hans Åkervall	-	-
Yngvild Eriksson Åsheim	-	-
Senior executives		
Chief Executive Officer (CEO) – Lasse Kristoffersen	-	-
Chief Financial Officer (CFO) – Torbjørn Wist	5,000	-
Executive Vice President (EVP) and Chief Operating Officer (COO) shipping services – Xavier Leroi	9,208	-
Executive Vice President (EVP) and Chief Operating Officer (COO) logistics services – Michael Hynekamp	20,315	-
Chief People Officer (CPO) – Wenche Agerup	-	-
Chief Digital Officer (CDO) – Simon White	15,691	-
Nomination committee		
Anders Ryssdal	-	-
Jonas Kleberg	-	-
Carl Erik Steen	-	-

The two main shareholders of Wallenius Wilhelmsen ASA are Wilh. Wilhelmsen Holding ASA with 37.87 percent of the shares and Walleniusrederierna AB with 37.82 percent of the shares.

The Wilhelmsen family controls Wilh. Wilhelmsen Holding ASA through Tallyman AS, and Thomas Wilhelmsen controls Tallyman AS. The Wallenius Kleberg family controls Walleniusrederierna AB through Rederi AB Soya (Soya group).

Note 5. Other gain/loss

Non-controlling shareholders in EUKOR hold a put option for their 20 percent interest, pursuant to the shareholder agreement entered into in 2002. The shareholder agreement also contains a symmetrical call option held by the group.

The exercise price for the put and call option is calculated based on a formula consistent with valuation guidance used in “The Inheritance Tax and Gift Tax Act” in South Korea, where an important input variable is the taxable results in EUKOR for the three previous calendar years. The put and call options became exercisable in 2017 when the Hyundai Motor Group volumes carried by the group fell below 40 percent. The put and call options have no expiry date and can be exercised at any point in time. The group does not have any plan to exercise the call option.

The symmetrical put and call options are recognized as one integrated derivative financial instrument. The derivative financial instrument is recognized as a non-current asset when the options are exercisable and the fair value of the non-controlling interest exceeds the value of the exercise price for the symmetrical put and call option.

In 2022, the change in the value of the derivative was USD 47 million recognized as a loss within Other gain/(loss) in the income statement. Comparatively, the change in value during 2021 resulted in a gain of USD 21 million. One of the most important elements to calculate the gain/loss, in addition to estimating the exercise price, is the estimated value of the 20 percent non-controlling interest in EUKOR. The loss in 2022 is driven by an increase in the exercise price that was not fully offset by the increase in the fair value of EUKOR shares compared with the end of 2021.

The financial derivative is recognized in Other non-current assets in the balance sheet and has a carrying value of USD 105 million at December 31, 2022, compared to USD 152 million at the end of 2021.

Note 6. Financial items

USD million	2022	2021
Financial income		
Interest income	15	2
DNK distribution ¹	-	19
Other financial items	3	6
Net financial income	17	27
Financial expenses		
Interest expenses	(179)	(140)
Interest rate derivatives – realized	(10)	(25)
Interest rate derivatives – unrealized	111	58
Other financial items	(17)	(9)
Net financial expenses	(96)	(117)
Currency		
Net currency gain/(loss)	56	(9)
Foreign currency derivatives – realized	(14)	(3)
Foreign currency derivatives – unrealized	(67)	(12)
Net currency	(25)	(24)
Financial fuel oil derivatives		
Fuel oil derivatives – realized	-	10
Fuel oil derivatives – unrealized	-	(5)
Net fuel derivatives	-	6
Financial income/(expenses)	(104)	(108)

¹ In 2021, the group received a distribution from Den Norske Krigsforsikring (DNK) of USD 19 million less withholding tax of USD 5 million. The gross amount is recognized as finance income, and the related withholding tax is recognized as an income tax expense/receivable (see note 7)

See note 17 on financial risk and the section on accounting policies for more information concerning financial instruments.

Note 7. Tax

Tonnage tax

Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. In lieu of ordinary taxation, tonnage taxed companies are taxed on a notional basis based on the net tonnage of the companies' vessels. Income not derived from the operation of vessels in international waters, such as financial income, is usually taxed according to the ordinary taxation rules applicable in the resident country of each respective company. The group had three wholly-owned companies resident in Malta, Singapore and Sweden which were taxed under a tonnage tax regime in 2022. Further, the group has an ownership of 80 percent in EUKOR which is a tonnage taxed company resident in the Republic of Korea. The tonnage tax is considered as an operating expense in the financial statements.

Ordinary taxation

The ordinary rate of corporation tax in Norway is 22 percent for 2022. Norwegian limited liability companies are encompassed by the participation exemption method for share income. Thus, share dividends and gains are tax free for the receiving company. Corresponding losses on shares are not deductible. The participation exemption method does not apply to share income from companies considered low taxed and that are located outside the European Economic Area (EEA), and on share income from companies owned by less than 10 percent resident outside the EEA.

For group companies with a 90 percent or higher ownership, and located in Norway and within the same tax regime, taxable profits in one company can be offset against tax losses and tax loss carry-forwards in other group companies. Deferred tax/deferred tax assets have been calculated based on temporary differences to the extent that it is likely that these can be utilized. For Norwegian entities the group has applied a tax rate of 22 percent.

The group's landbased entities are ordinary taxed in the country of operation. Exceptions are some US Limited Liability Corporations (LLCs) which are disregarded for US tax purposes. These LLCs are taxed at the owner level.

Deferred tax

The group's deferred tax assets/liabilities are calculated based on the relevant tax rate in each country. The group continues the non-recognition of net deferred tax assets in the balance sheet related to tax losses in the Norwegian entities, due to uncertain future utilization. The deferred tax assets not recognized per year-end 2022 amount to USD 134 million (2021: USD 103 million).

Specification of tax expense for the year

USD million	2022	2021
Current income tax (including withholding tax)	39	19
Change in deferred tax	(4)	4
Total tax expense	35	23

Reconciliation of actual tax expense against expected tax expense in accordance with the income tax rate of 22 percent

USD million	2022	2021
Profit/(loss) before tax	829	199
22% tax	182	44
Tax effect from		
Non-taxable income	(175)	(67)
Share of profits from joint ventures and associates	-	-
Other permanent differences	20	30
Tax refund	(2)	-
Withholding tax refund from the Republic of Korea	-	(1)
Corporate income tax different tax rate than 22%	5	(6)
Currency translation from USD to local currency for tax purposes	(29)	(9)
Valuation allowance deferred tax assets in Norway	32	30
Prior year adjustments	(1)	-
Withholding tax	4	2
Calculated tax expense for the group	35	23
Effective tax rate for the group	4%	11%

The effective tax rate for the group will, from period to period, change depending on the group gains and losses from investments inside the exemption method and tax exempt revenues from tonnage tax regimes. Change in local tax rates will also impact the effective tax rate for the group.

USD million	2022	2021
Net deferred tax liabilities at January 1	(11)	3
Currency translation differences	(4)	(1)
Tax charged to equity	(1)	(9)
Income statement charge	4	(4)
Net deferred tax assets/(liabilities) at December 31	(12)	(11)
Deferred tax assets in balance sheet	59	71
Deferred tax liabilities in balance sheet	(71)	(82)
Net deferred tax assets/(liabilities) at December 31	(12)	(11)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

USD million	Tangible/ intangible assets	Deferred capital gains	Other	Total
Deferred tax liabilities at December 31, 2021	(47)	-	(14)	(61)
Through income statement	28	-	7	35
Charged directly to equity	-	-	-	-
Currency translation adjustment	(7)	-	-	(7)
Deferred tax liabilities at December 31, 2022	(26)	-	(7)	(33)
Reclassification of deferred tax items				(38)
Net deferred tax liability at December 31, 2022				(71)
Deferred tax liabilities at December 31, 2020	(54)	-	(11)	(66)
Through income statement	6	-	(3)	3
Deferred tax liabilities at December 31, 2021	(47)	-	(14)	(61)
Reclassification of deferred tax items				(20)
Net deferred tax liability at December 31, 2021				(82)

Deferred tax assets

USD million	Non-current assets and liabilities	Current assets and liabilities	Tax losses carried forward	Total
Deferred tax assets at December 31, 2021	40	7	2	50
Through income statement	(31)	(4)	4	(31)
Charged directly to equity	(1)	-	-	(1)
Currency translation adjustment	3	-	-	3
Deferred tax assets at December 31, 2022	11	3	6	21
Reclassification of deferred tax items				38
Net deferred tax assets at December 31, 2022				59
Deferred tax assets at December 31, 2020	56	9	2	69
Through income statement	(6)	(2)	-	(8)
Charged directly to equity	(9)	-	-	(9)
Currency translation adjustment	(2)	-	-	(2)
Deferred tax assets at December 31, 2021	40	7	2	50
Reclassification of deferred tax items				20
Net deferred tax assets at December 31, 2021				70

The net currency gains and losses are recognized on entity level due to differences between functional currency and local currency.

Note 8. Goodwill, customer relations/contracts and other intangible assets

USD million	Notes	Goodwill	Customer relations/contracts	Other intangible assets	Total goodwill and other intangible assets
2022					
Cost at January 1		346	421	58	824
Additions		-	-	8	8
Disposal		-	-	-	-
Reclassification		-	-	2	2
Currency translation adjustment		-	-	-	-
Cost at December 31		346	421	68	834
Accumulated amortization and impairment losses at January 1		(116)	(225)	(28)	(369)
Amortization		-	(36)	(8)	(45)
Impairment ¹	11	(29)	-	-	(29)
Disposal		-	-	-	-
Reclassification		-	-	4	4
Currency translation adjustment		-	-	-	-
Accumulated amortization and impairment losses at December 31		(145)	(261)	(33)	(439)
Carrying amount at December 31		201	159	35	395

USD million	Notes	Goodwill	Customer relations/contracts	Other intangible assets	Total goodwill and other intangible assets
2021					
Cost at January 1		346	421	54	820
Additions		-	-	5	5
Disposal		-	-	-	-
Currency translation adjustment		-	-	-	-
Cost at December 31		346	421	58	824
Accumulated amortization and impairment losses at January 1		(40)	(188)	(21)	(249)
Amortization		-	(36)	(8)	(44)
Impairment ¹	11	(76)	-	-	(76)
Disposal		-	-	1	1
Currency translation adjustment		-	-	-	-
Accumulated amortization and impairment losses at December 31		(116)	(225)	(28)	(369)
Carrying amount at December 31		230	196	29	455

¹ In 2022, a goodwill impairment of USD 29 million was recognized in the logistics services segment. In 2021, a goodwill impairment of USD 76 million was recognized in the shipping services segment. See [note 11](#) for more information.

“Other intangible assets” include port use rights and software.

Note 9. Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking	Vessel related projects	Total tangible assets
2022					
Cost at January 1	125	92	5,439	1	5,656
Additions	3	33	52	16	103
Disposal	(2)	(6)	(30)	(1)	(39)
Exercise of purchase option	-	-	123	(7)	116
Currency translation adjustment	(5)	(1)	-	-	(7)
Cost at December 31	121	117	5,584	8	5,829
Accumulated amortization and impairment losses at January 1	(23)	(43)	(1,557)	-	(1,623)
Depreciation	(9)	(11)	(249)	-	(269)
Disposal	2	1	25	-	28
Impairment/reversal of impairment	-	-	-	-	-
Exercise of purchase option	-	-	(26)	-	(26)
Currency translation adjustment	2	1	-	-	3
Accumulated amortization and impairment losses at December 31	(29)	(52)	(1,806)	-	(1,887)
Carrying amount at December 31	92	65	3,778	8	3,943

USD million	Property & land	Other tangible assets	Vessels & docking	Vessel related projects	Total tangible assets
2021					
Cost at January 1	127	89	5,307	45	5,567
Additions	2	11	63	60	136
Disposal	(1)	(3)	(23)	-	(27)
Reclassification	2	(2)	92	(104)	(12)
Currency translation adjustment	(5)	(2)	-	-	(7)
Cost at December 31	125	92	5,439	1	5,656
Accumulated amortization and impairment losses at January 1	(16)	(33)	(1,343)	-	(1,392)
Depreciation	(10)	(12)	(242)	-	(264)
Disposal	1	1	22	-	25
Impairment/reversal of impairment	-	-	14	-	14
Reclassification	-	-	(8)	-	(8)
Currency translation adjustment	2	1	-	-	3
Accumulated amortization and impairment losses at December 31	(23)	(43)	(1,557)	-	(1,623)
Carrying amount at December 31	102	49	3,882	1	4,033

Vessels include dry-docking, of which carrying amounts at year end was USD 87 million (2021: USD 81 million). Vessel related projects include dry-dock expenditure and installments on scrubber installations.

Two vessels were classified as assets held for sale at December 31, 2021, measured at net carrying value, USD 21 million, which is lower than their fair value less costs to sell. One of the vessels was sold for a consideration of USD 21 million, resulting in a gain to the group of USD 8 million, and the second vessel was sold for a consideration of USD 21 million, with a gain to the group of USD 6 million. There are no assets held for sale as of December 31, 2022. Net gain/loss on disposal of assets is presented as part of operating expenses.

During 2021, a new vessel was delivered resulting in a reclassification from vessel related projects to vessels & docking of USD 74 million.

Note 10. Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2022				
Cost at January 1	484	1,464	31	1,979
Additions	57	223	4	283
Change in lease payments	39	94	12	145
Disposal	(5)	(21)	(3)	(29)
Exercise of purchase option	-	(117)	-	(117)
Currency translation adjustment	(22)	(2)	-	(25)
Cost at December 31	553	1,641	44	2,237
Accumulated depreciation and impairment losses at January 1	(114)	(348)	(10)	(472)
Depreciation	(55)	(161)	(10)	(227)
Disposal	5	21	3	29
Impairment/reversal of impairment	-	-	-	-
Exercise of purchase option	-	26	-	26
Currency translation adjustment	6	-	-	6
Accumulated depreciation and impairment losses at December 31	(158)	(462)	(17)	(637)
Carrying amount at December 31	395	1,178	26	1,599

USD million	Property & land	Vessels	Other assets	Total leased assets
2021				
Cost at January 1	478	1,226	4	1,708
Additions	19	166	28	214
Change in lease payments	33	85	-	119
Disposal	(29)	(13)	-	(42)
Reclassification	-	-	-	-
Currency translation adjustment	(18)	-	-	(19)
Cost at December 31	484	1,464	31	1,979
Accumulated depreciation and impairment losses at January 1	(91)	(250)	(2)	(344)
Depreciation	(55)	(111)	(8)	(174)
Disposal	29	13	-	42
Impairment/reversal of impairment	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	3	-	-	4
Accumulated depreciation and impairment losses at December 31	(114)	(348)	(10)	(472)
Carrying amounts at December 31	370	1,115	21	1,507

Right-of-use vessels

Per year-end 2022, the group has a total of 45 vessels recognized as right-of-use assets with remaining lease terms from 0.5 to 15 years. Of the 45 right-of-use vessels, 15 have a purchase option and two have an option to extend. These options are not yet exercised but are included in the measurement of lease liabilities. Per year-end 2021, the group had a total of 43 vessels recognized as leased assets.

Right-of-use property and land

In addition to vessels, the group's right-of-use assets primarily consist of land and property arising from lease of land related to different terminal sites around the globe, in addition to office space at various locations. Per year-end 2022, the recognized land and property leases have remaining lease terms from one to 40 years.

Other right-of-use assets

The group also has minor agreements related to vehicles and other equipment applied in the group's day-to-day operations.

Specification of lease liabilities

USD million	Dec 31, 2022	Dec 31, 2021
Current lease liabilities	317	238
Non-current lease liabilities	1,254	1,218
Total lease liabilities	1,572	1,456
Interest expense on lease liability recognized in the income statement	65	64

See [note 16](#) for specification of lease liability maturity and [note 17](#) for specification of undiscounted lease commitments.

Of the group's total lease commitments, option periods that are included in the measurement of lease liabilities but not yet exercised represent USD 226 million (2021: USD 191 million). The option periods recognized are primarily related to leases of vessels and land.

Lease expenses related to lease agreements not recognized in the balance sheet

USD million	Dec 31, 2022	Dec 31, 2021
Short-term lease expenses (< 12 months)	66	79
Low value leases expensed	2	8
Variable lease payments	8	26
Total	76	113

Short-term lease expenses

Short-term lease expenses primarily comprise lease expenses related to lease of vessels, presented as part of charter expenses. Short-term lease of vessels enhances the group's tonnage flexibility and the lease terms are primarily up to three months. In addition to lease of vessels on short-term basis, the group occasionally enters into short-term leases of land area when site operations require additional area for shorter periods of time.

Low value lease expenses

Low value lease expenses comprise the lease expenses related to lease agreements deemed out of group scope due to evaluation of materiality at the implementation of IFRS 16.

Variable lease expenses

Variable lease expenses comprise expenses related to lease agreements where the payment will fluctuate during the lease term. The fluctuations are primarily due to the use of assets being variable with the invoiced amount reflecting the actual usage, instead of a pre-defined contractual amount.

Note 11. Impairment on non-current assets

Impairment – Goodwill

Goodwill is tested for impairment on an annual basis, or more frequently if there is an indication of impairment. Management performed impairment testing of cash generating units (CGUs) or groups of CGUs that contain goodwill during the fourth quarter 2022.

Goodwill acquired through business combinations has been allocated to the groups of CGUs as presented below together with carrying amounts, applicable discount rates and perpetuity growth rates used for impairment testing:

USD million	Reporting segment	Goodwill		Discount rate post tax		Growth rate terminal value	
		2022	2021	2022	2021	2022	2021
Wallenius Wilhelmsen Ocean	Shipping services	43	43	8.0%	7.0%	2.0%	1.0%
ARC	Government services	11	11	8.0%	7.0%	2.0%	-%
Logistics services	Logistics services	147	176	8.1%	7.5%	2.0%	1.5%
Total		201	230				

The recoverable amounts for CGUs and groups of CGUs with goodwill have been determined based on a value in use (ViU) calculation. The goodwill impairment test resulted in a partial impairment of the goodwill allocated to the logistics services segment of USD 29 million. The impairment charge was primarily triggered by an increase in WACC and updated cash flow forecasts that also include updated expected capital expenditure for replacement of capacity in coming years to maintain operating activities in line with the five-year plan.

Key assumptions used in determination of value in use

Discount rate

Discount rates used in the calculation of ViU reflect the current market assessment of the risks specific to each cash generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry.

Cash flows

Future cash flow estimates are based on an assessment of the CGU or group of CGUs' expected earnings which is best represented by group management's latest five-year plan reflecting both experience as well as external sources of information concerning expected future market developments. Current estimated cash flows include expected impact of committed initiatives and cash outflows to maintain operating capacity. The projections exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the CGU's performance. Cash flows beyond the five-year period are extrapolated using moderate estimated growth rates.

Sensitivities for main CGUs with goodwill

Logistics services

Logistics services include vehicle processing centers, equipment processing centers, inland distribution networks and terminals. The key cash flow assumptions used are the throughput and average margins obtained in the network operated by logistics services.

The calculation of the recoverable amount is sensitive to changes in the discount rate and the perpetual growth rate. The below table shows the sensitivities to changes in these variables and illustrate what the impairment charge (negative figures) or headroom (positive figures) could have been had the below growth rates and WACC been applied.

		Perpetuity growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.1%	(67)	(19)	38	104	183
	7.1%	(97)	(50)	4	67	143
	8.1%	(125)	(80)	(29)	32	105
	9.1%	(152)	(109)	(60)	(1)	69
	10.1%	(178)	(137)	(89)	(33)	34

The recoverable amount calculation is also sensitive to changes in estimated cash flows. A reduction in the EBITDA margin of 1 percentage point in both the five-year period and beyond would, all else equal, have resulted in an impairment of USD 145 million. Conversely an increase in the EBITDA margin of 1 percentage point (all else equal) would have resulted in a headroom of USD 87 million.

WW Ocean (part of the shipping services segment)

WW Ocean owns or charters (long-term time-charter or bare-boat in) a fleet of 51 vessels through its ship owning subsidiaries, WWL Shipowning Singapore Pte Ltd, Wall RO/RO AB and Wilhelmsen Lines Shipowning Malta Ltd. In addition, four vessels are chartered from affiliated company in the government services segment. The vessels are used in its global ocean operations for transportation of autos, high and heavy and break-bulk cargo for OEMs or other customers or chartered (T/C out) to other carriers with variable durations. Two vessels are chartered to other group companies. The key cash flow assumptions are related to the expected average earnings per day (T/C less vessel running costs and selling, general & administration expenses per day) for the fleet operated by WW Ocean. The five-year plan also reflects the assessment of the supply/demand balance (volume, tonnage supply and utilization) in the short to medium term. Cash flow estimates are impacted by expected required investments such as replacement of capacity in coming years to maintain operating activities in line with the five-year plan.

The group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount. No reasonably possible change in the key assumptions on which the recoverable amount is based would cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs. No reasonably possible changes in key variables are likely to reduce the headroom to nil.

Government services

Government services provide ocean transport of RoRo cargo, breakbulk and vehicles. Logistics services, primarily related to multimodal transportation, stevedoring and terminal operations, are also performed. The entities in the government services segment (ARC) own eight US flagged vessels and one Marshall Island flagged vessel at the end of the year, of which five vessels are deployed by ARC and four vessels are chartered to affiliates in the shipping services segment. No reasonably possible changes in key variables are likely to reduce the headroom to nil.

Impairment assessment – intangible assets with a definite useful life

The group has significant intangible assets, largely related to customer contracts and customer relations acquired in business combinations. At every balance sheet date, the group considers whether there are any indications of impairment. If such indications exist, an impairment test is performed.

Management considers that there are no indications of impairment as at December 31, 2022.

Impairment assessment – vessels and other tangible assets

The group has significant investments in vessels and other tangible assets of which vessels constitute the vast majority. At every balance sheet date, the group considers whether there are any indications of impairment of the carrying values of these assets. If such indications exist, an impairment test is performed.

Management considers that there are no indications of impairment as at December 31, 2022.

Note 12. Principal subsidiaries

Company	Business office, country	Nature of business	Ownership interest held by the group	
			2022	2021
Wallenius Wilhelmsen Ocean Holding AS	Lysaker, Norway	Intermediate holding company	100%	100%
Wall RO/RO AB	Stockholm, Sweden	Shipowner	100%	100%
WWL Shipowning Singapore Pte Ltd	Singapore	Shipowner	100%	100%
Wilhelmsen Lines Shipowning Malta Ltd	Floriana, Malta	Shipowner	100%	100%
Wallenius Wilhelmsen Ocean AS	Lysaker, Norway	Vessel operator	100%	100%
Armacup Maritime Services Ltd	Auckland, New Zealand	Vessel operator	65%	65%
Wallenius Wilhelmsen International Holding AS	Lysaker, Norway	Intermediate holding company	100%	100%
EUKOR Car Carriers Inc	Seoul, Republic of Korea	Shipowner and operator	80%	80%
ARC Group Holding AS	Lysaker, Norway	Intermediate holding company	100%	100%
American Roll-On Roll-Off Carrier Group Inc	Florida, USA	Shipowner and operator	100%	100%
American Roll-On Roll-Off Carrier Holdings LLC	Florida, USA	Vessel operator	100%	100%
Fidelio Limited Partnership	Florida, USA	Shipowner	100%	100%
Wallenius Wilhelmsen Solutions Holding AS	Lysaker, Norway	Intermediate holding company	100%	100%
Wallenius Wilhelmsen Terminals Holding AS	Lysaker, Norway	Intermediate holding company	100%	100%
Melbourne International RoRo and Auto Terminal Pty Ltd	Melbourne, Australia	Terminal operations	100%	100%
Mid-Atlantic Terminal LLC	Baltimore, Maryland, USA	Terminal operations	100%	100%
Pacific Ro-Ro Stevedoring LLC	California, US	Terminal operations	100%	100%
Wallenius Wilhelmsen Solutions UK Ltd	Southampton, United Kingdom	Terminal operations	100%	100%
Pyeongtaek International Ro-Ro Terminal	Pyeongtaek, Republic of Korea	Terminal operations	100%	100%
Wallenius Wilhelmsen Logistics Zeebrugge NV	Zeebrugge, Belgium	Terminal operations	100%	100%
Wallenius Wilhelmsen Inland Services Holding AS	Lysaker, Norway	Intermediate holding company	100%	100%
Wallenius Wilhelmsen Logistics Abnormal Load Services Holding B.V.	Ittervort, Netherlands	Intermediate holding company	100%	60%
2W Americas Holdings, LLC	New Jersey, USA	Intermediate holding company	100%	100%
WWL Vehicle Service Americas	New Jersey, USA	Landbased Solutions	100%	100%
Keen Transport Inc Holding	Carlisle, Pennsylvania, USA	Landbased Solutions	100%	100%
Syngin Technologies LLC	Tampa, Florida, USA	Landbased Solutions	70%	70%

The four holding companies and their principal subsidiaries at December 31, 2022 are set out above. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Liabilities related to non-controlling interest

The group owns 70 percent of the shares in the subsidiary Syngin Technology LLC which is consolidated in the group financial statements based upon ownership with a corresponding non-controlling interest. The non-controlling interest is provided with a put option as part of the transaction for their remaining 30 percent shareholding. The exercise price is based on certain performance related measures and can be exercised five years (2023) after the transaction date. At December 31, 2022, a financial liability of USD 19 million has been recognized reflecting the present value of the redemption amount as Other current interest-bearing debt. All changes to the liability subsequent to initial recognition are recognized in profit and loss. In the event that the option expires unexercised, the liability will be derecognized with a corresponding adjustment to equity.

The group owns 65 percent of the shares in the subsidiary Armacup Maritime Services Ltd which is consolidated in the group financial statements based upon ownership with a corresponding non-controlling interest. According to an amendment to the shareholder agreement, which was entered into in 2022, the group shall purchase the remaining 35 percent of the shares on December 31, 2024. The fair value at December 31, 2022 is USD 14 million and is recognized as within Other non-current liabilities. All subsequent changes to the liability are recognized in profit and loss.

Note 13. Subsidiaries with material non-controlling interest

Company	Business office, country	Voting/control share		Non-controlling interest	
		2022	2021	2022	2021
Ocean					
EUKOR Car Carriers Inc	Seoul, Republic of Korea	80%	80%	20%	20%

Set out below is the summarized financial information for the subsidiary that has non-controlling interests (NCI) material to the group. The amounts disclosed are on a 100 percent basis.

Summarized balance sheet

USD million	2022	2021
Non-current assets	2,421	2,398
Current assets	873	465
Total assets	3,294	2,863
Non-current liabilities	1,140	1,150
Current liabilities	549	561
Total liabilities	1,689	1,711
Net assets	1,605	1,152
Accumulated non-controlling interests (NCI)	321	230

Summarized income statement/OCI

USD million	2022	2021
Total revenue	2,220	1,639
Profit/(loss) for the year	514	166
Other comprehensive income/(loss)	(5)	21
Total comprehensive income	510	186
Profit/(loss) allocated to material NCI	103	33
Dividends paid to material NCI	10	-

Summarized cash flows

USD million	2022	2021
Net cash flow provided by/(used in) operating activities	653	241
Net cash flow provided by/(used in) investing activities	(186)	30
Net cash flow provided by/(used in) financing activities	(268)	(242)
Net increase/(decrease) in cash and cash equivalents	199	29
NCI – EUKOR Car Carriers Inc	321	230
NCI – immaterial subsidiaries	34	35
Non-controlling interests	355	266
Profit/(loss) for the period attributable to NCIs – Eukor Car Carriers Inc	103	33
Profit/(loss) for the period attributable to NCIs – immaterial subsidiaries	13	10
Profit/(loss) for the period to NCIs	116	43

Note 14. Share information and earnings per share

Earnings per share takes into consideration the number of issued shares excluding own shares in the period.

Basic earnings per share is calculated by dividing profit for the period attributable to the owners of the parent by the average number of total outstanding shares (adjusted for average number of own shares).

The annual general meeting on April 28, 2020, granted an authorization to the board of directors to, on behalf of the company, acquire own shares with a total nominal value of up to NOK 22,001,456 which equals 10 percent of the current share capital.

The company's number of shares:	Dec 31, 2022	Dec 31, 2021
Total number of shares	423,104,938	423,104,938
Own shares	586,119	700,883

Own shares are intended to cover management's share incentive program and the employee share purchase program financially supported by "The Foundation for WW Group employees." When any of the programs are exercised, there will be a reduction of own shares and the price paid in excess of the nominal value of the shares increases retained earnings.

Earnings per share	2022	2021
Average number of shares	422,451,157	422,399,078
Profit/(loss) for the period attributable to owners of the parent (USD million)	679	133
Basic and diluted earnings per share (USD) ¹	1.60	0.32

¹ For the share-based compensation program there is no dilutive effect for the periods presented.

Note 15. Employee retirement plans

The group companies provide various retirement plans in accordance with local regulations and practice in the countries in which they operate. The pension plans are for the material part defined contribution plans in which the companies are required to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. For the defined contribution plans, the companies' legal or constructive obligations are limited to the amount that they have agreed to contribute to the fund. The defined benefit plans for the group are based on years of service and salary levels and normally guarantees a specified return or agreed benefit. For these plans, the group has investment and actuarial risks. If the actuarial or investment experience is worse than expected, the group's obligation may be increased. In order to reduce the group's exposure to certain risks associated with defined benefit plans, such as longevity, inflation, and effects of increases in compensation, the group regularly reviews and continuously improves the design of its post-employment defined benefit plans. The defined benefit plans are for the main part related to subsidiaries in Norway, US, UK and the Republic of Korea and are closed plans or only applicable for senior executives.

The group also have agreements on early retirement. These obligations are mainly financed from operations. The liability recognized in the balance sheet in respect of the remaining defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in Other comprehensive income in the period in which they arise.

Number of people covered by pension schemes at December 31	2022	2021
In employment	2,431	2,338
In retirement (inclusive disability pensions)	730	707
Total number of people covered by pension schemes	3,161	3,045

USD million	2022	2021
Expenses for employee retirement plans recognized in the statement of income		
Defined benefit plans	3	3
Defined contribution plans	20	23
Net pension expenses	23	25
Remeasurements		
Remeasurements recognized in other comprehensive income	13	5
Tax effect of pension other comprehensive income	(2)	(1)
Net remeasurements in other comprehensive income	11	3

USD million	2022	2021
Pension obligations		
Defined benefit obligation at end of prior year	112	120
Current/past service cost and interest cost	4	5
Benefit payments from employer	(7)	(10)
Transfer of obligation in/(out)	-	4
Remeasurements	(16)	(3)
Effect of changes in foreign exchange rates	(8)	(4)
Defined benefit obligations at December 31	86	112
Gross pension assets		
Fair value of plan assets at end of prior year	57	52
Interest income	1	1
Employer contributions	5	6
Benefit payments from plan assets	(2)	(4)
Transfer of assets in/(out)	-	3
Return on plan assets (excluding interest income)	(3)	1
Reclassifications from other non-current assets	-	-
Effect of changes in foreign exchange rates	(4)	(2)
Gross pension assets at December 31	54	57
Total pension obligations		
Defined benefit obligations	86	112
Fair value of plan assets	54	57
Net pension liabilities	32	55
Presented as		
Pension assets	8	-
Pension liabilities	40	55

Note 16. Interest-bearing liabilities

Wallenius Wilhelmsen group has five financing units, Wallenius Wilhelmsen ASA, Wallenius Wilhelmsen Ocean, EUKOR, ARC and Wallenius Wilhelmsen Solutions. Wallenius Wilhelmsen Ocean and EUKOR are operated under the shipping segment, ARC operates as the government segment and Wallenius Wilhelmsen Solutions operates as the logistics segment. The debt in Wallenius Wilhelmsen Ocean is guaranteed by Wallenius Wilhelmsen ASA.

Interest-bearing liabilities per financing unit

USD million	2022	2021
Wallenius Wilhelmsen ASA		
Bonds	534	588
Total	534	588
Wallenius Wilhelmsen Ocean		
Bank debt	1,002	1,080
Leases	338	247
Total	1,339	1,327
ARC		
Bank debt	92	100
Leases	1	2
Total	94	101
EUKOR		
Bank debt	581	599
Leases	802	811
Total	1,383	1,409
Wallenius Wilhelmsen Solutions		
Bank debt	322	320
Leases	431	396
Total	753	716
Total group	4,103	4,142

Most financings are subject to certain financial and non-financial covenants or restrictions:

- The main covenant related to the bond debt in Wallenius Wilhelmsen ASA is a limitation on the ability to pledge assets.
- The debt in Wallenius Wilhelmsen Ocean is subject to minimum liquidity and gearing ratio (net interest-bearing debt divided by net interest-bearing debt plus book equity) on a consolidated group level, as well as loan to value clauses for secured debt.
- The debt in EUKOR is subject to minimum liquidity and interest cover ratio (EBITDA to interest expense) on EUKOR group level, as well as loan to value clauses for secured debt.
- The debt in ARC is subject to a fixed charge coverage ratio ((EBITDA: capital expenditures, income taxes paid, income tax refund, dividends paid) / (interest expense, current portion bank debt, current portion leases) and funded debt to EBITDA ratio (bank debt/ EBITDA) on ARC group level, as well as loan to value clauses for secured debt.
- The debt in Wallenius Wilhelmsen Solutions is subject to minimum liquidity, a leverage ratio (net interest-bearing debt to EBITDA) as well as an equity ratio on Wallenius Wilhelmsen Solutions group level.

The covenants and ratios are customized to reflect the financial situation of the financing unit. Certain loan agreements also have change of control clauses. As of December 31, 2022 (similar to 2021), the group is in compliance with all financial and non-financial covenants. Covenants can be adjusted in the event of material changes in accounting principles

Reconciliation of liabilities arising from financing activities

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Total debt at December 31, 2021	2,158	515	1,218	238	4,128
Cash flow (proceeds) from loans and bonds	916	87	-	-	1,002
Cash flow (repayments) from loans and bonds	-	(1,095)	-	(352)	(1,447)
New lease contracts and amendments, net	-	-	221	265	486
Foreign exchange movements	(63)	(4)	(20)	(1)	(88)
Other non-cash movements	(2)	5	-	-	3
Reclassification	(808)	808	(165)	167	3
Total interest-bearing debt at December 31, 2022	2,200	316	1,254	317	4,087

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Total debt at December 31, 2020	2,353	378	1,176	174	4,081
Cash flows (proceeds) from loans and bonds	430	44	-	-	474
Cash flow (repayments) from loans and bonds	(104)	(427)	-	(204)	(735)
Net change lease commitments	-	-	258	67	325
Foreign exchange movements	(2)	(6)	(15)	(1)	(24)
Other non-cash movements	7	-	-	-	7
Reclassification	(526)	526	(202)	202	-
Total interest-bearing debt at December 31, 2021	2,158	515	1,218	238	4,128

In the first quarter, the group prepaid USD 49 million of remaining deferred installments granted during the onset of the pandemic in 2020. Following the prepayment, no further bank waivers or deferred debt remain. Further, the group refinanced a USD 30 million facility secured by three vessels, repaid USD 6 million of maturing bond debt and prepaid USD 34 million on a secured vessel facility relating to an intra-group sale of two vessels.

During the second quarter, the group signed USD 1.15 billion of new debt for refinancing purposes, including a USD 144 million sustainability-linked bond, new USD 800 million sustainability-linked bank facilities, a USD 100 million revolving credit facility with pledge in accounts receivable and USD 100 million of vessel and corporate debt. In the third quarter there were net proceeds of USD 101 million from the new USD 800 million facility and USD 15 million of proceeds from a vessel refinancing.

In the fourth quarter, the group extended a revolving credit facility in logistics services with one year to a maturity in June 2024. The facility amount was reduced from USD 450 million to USD 320 million while the drawn amount remained unchanged at USD 303 million. The group further extended an undrawn USD 25 million revolving credit facility in shipping services. The group repaid USD 71 million (USD 78 million when including derivative effects) in bond debt relating to two maturities.

Repayment schedule for interest-bearing liabilities

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Dec 31, 2022
Due in 2023	297	-	317	19	633
Due in 2024	556	203	217	-	977
Due in 2025	348	-	262	-	609
Due in 2026	256	203	257	-	716
Due in 2027 and later	522	127	518	-	1,167
Total repayable interest-bearing debt	1,978	534	1,572	19	4,103
Amortized financing costs	(11)	(4)	-	-	(15)
Total	1,967	529	1,572	19	4,087

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Dec 31, 2021
Due in 2022	382	133	238	-	753
Due in 2023	770	-	237	17	1,024
Due in 2024	397	227	170	-	795
Due in 2025	209	-	161	-	369
Due in 2026 and later	324	227	649	-	1,201
Total repayable interest-bearing debt	2,081	588	1,455	18	4,142
Amortized financing costs	(8)	(6)	-	-	(13)
Total	2,073	582	1,455	18	4,128

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

USD million	2022	2021
Gross debt – fixed interest rates	1,602	1,568
Gross debt – variable interest rates	2,485	2,560
Less Cash and cash equivalents	1,216	710
Net debt	2,872	3,418

A key part of the liquidity reserve takes the form of undrawn committed drawing rights, which amounted to USD 247 million at December 31, 2022 (2021: USD 348 million). See [note 21](#).

Carrying value of mortgaged and leased assets

USD million	2022	2021
Vessels	4,699	4,904
Property & land	487	471
Accounts receivable	281	208
Shares in Wallenius Wilhelmsen Solutions Holding AS ¹	383	343
Total carrying value of mortgaged and leased assets	5,849	5,926

¹ Carrying value in Wallenius Wilhelmsen ASA.

At December 31, 2022, the group had 14 unencumbered vessels with a total net carrying value of USD 258 million.

The carrying amounts of the group's borrowings are denominated in the following currencies:

USD million	2022	2021
USD	3,546	3,596
NOK	529	517
KRW	12	15
Total carrying amounts of group's borrowings	4,087	4,128

See otherwise [note 17](#) for information on financial derivatives (interest rates and currency hedges) relating to interest-bearing liabilities.

Note 17. Financial risk

Through its activities, the group has exposure to a variety of financial risks:

- Market risk
 - Foreign exchange rate risk
 - Interest rate risk
 - Fuel oil price risk
- Credit risk
- Liquidity risk

The financial risk management of the group focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the group's financial performance. Derivative financial instruments are used to hedge certain exposures.

Identification, evaluation and hedging of financial risk are carried out by the central treasury department under policies approved by the board of directors.

Hedge accounting has not been applied for any economic hedges. Any change in market value of economic hedge derivatives is recognized in the income statement. Economic hedge derivatives are recognized at fair value in the balance sheet.

Market risk

Market risk is defined as risk related to changes in market prices, such as foreign exchange rates and interest rates, that will affect the group's profit or the values of its holdings of financial instruments. The sensitivity analyses in the sections below relate to the position of financial instruments at December 31, 2022. It is assumed that the sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates. Economic hedging strategies have been established in order to reduce market risks in line with the financial strategy approved by the board of directors.

Foreign exchange rate risk

The group is exposed to currency risk on revenues and expenses in non-functional currencies (transaction (cash flow) risk) and balance sheet items denominated in currencies other than USD (translation risk). The group's largest foreign exchange exposure is EUR against USD, but the group also has exposure to a number of other currencies whereof KRW, JPY, SEK, CNY and NOK are most important.

Various financial derivatives, such as forwards, options and cross-currency (basis) swaps are used to hedge this exposure. Key aspects of the currency hedging policy are:

- Net cash flows in other significant currencies than USD can be hedged using a layered model with up to a 36-month horizon
- Significant capital commitments or divestments in other currencies than USD are hedged
- Balance sheet exposure in currencies other than USD shall in general be hedged. The group will, however, in each case consider factors such as the asset-liability match and the currency of any related cash flow.

Economic hedging of transaction risk

The group has an economic hedging program for CNY, NOK and SEK exposures in place as of both year-ends 2022 and 2021.

The portfolio of derivatives used to economically hedge the group's transaction risk exhibit the following income statement sensitivity:

USD million

Income statement sensitivities of economic hedge program

Change in exchange rate levels	(20%)	(10%)	0%	10%	20%
Transaction risk					
USD/NOK spot rate	7.87	8.85	9.84	10.82	11.81
Income statement effect (post tax)	3	1	-	(1)	(3)
USD/SEK spot rate	8.32	9.36	10.4	11.44	12.48
Income statement effect (post tax)	2	1	-	(1)	(2)
USD/CNY spot rate	5.51	6.20	6.89	7.58	8.27
Income statement effect (post tax)	-	-	-	-	-

(Tax rate used is 22 percent, which equals the corporate tax rate in Norway)

Economic hedging of translation risk

At December 31, 2022, the group has outstanding NOK-denominated bonds of about NOK 5.25 billion (USD 533 million). The corresponding amount was NOK 4.6 billion (USD 517 million) for 2021. All of this debt (NOK 5.25 billion) has been economically hedged against USD with cross-currency swaps.

FX sensitivities

The group monitors the net exposure and calculates sensitivities on a regular basis, based on average market volatility per currency cross. Sensitivities showing a potential accounting effect below USD 5 million on group level are considered immaterial. On December 31, 2022 there were no material FX sensitivities.

For the period ending December 31, 2022, the net impact from translation differences had a very limited impact on other comprehensive income with negative USD 7 million (2021: negative USD 6 million). All fair value changes of the financial derivatives, except fuel oils derivatives in EUKOR, are recognized in profit or loss. Equity sensitivities will therefore equal sensitivities in the income statement.

USD million	Notes	2022	2021
Through income statement			
Financial currency			
Net currency gain/(loss) – operating currency		(5)	(8)
Net currency gain/(loss) – financial currency		62	(1)
Derivatives for economic hedging of cash flow risk – realized		-	(3)
Derivatives for economic hedging of cash flow risk – unrealized		-	(5)
Derivatives for economic hedging of translation risk – realized		(14)	-
Derivatives for economic hedging of translation risk – unrealized		(67)	(7)
Net financial currency	6	(25)	(24)
Through other comprehensive income			
Currency translation differences through other comprehensive income		(7)	(6)
Total net currency effect		(32)	(30)

Interest rate risk

The group seeks to economically hedge between 20–80 percent of the average net interest rate exposure over the next five years, predominantly through interest rate swaps and fixed rate loans.

Interest rate hedges held by the group corresponded to about 50 percent (2021: about 50 percent) of its average net interest exposure at December 31. Leases are considered fixed rate debt for this calculation.

USD million	2022	2021
Maturity schedule economic interest rate hedges (nominal amounts)		
Due in year 1	14	13
Due in year 2	288	13
Due in year 3	253	287
Due in year 4	228	252
Due in year 5 and later	282	506
Total economic interest rate hedges	1,066	1,070

As of December 31, 2022, the group did not hold any forward starting swaps (2021: nil).

The average remaining term of the existing loan portfolio is about 3.1 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 3.3 years.

Interest rate sensitivities

The group's interest rate risk originates from differences in duration and amounts between interest-bearing assets and interest-bearing liabilities. On the asset side, bank deposits are subject to risk from changes in the general level of interest rates, primarily in USD. On the liability side, the mix of debt and issued bonds with attached fixed or floating coupons – in combination with financial derivatives on interest rates (plain vanilla interest rates swaps) – are exposed to changes in the level and curvature of interest rates. The group uses the weighted average duration of interest-bearing assets, liabilities and financial interest rate derivatives to compute the group's sensitivity towards changes in interest rates.

The below table summarizes the interest rate sensitivity towards the fair value of interest-bearing assets and liabilities:

USD million

Change in interest rate levels	(2%)	(1%)	0%	1%	2%
Fair value sensitivities of interest rate risk					
Estimated change in fair value (post tax)	(11)	(6)	0	6	11

(Tax rate used is 22 percent, which equals the corporate tax rate in Norway)

Apart from the fair value sensitivity calculation based on the group's net duration, the group has cash flow risk exposure stemming from the risk of increased future interest payments on the unhedged part of the group's interest-bearing debt.

Changes in fair value of financial derivatives are recognized in the income statement.

The market values of financial derivatives are included under Other non-current assets, Other non-current liabilities, Other current assets and Other current liabilities in the balance sheet.

USD million	Notes	Assets		Liabilities	
		2022	2021	2022	2021
Interest rate derivatives					
Holding		-	-	-	7
Shipping services		29	-	-	38
Government services		2	-	-	1
Logistics services		16	-	-	13
Total interest rate derivatives		47	-	-	60
Derivatives used for economic cash flow hedging					
Holding		3	-	1	-
Shipping services		-	-	-	1
Total currency cash flow derivatives		3	-	1	1
Derivatives used for economic translation risk hedging (basis swaps)					
Holding		-	72	1	7
Shipping services		-	2	-	1
Total cross currency derivatives (basis swaps)		-	74	1	8
Other derivatives – non-controlling shareholder net derivative					
Shipping services	5	105	-	152	-
Total non-controlling shareholder net derivative		105	-	152	-
Total market value of derivatives		155	74	153	69

Book value equals fair value.

Fuel price risk

The group is exposed to fuel oil price fluctuations through its operations in Wallenius Wilhelmsen Ocean, American Roll-On Roll-Off Carrier and EUKOR Car Carriers.

As a general principle, fuel adjustment factors (FAF) in customer contracts is the main mechanism to manage fuel oil price risk in the group. In the short term, the group is exposed to changes in the fuel oil price since FAF is calculated based on the average price over a historical period, and then fixed during an application period, creating a lag effect.

As at December 31, 2022, the group does not hold any fuel hedging contracts (2021: nil).

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and originates primarily from the group's customer receivables, financial derivatives used to economically hedge interest rate risk or foreign exchange risk, as well as bank deposits.

Trade receivables

The group's exposure to credit risk through its operating entities is influenced mainly by individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The group's shipping segment has historically been considered to have low credit risk as the customers tend to be large and well-reputed. In addition, cargo can be held back.

Cash and cash equivalents

The group's exposure to credit risk on cash and cash equivalents is considered to be very limited as the group maintains banking relationships with well-reputed and familiar banks and where the group, in most instances, has a net debt position towards these banks.

Financial derivatives

The group's exposure to credit risk on its financial derivatives is considered to be limited as the group's counterparties are well reputed and familiar banks.

Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

USD million	Notes	2022	2021
Exposure to credit risk			
Long-term investments	19	59	68
Financial derivatives – asset	19	51	1
Other non-current assets	19	12	18
Trade receivables	20	605	457
Other current assets	19	191	144
Cash and cash equivalents		1,216	710
Total exposure to credit risk		2,134	1,399

Book values equal market values.

Liquidity risk

The group's approach to managing liquidity is to secure that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's liquidity risk is considered low in that it holds significant liquid assets in addition to credit facilities with the banks.

The group regularly issues NOK debt in the Norwegian bond market, with proceeds swapped into USD via cross-currency swaps at the time of each issue. If the USD/NOK exchange rate increases above certain thresholds from the rate at the time of issue, the company will need to post cash collateral with the counterparties based on the mark-to-market value above the threshold. The cash collateral is released back to the company if the USD/NOK exchange rate decreases. As of December 31, 2022, the group had posted USD 2 million in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds. The cash collateral is recognized in Other current assets in the balance sheet.

At December 31, the group had USD 1,216 million (2021: USD 710 million) in liquid assets which can be realized over a three-day period in addition to USD 247 million (2021: USD 348 million) in undrawn capacity under its bank facilities.

Undiscounted cash flows financial liabilities

USD million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
2022				
Bank loans	423	645	939	357
Bonds	62	261	397	-
Current liabilities (excluding next year's installment on interest-bearing debt, lease liabilities and financial derivatives)	543	-	-	-
Total non-derivative liabilities excluding leasing	1,029	906	1,336	357
Leasing liabilities	517	418	896	696
Financial derivatives	(25)	(20)	(31)	-
Total gross undiscounted cash flows financial liabilities at December 31	1,522	1,304	2,201	1,053

USD million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
2021				
Bank loans	420	792	796	168
Bonds	174	33	505	-
Current liabilities (excluding next year's installment on interest-bearing debt, lease liabilities and financial derivatives)	567	-	-	-
Total non-derivative liabilities excluding leasing	1,160	825	1,301	168
Leasing liabilities	278	272	537	657
Financial derivatives	27	27	52	5
Total gross undiscounted cash flows financial liabilities at December 31	1,465	1,124	1,890	830

Interest expenses on floating interest-bearing debt included above have been computed using interest rate curves as of year-end.

Covenants

Most financing is subject to certain financial and non-financial covenants or restrictions. Please see [note 16](#) Interest-bearing liabilities for further information.

Capital risk management

The group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors return on capital employed, which the group defines as operating profit divided by capital employed (shareholders equity and interest-bearing liabilities). The board also monitors the level of dividends to shareholders. Wallenius Wilhelmsen ASA targets a dividend which over time shall constitute between 30-50 percent of the company's profit after tax. When deciding the size of the dividend, the board will consider future capital requirements to ensure the implementation of its growth strategy as well as the need to ensure that the group's financial standing remains solid.

The group seeks to maintain a balance between the potentially higher returns that can be achieved with a higher level of debt and the advantages of maintaining a solid capital position. The group's target is to achieve an adjusted return on capital employed over time that exceeds 8 percent. In 2022, the return on capital employed was 13.7 percent. See [reconciliation of alternative performance measures](#) for definition and calculation.

Fair value estimation

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market (over-the-counter contracts) are based on third party quotes.

These quotes use the maximum number of observable market rates for price discovery. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value and
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in an option premium

The carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Interest-bearing liabilities

USD million	Fair value	Book value
2022		
Bank loans	1,868	1,967
Bonds	543	529
Leasing liabilities	1,617	1,572
Other	19	19
Total interest-bearing liabilities at December 31	4,047	4,087

USD million	Fair value	Book value
2021		
Bank loans	2,012	2,073
Bonds	604	582
Leasing liabilities	1,479	1,455
Other	18	18
Total interest-bearing liabilities at December 31	4,113	4,128

All interest-bearing liabilities are considered to be level 3 in the fair value hierarchy.

Fair value hierarchy

USD million	Notes	Level 1	Level 2	Level 3	Total balance
2022					
Financial assets at fair value through income statement					
- Financial derivatives		-	51	-	51
- Non-controlling shareholder net derivative	5	-	-	105	105
Total assets at December 31		-	51	105	155
Financial liabilities at fair value through income statement					
- Financial derivatives		-	74	-	74
Total liabilities at December 31		-	74	-	74

USD million	Notes	Level 1	Level 2	Level 3	Total balance
2021					
Financial assets at fair value through income statement					
- Financial derivatives		-	2	-	2
- Non-controlling shareholder net derivative	5	-	-	152	152
Total assets at December 31		-	2	152	153
Financial liabilities at fair value through income statement					
- Financial derivatives		-	69	-	69
Total liabilities at December 31		-	69	-	69

The fair value of financial instruments not traded in an active market is based on third-party quotes (mark-to-market). These quotes use the maximum number of observable market rates for price discovery. The different valuation techniques typically applied by financial counterparties (banks) are described above. These instruments – currency and interest rate derivatives – are included in level two.

Financial instruments by category

USD million	Assets at amortized cost	Assets at fair value through the income statement	Other	Total
2022				
Assets				
Other non-current assets	-	155	79	235
Trade receivables	605	-	-	605
Other current assets	2	-	189	191
Cash and cash equivalent	1,216	-	-	1,216
Assets at December 31	1,822	155	269	2,247

USD million	Liabilities at fair value through the income statement	Other financial liabilities at amortized cost	Total
2022			
Liabilities			
Non-current interest-bearing debt	-	2,200	2,200
Non-current lease liabilities	-	1,254	1,254
Other non-current liabilities	74	21	95
Trade payables	-	112	112
Current interest-bearing debt	-	316	316
Current lease liabilities	-	317	317
Other current liabilities	-	15	16
Liabilities at December 31	74	4,236	4,310

USD million	Assets at amortized cost	Assets at fair value through the income statement	Other	Total
2021				
Assets				
Other non-current assets	-	153	87	239
Trade receivables	457	-	-	457
Other current assets	-	-	144	144
Cash and cash equivalent	710	-	-	710
Assets at December 31	1,167	153	230	1,550

USD million	Liabilities at fair value through the income statement	Other financial liabilities at amortized cost	Total
2021			
Liabilities			
Non-current interest-bearing debt	-	2,158	2,158
Non-current lease liabilities	-	1,218	1,218
Other non-current liabilities	60	8	68
Trade payables	-	154	154
Current interest-bearing debt	-	515	515
Current lease liabilities	-	238	238
Other current liabilities	9	29	37
Liabilities at December 31	69	4,319	4,388

Note 18. Provisions and contingencies

USD million	Dec 31, 2022	Dec 31, 2021
Non-current provisions	-	16
Current provisions	-	28
Total provisions	-	44

From time to time, the group will be involved in disputes and legal actions.

The operating entities WW Ocean and EUKOR have been part of anti-trust investigations in several jurisdictions since 2012. Proceedings with the outstanding jurisdictions were resolved in 2021, and all remaining customer claims were settled in 2022.

As of December 31, 2022, there are no provisions or other outstanding liabilities related to anti-trust. At December 31, 2021, the group had recognized USD 120 million of provisions (USD 44 million) and other current liabilities (USD 76 million) related to fines, civil claims and customer settlement. All remaining amounts, USD 113 million, were paid during the year, with USD 6 million being reversed as a gain presented in Other operating expenses. In 2021 the group paid USD 149 million in customer settlements and fines to jurisdictions.

Contingent liabilities

The group is sometimes party to lawsuits related to laws and regulations in various jurisdictions arising from the conduct of its business. Based on information currently available, the probability of any such cases resulting in a material outflow of resources is low, and a provision has not been recognized.

Note 19. Specification of balance sheet

USD million	2022	2021
Other non-current assets		
Long-term investments ¹	59	68
Financial derivatives	51	1
Pension assets	8	-
Derivative financial asset	105	152
Investments in joint ventures and associates	12	10
Other non-current assets	12	18
Total other non-current assets	247	249
Other current assets		
Financial derivatives	-	1
Prepaid expenses	191	143
Total other current assets	191	144
Other non-current liabilities		
Financial derivatives	74	60
Other non-current liabilities	21	8
Total other non-current liabilities	95	68
Other current liabilities		
Financial derivatives	-	9
Contract liabilities ²	169	148
Other accrued operating expenses	294	270
Other current liabilities	15	29
Total other current liabilities	479	455

¹ EUKOR owns 0.627 percent of the shares in KOBC (Korean Ocean Business Corporation). These shares are held for long-term strategic benefits and the group has made an irrevocable decision to present changes in fair value through other comprehensive income. The investment has decreased by USD 5 million in value during 2022 and fair value at December 31, 2022, is estimated at USD 39 million. The increase is primarily related to improved results in KOBC's underlying investments.

² The contract liabilities represents the obligation to complete freight services for customers for which consideration has been received from the customers. Contract liabilities per December 31, 2021 have been recognized as freight revenue in 2022.

Note 20. Trade receivables and trade payables

Trade receivables

At December 31, 2022, USD 57 million (2021: USD 91 million) in trade receivables had fallen due. These receivables are related to a number of separate customers. Historically, the percentage of credit losses on trade receivables has been low and the group expects the receivables to be recoverable. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The group's customers are generally large, multi-national OEMs and historic credit losses have been minor.

At December 31, 2022, the group's impairment allowance on receivables amounts to approximately USD 4 million (2021: USD 4 million). Approx. 74 percent of the impairment allowance at relates to the logistics segment and 26 percent to the shipping segment in 2022 (70 percent and 30 percent respectively for 2021). The aging profile of trade receivables that are past due is as follows:

USD million	2022	2021
Aging of trade receivables fallen due		
31-60 days	26	58
61-90 days	10	13
91-180 days	15	15
Over 180 days	6	5
Total fallen due	57	91
Trade receivables per segment		
Shipping services	414	338
Logistics services	130	94
Government services	61	25
Total trade receivables	605	457

Trade payables

At December 31, 2022, USD 4 million in trade payables had fallen due (2021: USD 5 million). These payables refer to a number of separate suppliers and are related to general business. The group expects to settle outstanding payables within 30-60 days.

USD million	2022	2021
Trade payables per segment		
Shipping services	56	116
Logistics services	53	36
Government services	3	2
Holding	-	-
Total trade payables	112	154

See [note 17](#) for more information on credit risk.

Note 21. Restricted bank deposits and undrawn committed drawing rights

USD million	2022	2021
Payroll tax withholding account (included in cash and cash equivalents)	1	1

USD million	2022	2021
Undrawn committed drawing rights	247	348
of which backstop for outstanding certificates and bonds with a remaining term of less than 12 months to maturity	-	133
Undrawn committed loans	-	-

Note 22. Related party transactions

Transactions with related parties

The two main shareholders of Wallenius Wilhelmsen ASA are Walleniusrederierna AB and Wilh. Wilhelmsen Holding ASA with 37.82 and 37.87 percent of the shares respectively. The Wilhelmsen family controls Wilh. Wilhelmsen Holding ASA (WWH group) through Tallyman AS, and the Wallenius Kleberg family controls Walleniusrederierna AB through Rederi AB Soya (Soya group).

For participation in the board of directors, Thomas Wilhelmsen received USD 59 thousand and Jonas Kleberg USD 57 thousand. In addition, Jonas Kleberg received USD 7 thousand for participation in the nomination committee.

The group has undertaken several transactions with related parties within Wilh. Wilhelmsen Holding ASA (WWH), Wilservice AS, Wilhelmsen Maritime Services group (WMS group) and Soya group. All transactions are entered into in the ordinary course of business of the company and the agreements pertaining to the transactions are all entered into on commercial market terms.

Wilh. Wilhelmsen Holding ASA (WWH) delivers services to the Wallenius Wilhelmsen ASA group including human resources (“Shared Services”) and in-house services such as canteen, post, switchboard and rent of office facilities. Generally, Shared Services are priced using a cost plus 5 percent margin calculation, in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually. In addition, the Soya group delivers rent of office facilities to the group.

Historically and currently, the majority shareholders, WWH and Soya, further deliver several services to the group, based on the principles set out in the OECD’s transfer pricing guidelines for group services, including, inter alia, cost plus basis or based on independent broker estimates. In the event services are provided to both external and internal parties, the prices set forth in the contracts regarding such services, are on same level for both the external and the internal customers.

The services cover:

- ship management including crewing, technical and management service
- insurance brokerage
- agency services
- freight and liner services
- marine products to vessels

USD million	2022	2021
Income statement		
Operating revenue from related parties within WWH group	1	1
Operating revenue from related parties within Soya group	-	-
Operating expenses to related parties within WWH group	19	20
Operating expenses to related parties within Soya group	14	10

In addition, Wallenius Marine (part of Soya Group) had the supervision of the newbuilding which was delivered in 2021. Their fee in 2021 was approximately USD 0.2 million and is capitalized with the vessel.

USD million	2022	2021
Balance sheet		
Current receivables from related parties within Soya group	3	-
Non-current loan/payables to related parties within Soya group	-	2
Current loan/payables to related parties within Soya group	2	1
Non-current receivables from related parties within WWH group	-	-
Current receivables from related parties within WWH group	1	1
Non-current loan/payables to related parties within WWH group	-	3
Current loan/payables to related parties within WWH group	4	1

Note 23. Events after the balance sheet date

In January 2023, Wallenius Wilhelmsen ASA signed a new USD 100 million revolving credit facility to be available for collateral postings related to cross-currency swaps. The facility is secured by five sailing vessels that were previously unencumbered.

In February, the board proposed an ordinary dividend of USD 0.85 per share to the annual general meeting on April 26, 2023, with USD 0.51 to be payable in May 2023 and USD 0.34 to be payable in November 2023. The dividend is declared in USD and paid in NOK. The total proposed dividend amounts to USD 360 million, representing 45 percent of profit after tax for 2022.

Reconciliation of alternative performance measures

Definitions of Alternative Performance Measures (APMs)

This section describes the non-GAAP financial alternative performance measures (APM) that are used in the annual report.

The following measures are not defined nor specified in the applicable financial reporting framework of IFRS. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to IFRS. These APMs are intended to enhance comparability of the results and cash flows from period to period and it is the group's experience that these are frequently used by investors, analysts and other parties. Internally, these APMs are used by management to measure performance on a regular basis. The APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

EBITDA is defined as Total revenue less operating expenses. EBITDA is used as an additional measure of the group's operational profitability, excluding the impact from financial items, taxes, depreciation and amortization and impairment/(reversal of impairment).

EBITDA adjusted is defined as EBITDA excluding items in the result which are not regarded as part of the underlying business. Examples of such items are restructuring costs, anti-trust, gain/loss on sale of vessels and other tangible assets and other income and expenses which are not primarily related to the period in which they are recognized.

EBIT is defined as Total revenue less Operating expenses, Other gain/loss and depreciation, amortization and impairment/(reversal of impairment). EBIT is used as a measure of operational profitability excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses.

EBIT adjusted and Profit/(loss) for the period adjusted is defined as EBIT/Profit/(loss) for the period adjusted excluding items in the result which are not regarded as part of the underlying business. Example of such items are restructuring costs, anti-trust, gain/loss on sale of vessels and other tangible assets, impairment, other gain/loss and other income and expenses which are not primarily related to the period in which they are recognized.

Capital employed (CE) is calculated based on the average of Total assets less Total liabilities plus total interest-bearing debt for the last twelve months. CE is measured in order to assess how much capital is needed for the operations/business to function and evaluate if the capital employed can be utilized more efficiently and/or if operations should be discontinued.

Return on capital employed (ROCE) is based on last twelve months EBIT/EBIT adjusted divided by capital employed. ROCE is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The group considers this ratio as appropriate to measure the return of the period.

Total interest-bearing debt is calculated as the end of period sum of Non-current interest-bearing loans and bonds, Non-current lease liabilities, Current interest-bearing loans and bonds and Current lease liabilities. The group considers this a good measure of total financial debt.

Net interest-bearing debt (NIBD) is calculated as the end of period Total interest-bearing debt less the end of period Cash and cash equivalents. The group considers this a good measure of underlying financial debt.

NIBD/EBITDA adjusted is calculated based on the end of period Net interest-bearing debt divided by the aggregate last twelve months of EBITDA adjusted. The group considers this a good measure of leverage as it indicates how many years of EBITDA adjusted, being a proxy for normal cash flow from operations, is needed to cover the NIBD.

Return on equity is based profit/(loss) after tax for the last twelve months divided by annual average of equity. The group considers this ratio as appropriate to measure the return for the period.

Net interest-bearing debt

USD million	Dec 31, 2022	Dec 31, 2021
Non-current interest-bearing loans and bonds	2,200	2,158
Non-current lease liabilities	1,254	1,218
Current interest-bearing loans and bonds	316	515
Current lease liabilities	317	238
Total interest-bearing debt	4,087	4,128
Less Cash and cash equivalents	1,216	710
Net Interest-bearing debt	2,872	3,418

Net interest-bearing debt divided by last twelve months adjusted EBITDA

USD million	2022	2021
Net Interest-bearing debt	2,872	3,418
Last twelve months adjusted EBITDA	1,528	865
Net interest-bearing debt/adjusted EBITDA ratio	1.9	4.0

Equity ratio

USD million	Dec 31, 2022	Dec 31, 2021
Total equity	3,508	2,804
Total assets	8,394	7,794
Equity ratio	42%	36%

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	2022	2021
Total revenue	5,045	3,884
Operating expenses excluding other gain/(loss)	(3,497)	(3,054)
EBITDA	1,548	830
EBITDA shipping services	1,359	670
Loss on sale of vessel	10	32
Anti-trust expense/ (reversal of expenses)	(6)	35
EBITDA adjusted shipping services	1,363	736
EBITDA logistics services	107	108
EBITDA adjusted logistics services	107	108
EBITDA government services	95	40
Gain on sale of vessel	(14)	-
EBITDA adjusted government services	81	40
EBITDA holding/eliminations	(14)	11
Loss on sale of vessel	(10)	(32)
EBITDA adjusted holding/eliminations	(23)	(20)
EBITDA adjusted	1,528	865

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Notes	2022	2021
EBITDA		1,548	830
Other gain/loss	5	(47)	21
Depreciation and amortization	8,9,10	(541)	(483)
(Impairment)/reversal of impairment	11	(29)	(62)
EBIT		931	306
Anti-trust expense/ (reversal of expenses)		(6)	35
Gain on sale of vessel		(14)	-
Change in fair value of derivative financial asset		47	(21)
Reversal of/impairment asset held-for-sale		-	(8)
Impairment recycling vessels		-	-
Impairment goodwill and intangible assets		29	76
Total adjustments		55	82
EBIT adjusted		986	388
Profit/(loss) for the period		794	177
Total adjustments		55	82
Profit/(loss) for the period adjusted		850	259

Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation

USD million	Yearly average	
	2022	2021
Total assets	8,117	7,621
Less Total liabilities	5,008	4,959
Total equity	3,109	2,661
Total interest-bearing debt	4,082	4,098
Capital employed	7,191	6,759
EBIT last twelve months	931	306
EBIT last twelve months adjusted	986	388
ROCE	12.9%	4.5%
ROCE adjusted	13.7%	5.7%
Profit/(loss) last twelve months	794	177
Profit/(loss) last twelve months adjusted	850	259
Return on equity	25.6%	6.6%
Return on equity adjusted	27.3%	9.7%



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Wallenius Wilhelmsen ASA Parent

Income statement

USD million	Notes	2022	2021
Operating expenses			
Employee benefits	2	(13)	(10)
Other operating expenses	1	(9)	(11)
Total operating expenses		(23)	(20)
Net operating profit/(loss)		(23)	(20)
Financial income and expenses			
Financial income	1	156	24
Financial expenses	1	(47)	(23)
Financial derivatives	1	(72)	(17)
Financial income/(expense)		36	(16)
Profit/(loss) before tax		14	(37)
Tax income/(expense)	3	14	(0)
Profit/loss for the year		27	(37)
Transfers and allocations			
(To)/from equity	5	(27)	37
Total transfers and allocations		(27)	37

Statement of comprehensive income

USD million	Notes	2022	2021
Profit/(loss) for the year		27	(37)
Other comprehensive income/(loss):			
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	6	1	2
Other comprehensive income, net of tax		1	2
Total comprehensive income/(loss)		28	(35)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		28	(35)
Total comprehensive income/(loss) for the year		28	(35)

Balance sheet

USD million	Notes	Dec 31, 2022	Dec 31, 2021
Assets			
Non-current assets			
Deferred tax assets	3	23	11
Investments in subsidiaries	4	2,966	2,926
Other non-current assets	9	130	314
Total non-current assets		3,118	3,251
Current assets			
Other current assets	9	209	138
Cash and bank deposits		21	0
Total current assets		230	138
Total assets		3,348	3,389
Equity and liabilities			
Equity			
Share capital	5	28	28
Retained earnings	5	2,673	2,707
Total equity		2,701	2,735
Non-current liabilities			
Pension liabilities	6	21	27
Non-current interest-bearing debt	7	529	449
Financial derivatives	8	72	7
Other non-current liabilities to group companies	10	-	19
Total non-current liabilities		623	502
Current liabilities			
Public duties payable		0	0
Other current liabilities	9	24	151
Total current liabilities		25	152
Total equity and liabilities		3,348	3,389

Cash flow statement

USD million	2022	2021
Cash flow from operating activities		
Profit before tax	14	(37)
Financial (income)/expense	(36)	16
Change in net pension assets/liabilities	(4)	(3)
Change in current assets/liabilities – group companies	(105)	(154)
Net change in other assets/liabilities	82	27
Net cash provided by/(used in) operating activities	(50)	(149)
Cash flow from investing activities		
Investments in subsidiaries, associates and joint ventures	(40)	-
Interest received	10	5
Net cash flow provided by/(used in) investing activities	(30)	5
Cash flow from financing activities		
Proceeds from issuance of debt	142	230
Repayment of debt	(133)	(119)
Subsidiaries' repayment of debt	188	-
Proceeds from issuance of debt to subsidiaries	31	-
Repayment of debt to subsidiaries	(12)	-
Group contribution/ dividend from subsidiaries	1	-
Disposal of own shares	1	0
Dividend to shareholders	(63)	-
Cash from financial derivatives	(14)	(11)
Interest paid including interest rate derivatives	(40)	(34)
Net cash flow provided by/(used in) financing activities	101	65
Net increase/(decrease) in cash and cash equivalents	20	(80)
Cash and cash equivalents at beginning of period ¹	0	80
Cash and cash equivalents at end of period	21	0

¹ The company has several banks accounts in different currencies. The cash flow effect from revaluation of cash and cash equivalents is included in net cash flow provided by/ (used in) operating activities. The company has no restricted bank deposits.

Note 1. Specification of income statement

USD million	Notes	2022	2021
Other operating expenses			
Intercompany expenses	10	(6)	(7)
Other administration expenses		(3)	(3)
Total other operating expenses		(9)	(11)
Financial income/(expenses)			
Financial income			
Dividend from subsidiaries and group contribution	10	67	1
Interest income		21	16
Net currency gain		68	7
Other financial income		-	0
Total financial income		156	24
Financial expenses			
Interest expenses		(38)	(27)
Net currency loss		(6)	6
Other financial expenses		(4)	(2)
Total financial expenses		(47)	(23)
Financial derivatives			
Realized gain/(loss) related to currency derivatives		(14)	(11)
Realized gain/(loss) related to interest rate derivatives		(2)	(5)
Unrealized gain/(loss) related to currency derivatives		(67)	(8)
Unrealized gain/(loss) related to interest rate derivatives		11	7
Total financial derivatives		(72)	(17)
Financial income/(expenses)		36	(16)

Expensed audit fee

USD thousand	2022	2021
Statutory audit	189	138
Other assurance services	-	43
Total expensed audit fee	189	182

Note 2. Employee benefits

USD million	2022	2021
Salary/remuneration board of directors	14	7
Payroll tax	1	1
Pension cost	0	1
Other remuneration	(1)	1
Total employee benefits	13	10

USD thousand	2022	2021
Remuneration paid to the board of directors		
Håkan Larsson	-	181
Rune Bjerke	159	63
Thomas Wilhelmsen	59	63
Marianne Lie	69	76
Jonas Kleberg	57	63
Margareta Alestig	66	72
Anna Felländer	66	63
Yngvil Eriksson Åsheim	-	-
Hans Åkervall	-	-
Nomination committee		
Anders Ryssdal	11	10
Jonas Kleberg	7	5
Carl Erik Steen	7	5

The board's remuneration for the financial year 2022 will be approved by the general meeting April 26, 2023 and paid/expensed in 2023.

The board's remuneration for the financial year 2021 was paid in 2022.

At the AGM in 2022, Marianne Lie and Jonas Kleberg retired from the board of directors with Hans Åkervall and Yngvil Eriksson Åsheim replacing them.

At the AGM in 2021, Håkan Larsson resigned from the board of directors with Rune Bjerke replacing him as chair.

Remuneration paid in other currencies than USD will not be comparable year-on-year due to changes in exchange rates.

See separate [remuneration report](#) for further details regarding remuneration to top executives.

Loans and guarantees

There were no loans or guarantees to members of the board per December 31, 2022.

Shares owned or controlled by representatives of the group at December 31, 2022

Name	Number of shares	Percent of shares
Board of directors		
Rune Bjerke (chair)	22,250	0.01%
Thomas Wilhelmsen	161,375,095	38.14%
Margareta Alestig	-	0.00%
Anna Felländer	-	0.00%
Yngvil Eriksson Åsheim	-	0.00%
Hans Åkervall	-	0.00%
Senior executives		
Chief Executive Officer (CEO) – Lasse Kristoffersen	-	0.00%
Chief Financial Officer (CFO) – Torbjørn Wist	5,000	0.00%
Executive Vice President (EVP) and Chief Operating Officer (COO) logistics services – Michael Hynekamp	20,315	0.00%
Executive Vice President (EVP) and Chief Operating Officer (COO) shipping services – Xavier Leroi	9,208	0.00%
Chief People Officer (CPO) – Wenche Agerup	-	0.00%
Chief Digital Officer (CDO) – Simon White	15,691	0.00%
Nomination Committee		
Anders Ryssdal	-	0.00%
Jonas Kleberg	-	0.00%
Carl Erik Steen	-	0.00%

The two main shareholders of Wallenius Wilhelmsen ASA are Walleniusrederierna AB, with an ownership of 37.8 percent, and Wilh. Wilhelmsen Holding ASA with 37.9 percent of the shares. The Wilhelmsen family controls Wilh. Wilhelmsen Holding ASA through Tallyman AS, and Mr Thomas Wilhelmsen controls Tallyman AS.

The Wallenius Kleberg family controls Walleniusrederierna AB through Rederi AB Soya (Soya group).

Note 3. Tax

USD million	2022	2021
Distribution of tax (income)/expense for the year		
Change in deferred tax	(14)	0
Total tax (income)/expense	(14)	0
Basis for tax computation		
Profit before tax	14	(37)
22% tax	3	(8)
Tax effect from		
Non-taxable income	(12)	0
Valuation allowance deferred tax assets	2	8
Currency translation from USD to local currency for tax purposes	(6)	0
Total tax (income)/expense	(14)	0
Effective tax rate	(101.9%)	(0.9%)
Deferred tax assets		
Tax effect of temporary differences		
Current assets and liabilities	0	0
Non-current liabilities and provisions for liabilities	23	11
Tax losses carried forward	-	-
Deferred tax assets	23	11
Composition of deferred tax and changes in deferred tax		
Deferred tax assets at January 1	11	12
Charged directly to equity	(0)	(1)
Change of deferred tax through income statement	14	(0)
Currency translation differences	(1)	(0)
Deferred tax assets at December 31	23	11

USD 44 million in valuation allowance related to deferred tax asset arising from tax losses carried forward in Norwegian entities, see [note 1](#) to the group financial statements for additional information.

Note 4. Investment in subsidiaries

USD million	Business office	Voting share/ ownership share	Book value 2022	Book value 2021
Wallenius Wilhelmsen Ocean Holding AS	Lysaker, Norway	100%	1,267	1,267
Wallenius Wilhelmsen International Holding AS	Lysaker, Norway	100%	1,116	1,116
ARC Group Holding AS	Lysaker, Norway	100%	200	200
Wallenius Wilhelmsen Solutions Holding AS	Lysaker, Norway	100%	383	343
Total investments in subsidiaries			2,966	2,926

Investments in subsidiaries are initially measured at cost. Where a reduction in the value of shares in subsidiaries is considered to be permanent and significant, an impairment to net realizable value is recognized.

Note 5. Equity

USD million	Share capital	Own shares	Total paid-in capital	Other paid-in capital	Retained earnings	Total
Change in equity						
Equity at December 31, 2021	28	(0)	28	1,079	1,628	2,735
Profit for the year	-	-	-	-	27	27
Other comprehensive income for the year	-	-	-	-	1	1
Total comprehensive income	-	-	-	-	28	28
Sale of own shares	-	0	0	-	1	1
Dividend to owners of the parent	-	-	-	-	(63)	(63)
Group contribution given	-	-	-	-	-	-
Equity at December 31, 2022	28	(0)	28	1,079	1,594	2,701
Equity at December 31, 2020						
Equity at December 31, 2020	28	(0)	28	1,079	1,614	2,721
Profit for the year	-	-	-	-	(37)	(37)
Other comprehensive income for the year	-	-	-	-	2	2
Total comprehensive income	-	-	-	-	(35)	(35)
Sale of own shares	-	0	0	-	0	0
Group contribution given	-	-	-	-	49	49
Equity at December 31, 2021	28	(0)	28	1,079	1,628	2,735

The company's number of shares is as follows:	Dec 31, 2022	Dec 31, 2021
Total number of shares	423,104,938	423,104,938
Own shares	586,119	700,883

Nominal share value of NOK 0.52 each.

Own shares are meant to cover management's share incentive program and the employee share purchase program financially supported by "The Foundation for WW Group employees." When any of the programs are exercised, there will be a reduction of own shares and the price paid in excess of the nominal value of the shares increases retained earnings.

The largest shareholders at December 31, 2022

Shareholders	Notes	Number of shares	Percent of shares
Wilh. Wilhelmsen Holding ASA	10	160,210,000	37.87%
Skandinaviska Enskilda Banken AB	10	160,000,000	37.82%
Folketrygdfondet		9,711,845	2.30%
Clearstream Banking S.A.		3,481,038	0.82%
Verdipapirfondet Storebrand Norge		3,158,404	0.75%
Verdipapirfondet Alfred Berg Gamba		2,951,964	0.70%
State Street Bank And Trust Comp		2,829,858	0.67%
J.P. Morgan SE		2,316,499	0.55%
JPMorgan Chase Bank, N.A., London		2,071,650	0.49%
The Bank Of New York Mellon SA/NV		2,056,818	0.49%
Other		74,316,862	17.56%
Total number of shares		423,104,938	100.00%

Note 6. Employee retirement obligations

Description of the pension scheme

In order to reduce the company's exposure to certain risks associated with defined benefit plans, such as longevity, inflation, effects of compensation increases, the company regularly reviews and continuously improves the design of its post-employment defined benefit plans. Until December 31, 2014, the company provided both defined benefit pension plans and defined contribution pension plans.

The remaining pension obligation is related to some employees in the company's senior executive management. These obligations are mainly covered via company annuity policies in Storebrand.

Pension costs and obligations includes payroll taxes. No provision has been made for payroll tax in pension plans where the plan assets exceed the plan obligations.

The liability recognized in the balance sheet in respect of the remaining defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Number of people covered by pension schemes at December 31	2022	2021
In retirement (inclusive disability pensions)	508	535
Total number of people covered by pension schemes	508	535

Financial assumptions applied for the valuation of liabilities	2022	2021
Discount rate	3.6%	1.8%
Anticipated pay regulation	3.5%	2.3%
Anticipated regulation of National Insurance base amount (G)	3.5%	2.3%
Anticipated regulation of pensions	1.7%	0.1%

Anticipated pay regulation are business sector specific, influenced by composition of employees under the plans. Anticipated increase in G is tied up to the anticipated pay regulations. Anticipated regulation of pensions is determined by the difference between return on assets and the hurdle rate.

USD thousand	2022	2021
Pension expenses		
Current service cost	-	290
Interest expense on defined benefit obligation	415	516
Interest income on plan assets	-	(22)
Net pension expenses	415	783
Remeasurements – Other comprehensive income		
Effect of changes in financial assumptions	496	460
Effect of experience adjustments	669	3,690
Return on plan assets (excluding interest income)	-	(1,323)
Total remeasurements included in OCI	1,164	2,827
Tax effect of pension OCI	(256)	(670)
Net remeasurement in OCI	908	2,157
USD thousand	2022	2021
Pension obligations		
Defined benefit obligations at January 1	26,990	33,675
Current service cost	-	290
Interest expense	415	516
Benefit payments from employer	(2,025)	(2,466)
Remeasurements – change in assumptions	(496)	(460)
Remeasurements – experience adjustments	(669)	(3,690)
Effect of changes in foreign exchange rates	(2,852)	(874)
Pension obligations at December 31	21,363	26,990
Gross pension assets		
Fair value of plan assets at January 1	-	1,355
Interest income	-	22
Employer contributions	-	-
Return on plan assets (excluding interest income)	-	(1,340)
Effect of changes in foreign exchange rates	-	(37)
Gross pension assets at December 31	-	-
Total pension obligations		
Defined benefit obligations	21,363	26,990
Net pension liabilities	21,363	26,990

Payments from operations are estimated at USD 1.8 million in 2023 (2022: USD 2.3 million).

Note 7. Interest-bearing debt

USD million	Notes	2022	2021
Interest-bearing debt			
Bonds		529	582
Repayment schedule for interest-bearing debt			
Due in year 1	9	-	133
Due in year 2		203	-
Due in year 3		-	227
Due in year 4		203	-
Due in year 5 and later		127	227
Total interest-bearing debt repayable		534	587
Amortized financing costs		(4)	(6)
Book value interest-bearing debt		529	582

As of December 31, 2022, weighted average interest rate on interest-bearing debt is 8.07 percent.

Reconciliation of liabilities arising from financing activities

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Total financing activities
Net debt at December 31, 2021	449	133	582
Cash flows (proceeds) from loans and bonds	142	-	142
Cash flow (repayments) from loans and bonds	-	(133)	(133)
Foreign exchange movement	(63)	(4)	(67)
Other non-cash movements	1	4	5
Net debt at December 31, 2022	529	0	529

Note 8. Financial risk

The company has exposure to the following financial risks from its operations:

- Market risk
 - Foreign exchange rate risk
 - Interest rate risk
- Credit risk
- Liquidity risk

The financial risk management program of the group, and by extension the company, focuses on the unpredictability of financial markets and seek to minimize the potential adverse effects on the group's financial performance. Derivative financial instruments are used to hedge certain exposures.

Identification, evaluation and hedging of financial risk is carried out by the central treasury department under policies approved by the board of directors.

Separate policies have not been established for the parent company for the market risks. As a consequence, financial derivatives part of the group's economic hedging strategies, can be held by the company and included in the parent company's financial statements without any direct economic hedging effect for the parent company. Hedge accounting has not been applied for these economic hedges. Any change in market value of economic hedge derivatives is therefore recognized in the income statement.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's profit or the value of its holdings of financial instruments. The sensitivity analyses in the sections below relate to the position of financial instruments at December 31, 2022. It is assumed that the sensitivities have a symmetric impact, i.e., an increase in rates result in the same absolute movement as a decrease in rates.

Foreign exchange rate risk

The company is exposed to currency risk on revenues and costs in non-functional currencies (transaction (cash flow) risk) and balance sheet items denominated in currencies other than USD (translation risk). The company's largest individual foreign exchange exposure is NOK against USD.

Various financial derivatives, such as forwards, options and cross-currency (basis) swaps are used to hedge this exposure. Key aspects of the currency hedging policy are:

- Net cash flows in other significant currencies than USD can be hedged using a layered model with up to a 36-month horizon
- Significant capital commitments or divestments in other currencies than USD are hedged
- Balance sheet exposure in currencies other than USD shall in general be hedged. The group will in each case, however, consider e.g., the asset-liability match and the currency of any related cash flow.

Economic hedging of transaction risk

The group has an economic hedging program for CNY, NOK and SEK exposures in place as of both year-ends 2022 and 2021.

The portfolio of derivatives used to economically hedge the group's transaction risk exhibit the following income statement sensitivity:

USD million

Income statement sensitivities of economic hedge program

Change in exchange rate levels	(20%)	(10%)	0%	10%	20%
Transaction risk					
USD/NOK spot rate	7.87	8.85	9.84	10.82	11.81
Income statement effect (post tax)	3	1	-	(1)	(3)
USD/SEK spot rate	8.32	9.36	10.40	11.44	12.48
Income statement effect (post tax)	2	1	-	(1)	(2)
USD/CNY spot rate	5.51	6.20	6.89	7.58	8.27
Income statement effect (post tax)	-	-	-	-	-

(Tax rate used is 22 percent, which equals the corporate tax rate in Norway)

Economic hedging of translation risk

The company has outstanding NOK-denominated bonds of about NOK 5.25 billion (USD 533 million). The corresponding amount was NOK 4.6 billion (USD 517 million) for 2021. All of this debt (NOK 5.25 billion) has been economically hedged against USD with cross-currency swaps.

FX sensitivities

The company monitors the net exposure and calculates sensitivities on a regular basis, based on average market volatility per currency cross. Sensitivities showing a potential accounting effect below USD 2 million are considered non-material. On December 31, 2022, there were no material FX sensitivities. All changes in the fair value of financial derivatives are recognized in the income statement. Equity sensitivities will therefore equal sensitivities in the income statement.

Interest rate risk

The group, of which the company is a part, seeks to economically hedge between 20-80 percent of the average net interest rate exposure over the next five years, predominantly through interest rate swaps and fixed rate loans.

Interest rate hedges held by the company corresponded to about 10 percent (2021: about 15 percent) of its average net interest exposure at December 31. It should be noted that hedge levels are considered at a group level. As such hedge levels for the company can be higher or lower than group policy while still being within policy.

USD million	2022	2021
Maturity schedule economic interest rate hedges (nominal amounts)		
Due in year 2	150	0
Due in year 3	0	150
Total economic interest rate hedges	150	150

As of December 31, 2022, the company did not hold any forward starting swaps (2021: nil).

The average remaining term of the existing loan portfolio is about 2.9 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 1.2 years.

Interest rate sensitivities

The company's interest rate risk originates from differences in duration and amount between interest-bearing assets and interest-bearing liabilities. On the asset side, bank deposits are subject to risk from changes in the general level of interest rates, primarily in USD. On the liability side, the mix of debt and issued bonds with attached fixed or floating coupons – in combination with financial derivatives on interest rates (plain vanilla interest rates swaps) – are exposed to changes in the level and curvature of interest rates. The group uses the weighted average duration of interest-bearing assets, liabilities and financial interest rate derivatives to compute the group's sensitivity towards changes in interest rates. The below table summarizes the interest rate sensitivity towards the fair value of assets and liabilities:

USD million	(2%)	(1%)	0%	1%	2%
Fair value sensitivities of interest rate risk					
Estimated change in fair value (post tax)	-	-	-	-	-

(Tax rate used is 22 percent, which equals the corporate tax rate in Norway)

Apart from the fair value sensitivity calculation based on the group's net duration, the group has cash flow risk exposure stemming from the risk of increased future interest payments on the unhedged part of the group's interest-bearing debt.

Changes in fair value of financial derivatives are recognized in the income statement.

USD million	Assets		Liabilities	
	2022	2021	2022	2021
Interest rate derivatives	-	-	-	7
Derivatives used for economic cash flow hedging	3	-	1	-
Derivatives used for economic translation risk hedging (basis swaps)	-	72	1	7
Total market value of derivatives	3	72	2	14

Book value equals market value.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and originates primarily from the company's customer receivables, financial derivatives used to economically hedge interest rate risk or foreign exchange risk, as well as bank deposits.

Cash and cash equivalents

The company's exposure to credit risk on cash and cash equivalents is considered to be very limited as the company maintains banking relationships with well reputed and familiar banks. In addition, the group – of which the company is a part – in most instances – has a net debt position towards these banks.

Financial derivatives

The company's exposure to credit risk on its financial derivatives is considered to be limited as the group's counterparties are well reputed and familiar banks.

Guarantees

The company has provided a parent company guarantee towards the banks involved in the financing of Wallenius Wilhelmsen Ocean.

Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

USD million	Notes	2022	2021
Exposure to credit risk			
Other non-current assets from group companies	9	127	314
Financial derivatives asset	9	3	2
Receivables from group companies	9	157	137
Other current receivables	9	2	-
Cash and cash equivalents		21	-
Total exposure to credit risk		309	453

Book value equals market value.

Liquidity risk

The company's approach to managing liquidity is to secure that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company regularly issues NOK debt in the Norwegian bond market, with proceeds swapped into USD via cross-currency swaps at the time of each issue. If the USD/NOK exchange rate increases above certain thresholds from the rate at the time of issue, the company will need to post cash collateral with the counterparties based on the mark-to-market value above the threshold. The cash collateral is released back to the company if the USD/NOK exchange rate decreases. As of December 31, 2022, the group had posted USD 2 million in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds. The cash collateral is recognized in Other current assets in the balance sheet.

The company's liquidity risk is considered low in that it holds significant liquid assets. At December 31, the company had USD 211 million (2021: USD 74 million) in liquid assets which can be realized over a three-day period.

Undiscounted cash flows financial liabilities

USD million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2022			
Bonds	62	261	397
Financial derivatives	(3)	-	-
Total interest-bearing debt	60	261	397
Current liabilities (excluding next year's instalment on interest-bearing debt and financial derivatives)	24	-	-
Total gross undiscounted cash flows financial liabilities at December 31	84	261	397

USD million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2021			
Bonds	174	33	505
Financial derivatives	4	5	1
Total interest-bearing debt	177	37	506
Current liabilities (excluding next year's instalment on interest-bearing debt and financial derivatives)	12	-	-
Total gross undiscounted cash flows financial liabilities at December 31	189	37	506

Interest expenses on interest-bearing debt included above have been computed using interest rate curves as of year-end.

Covenants

The main covenant on the company's bond debt is limitation on the ability to pledge assets. As of the balance date, the group is in compliance with all financial and non-financial covenants.

Fair value estimation

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market (over-the-counter contracts) are based on third party quotes.

These quotes use the maximum number of observable market rates for price discovery. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value and
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in an option premium

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Interest-bearing debt

USD million	Fair value	Book value
2022		
Bonds	543	529
Total interest-bearing liabilities at December 31	543	529

USD million	Fair value	Book value
2021		
Bonds	604	582
Total interest-bearing liabilities at December 31	604	582

All interest-bearing liabilities are considered to be level 3 in the fair value hierarchy.

Fair value hierarchy

USD million	Level 2	Total balance
2022		
Financial assets at fair value through income statement		
- Financial derivatives	3	3
Total assets at December 31	3	3
Financial liabilities at fair value through income statement		
- Financial derivatives	72	72
Total liabilities at December 31	72	72

USD million	Level 2	Total balance
2021		
Financial assets at fair value through income statement		
- Financial derivatives	2	2
Total assets at December 31	2	2
Financial liabilities at fair value through income statement		
- Financial derivatives	14	14
Total liabilities at December 31	14	14

The fair value of financial instruments not traded in an active market are based on third-party quotes (mark-to-market). These quotes use the maximum number of observable market rates for price discovery.

The different valuation techniques typically applied by financial counterparties (banks) are described above. These instruments – currency and interest rate derivatives – are included in level 2.

See [note 17](#) to the group financial statements for further information on financial risk.

Financial instruments by category

USD million	Assets at amortized cost	Assets at fair value through the income statement	Total
2022			
Assets			
Other non-current assets	127	-	127
Financial derivatives	3	-	3
Other current assets	159	-	159
Cash and cash equivalents	21	-	21
Assets at December 31	309	-	309

USD million	Liabilities at fair value through the income statement	Other financial liabilities at amortized cost	Total
2022			
Liabilities			
Non-current interest-bearing debt	-	529	529
Financial derivatives	72	-	72
Other current liabilities	-	24	24
Liabilities at December 31	72	553	625

USD million	Assets at amortized cost	Assets at fair value through the income statement	Total
2021			
Assets			
Other non-current assets	314	-	314
Financial derivatives	2	-	2
Other current assets	137	-	137
Cash and cash equivalents	-	-	-
Assets at December 31	453	-	453

USD million	Liabilities at fair value through the income statement	Other financial liabilities at amortized cost	Total
2021			
Liabilities			
Non-current interest-bearing debt	-	449	449
Financial derivatives	14	-	14
Other non-current liabilities	-	19	19
Current interest-bearing debt	-	133	133
Other current liabilities	-	12	12
Liabilities at December 31	14	612	627

Note 9. Specification of balance sheet

USD million	Notes	2022	2021
Other non-current assets			
Other non-current assets from group companies	10	127	314
Financial derivatives		3	1
Total other non-current assets		130	314
Other current assets			
Receivables from group companies	10	207	137
Financial derivatives		-	1
Other current receivables		2	0
Total other current assets		209	138
Other current liabilities			
Account payables		0	0
Payables to group companies	10	4	0
Next year's instalment on interest-bearing debt	7	-	133
Financial derivatives		0	7
Other current liabilities		20	11
Total other current liabilities		24	151

The fair value of current receivables and payables is virtually the same as the carried amount, since the effect of discounting is insignificant.

Note 10. Transactions with related party

The two main shareholders of Wallenius Wilhelmsen ASA are Walleniusrederierna AB, with an ownership of 37.8 percent, and Wilh. Wilhelmsen Holding ASA with 37.9 percent of the shares each. The Wilhelmsen family controls Wilh. Wilhelmsen Holding ASA through Tallyman AS, and the Wallenius Kleberg family controls Walleniusrederierna AB through Rederi AB Soya (Soya group).

For participation in the board of directors, Thomas Wilhelmsen received USD 59 thousand and Jonas Kleberg USD 57 thousand. In addition, Jonas Kleberg received USD seven thousand for participation in the nomination committee.

See [note 2](#) regarding fees to board of directors, [note 5](#) regarding ownership and separate remuneration report for further details.

The company has undertaken several transactions with related parties within the Wilh. Wilhelmsen Holding group (WWH group). All transactions are entered into in the ordinary course of business of the company.

WWH delivers services to the company related to inter alia human resources (“Shared Services”) and in-house services such as canteen, post, switchboard and rent of office facilities. Generally, Shared Services are priced using a cost plus five percent margin calculation, in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually.

USD million	Notes	2022	2021
Income statement			
Operating expenses to subsidiaries	1	(6)	(7)
Dividend from subsidiaries and group contribution	1	67	1
Other financial income from subsidiaries		21	16
Financial expenses to subsidiaries		(0)	(0)

USD million	Notes	2022	2021
Balance sheet			
Non-current assets from subsidiaries	9	127	314
Current receivables from subsidiaries	9	207	137
Non-current liabilities to subsidiaries		-	19
Current payables to subsidiaries	9	4	0

Note 11. Events after the balance sheet date

In January 2023, Wallenius Wilhelmsen ASA signed a new USD 100 million revolving credit facility to be available for collateral postings related to cross-currency swaps. The facility is secured by five sailing vessels that were previously unencumbered.

In February, the board proposed an ordinary dividend of USD 0.85 per share to the annual general meeting on April 26, 2023, with USD 0.51 to be payable in May 2023 and USD 0.34 to be payable in November 2023. The dividend is declared in USD and paid in NOK. The total proposed dividend amounts to USD 360 million, representing 45 percent of profit after tax for 2022.



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Sustainability statements

Through our sustainability reporting, we communicate our performance and impacts on a wide range of sustainability topics such as people, planet, prosperity and principles of governance.

The sustainability statements specifically provide overviews of our sustainability performance data, GRI, SASB indices, TCFD indices and EU Taxonomy reporting.

Sustainability Performance Data

KPI & Description	2022	2021	2020	2019
Planet				
GHG emissions				
CO ₂ e intensity from Shipping services, gCO ₂ e / tonne km (EEOI)	30.38	33.50	33.51	33.33
Total Scope 1 emissions, tonne CO ₂ e	4,546,703	4,591,612	3,772,582	4,695,394
-Shipping	4,518,404	4,585,392	3,764,260	4,687,389
-Logistics	28,299 ¹	7,654	8,322	8,005
Total Scope 2 emissions, tonne CO ₂ e	4,241	5,879	6,166	6,611
-Shipping ²	-	-	-	-
-Logistics	4,241	5,879	6,166	6,611
Total Scope 3 emissions, tonne CO ₂ e	1,575,000	1,540,000	1,487,000	-
Energy use				
Total electrical consumption, Logistics services, in megawatt hours	13,854	14,023	15,209	16,094
Total energy consumed in terajoule (TJ), Shipping services	59,385	5,997,600	4,891,150	-
Percentage heavy fuel oil, Shipping services	19,1%	18%	11%	-
Percentage renewable, Shipping services	-	-	-	-
Air Quality				
Average sulphur content of fuel, Shipping services, percentage	0.39	0.37	0.38	2.06
Total SO _x emissions of fleet under group control, in tonnes	11,084	10,645	8,945	60,989
Relative NO _x emissions from owned fleet (as an average of International Air Pollution Prevention certification values)	13.47	13.57	13.63	13.64
Biodiversity				
Total number of significant spills (> 20 litres), Shipping services	1	1	-	1
Number of spills or discharges reported to authorities, Logistics services	16	10	2	1
Percentage of owned fleet enrolled in hull fouling management programme	100	100	100	100
Percentage of owned fleet complying with ballast water exchange; and	17	24 ³	52	-
Percentage of owned fleet with ballast water treatment system installed	83	76	48	-
Waste management				
Total waste landed to shore reception facilities (owned fleet) in cbm's	7,177	7,368	6,532	4,931
Average amount of waste landed to shore reception per vessel (owned fleet) in cbm's	86.5	85.7	82.0	64.8
Food waste discharged to sea, in cbm's	529	469	472	388
Average amount of food waste discharged to sea, per vessel, in cbm's	6.37	4.50	5.5	5.1
Waste sent to landfills, generated from Logistics services, in tonnes	4,385	4,856	4,538	5,843
Water consumption				

¹ The increase in Logisitic's scope 1 CO₂e emissions from 2021 to 2022 is due to the inclusion of emissions from our landbased trucking operations, Keen.

² We do currently not disclose scope 2 emissions from offices.

³ This data has been corrected compared to 2021 performance presented in annual report 2021

KPI & Description	2022	2021	2020	2019
Water consumption in areas with high or extremely high water stress, in mega liters	19.0	-	-	-
People				
Diversity, Equity and Inclusion				
Total number of employees, without consultants/contractors	7,456 ⁴	7,509	8,665	9,397
- EMEA	1,635	1,732	1,815	2,044
- America	5,043	4,774	5,934	5,948
- Asia	530	753	-	-
- Oceania	248	250	-	-
- External Consultants or contractors	1,419	771	-	-
Gender balance, all employees, M:F	75:25	75:25	-	-
Gender balance, office workers, M:F	58:42	61:39	59:41	60:40
Gender balance, production workers, M:F	82:18	81:19	-	-
Gender balance of office workers in senior roles, M:F	78:22	79:21	81:19	-
Number of females in senior roles	59	54	50	-
Earnings ratio, percentage Women:Men				
- Sweden	101	101	-	-
- Norway	93	98	-	-
- Korea	95	80	-	-
- USA	95	87	-	-
Overall score from employee engagement survey	7.4	-	-	-
Diversity score from employee engagement survey, (score 1-8)	8.0	7.9	7,6	-
Health, Safety & Wellbeing				
Work related fatalities	-	1.00	-	1.00
Number of marine casualties, percentage classified as very serious	-	-	-	-
Lost Time Incident Frequency, Shipping services	0.38	0.88	0.99	0.73
Lost Time Incident Frequency, Logistics services	15.76	15.15	13.99	15.79
Port state controls				
Number of port state control detentions	-	-	-	-
Average number of deficiencies per vessel inspection, Shipping ⁵	0.78	0.73	1.00	-
Number of road accidents and incidents, road transport	3	6	3	-
Safety Measurement System BASIC percentiles for				
1) unsafe driving	3	2	0	-
2) hours of service compliance	22	0	0	-
3) Driver fitness	0	0	0	-
4) Controlled substances/alcohol	0	0	0	-
5) vehicle maintenance	23	25	24	-
6) Hazardous Materials Compliance; road transport	0 ⁶	0 ⁶	0	-
Annual retention rate of Shipping crew	0.99	0.97	0.97	0.95

⁴ Not including consultants

⁵ Target is <1

⁶ Updated from n/a to 0 in 2021 and 2022

KPI & Description	2022	2021	2020	2019
Absenteeism, Logistics services (days away due to illness per hours worked)	2.52%	2.35%	2.55%	3.00%
Training & development				
Office workers invited to take a performance dialog	1.00	1.00	1.00	1.00
Human and Labor rights				
Number and % of retired vessels recycled according to responsible recycling policy	0; 0%	2 ⁷ ; 100%	2; 100%	-
Principles of governance				
Ethical business conduct				
Number of cases which group companies were found in breach of international sanction laws and regulations	-	-	-	-
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International Corruption Perception Index	12	23	11	-
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	-	-	-	-
Governance body members and employees the organization's anti-corruption policies and procedures have been communicated to, %	100	80	-	-
Incidents of corruption confirmed during the current year, related to this year	-	-	-	-
Incidents of corruption confirmed during the current year, but related to previous years	-	-	-	-
Total number of cases reported to AlertLine	85	21		
- HR related cases	39	12		
- Safety-related cases	3	3		
- Performance and or compensation related cases	23	5		
- Compliance related cases	12	1		
- Human rights and labor-related cases	-	-		
- Conflict of interest related cases	8	-		
Security				
Cyber security, % up-time of essential systems ⁸	99.9	-	-	-
Cyber security, Number of days where expected uptime of essential systems is met or exceeded ⁸	354	-	-	-
Number of incidents of security breaches or theft, Logistics services	12	3	-	1
Number of security breaches on board company owned vessels	5	6	2	3
Number of substantiated breaches of customer privacy and data security	-	-		
Number of substantiated breaches of employee privacy and data security	-	-	-	4.00

⁷ Number of recycled vessels updated from 1 to 2

⁸ New metric for 2022

KPI & Description	2022	2021	2020	2019
Prosperity				
Quality				
Customer Satisfaction ⁹				
Q2	4.0	-	-	-
Q4	3.8	-	-	-
Tax practices				
Number of tax incentives or special tax agreements with authorities	1 ¹⁰	1	1	1

⁹ New disclosure for 2022, no data for previous years. The survey is completed two times a year, in Q2 and Q4

¹⁰ In 2022, Wallenius Wilhelmsen had 1 (one) tax incentive, compared to 1 (one) in 2021. The relevant tax incentive is related to our International Business Center (IBC) in Thailand, whereas we are taxed at a 8 percent corporate income tax rate instead of the regular 20 percent.

EU Taxonomy reporting

The EU Taxonomy is a green classification system that translates the EU's sustainability goals into criteria for specific economic activities. The purpose of the regulation is to:

1. reorient capital flows towards sustainable investments,
2. systematically integrate sustainability into risk management, and
3. promote transparency in economic and financial operations by defining sustainable activities through a "common language"

In 2021 we reported on our activities that were considered eligible according to the requirements specified by the EU Taxonomy reporting framework. Norwegian companies are not required to report on taxonomy alignment for 2022. We are working towards reporting on the alignment criteria and below is the result of our current assessment.

The group's activities are linked to the boundaries of the reporting entity as defined by IFRS and described in the group financial statements.

The below table shows the total Revenue, OPEX and CAPEX for the Wallenius Wilhelmsen group, and the estimated proportion of which is considered eligible and non-eligible under the EU Taxonomy regulation.

The majority of our activities are classified as eligible under the economic activity "Sea and coastal freight water transport, vessels for port operations and auxiliary activities included." This includes all activity in our shipping and government services segments, as all core and most ancillary activities in the segments are related to international ocean movement of RoRo cargo.

We also have eligible activities related to "Freight transport services by road." This includes the Inland Transportation sub-segment, where we transport RoRo cargo on land, as part of our logistics services operation.

Economic activities, 2022	Revenue		OPEX		CAPEX	
	USDm	%	USDm	%	USDm	%
Taxonomy-eligible activities	4,425	88%	2,948	84%	79	77%
Sea and coastal freight water transport, vessels for port operations and auxiliary activities (6.10)	4,243	84%	2,779	79%	73	70%
Freight transport services by road (6.6)	182	4%	168	5%	6	6%
Taxonomy non-eligible activities	620	12%	549	16%	24	23%
Other activities (e.g. terminal operations and technical services)	620	12%	549	16%	24	23%
Total	5,045	100%	3,497	100%	103	100%

Compliance with Do No Significant Harm (DNSH) criteria

To make a substantial contribution to climate change mitigation, the eligible economic activities must meet the technical screening criteria described in the Taxonomy. In order to be aligned they must also comply with the criteria for determining if the activity causes no significant harm to any of the other environmental objectives.

Our shipping services meet the DNSH criteria for all environmental objectives by complying with relevant EU and IMO regulations and are not dedicated to the transportation of fossil fuels.

Our road freight activities meets the DNSH criteria for all environmental objectives as long as they have performed a climate risk and vulnerability assessment, meet the criteria for reusable or recyclable parts and use tires which comply with external noise requirements.

None of our eligible economic activities meets the substantial contribution criteria described in the Taxonomy, however, we have no reason to believe that they do not meet the DNSH criteria.

Compliance with minimum safeguards

Our activities are carried out in compliance with the minimum safeguards. Please refer to the following sections for further information:

- **Human rights:** The section on human rights in the People chapter describes our approach to human rights. Our due diligence process is guided by the UNGP and the OECD Guidelines for Multinational Enterprises.
- **For fair competition and bribery and corruption:** Refer to the Principles of governance chapter.
- **For taxation:** Refer to the Tax practices section in the Prosperity chapter and note 7 in the financial statements.

We recognize that the EU Taxonomy Regulation is in the process of being developed and implemented. We will continue to assess its impact on our operations and our future reporting obligations. We have used our best judgment in interpreting the requirements as they are currently available and as the regulation evolves and becomes clearer, this may amend the initial classification.

GRI Index

Global Reporting Initiative (GRI) is a independent international standards organization 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.

Wallenius Wilhelmsen ASA has reported in accordance with the GRI Standards for the period 01.01.2022 - 31.12.2022.

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

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General Discussions	2-1 Organizational details	a. Wallenius Wilhelmsen ASA b. Principles of governance (p. 91) c. Strandveien 20, 1366 Lysaker, Norway d. Wallenius Wilhelmsen at a glance (p. 5)	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	Wallenius Wilhelmsen at a glance (p. 5) Principles of governance (p. 91) About the report (p. 3)			
	2-3 Reporting period, frequency and contact point	Period: Jan 1, 2021- Dec 30, 2022 Frequency: Yearly Contact point: Anette.Ronnov@walwil.com			
	2-4 Restatements of information	As notes throughout the report. No material restatements in this year's report.			
	2-5 External assurance	No, consistency check by financial auditor only			
	2-6 Activities, value chain and other business relationships	Wallenius Wilhelmsen at a glance (p. 5) Throughout Prosperity chapter (p. 77)			
	2-7 Employees	Sustainability performance data (p. 215) People (p. 45)			
	2-8 Workers who are not employees	Sustainability performance data (p. 215)			
	2-9 Governance structure and composition	Wallenius Wilhelmsen at a glance (p. 5) Principles of governance (p. 91)			
	2-10 Nomination and selection of the highest governance body	Principles of governance, Nomination Committee (p. 99)			
	2-11 Chair of the highest governance body	Board of directors (p. 18) Chair of the board, independent			
	2-12 Role of the highest governance body in overseeing the management of impacts	Principles of governance; Board responsibility and work (p. 101) The Chief Sustainability Officer (CSO) is responsible for sustainability on a group level.			

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Requirement(s) omitted	Omission	
				Reason	Explanation
GRI 2: General Discussions	2-13 Delegation of responsibility for managing impacts	Principles of governance; Board responsibility and work (p. 101)			
	2-14 Role of the highest governance body in sustainability reporting	The board reviews and approves the annual report, including the sustainability sections, Board responsibility and work (p. 101)			
	2-15 Conflicts of interest	Principles of governance; Nomination Committee (p. 99), Board of Directors - composition and independence (p. 100), Board responsibility and work (p. 101)			
	2-16 Communication of critical concerns	Board responsibility and work (p. 101) No material new topics or concerns were identified related to the sustainability reporting in 2022.			
	2-17 Collective knowledge of the highest governance body	All board members were invite to complete our Sustainability training which is mandatory for all employees.			
	2-18 Evaluation of the performance of the highest governance body	Principles of governance; Board responsibility and work (p. 101)			
	2-19 Remuneration policies	Principles of governance; Remuneration of the Board of Directors (p. 103), Salary and other remuneration for executive personnel (p. 106)			
	2-20 Process to determine remuneration	Principles of governance; Remuneration of the Board of Directors (p. 103), Salary and other remuneration for executive personnel (p. 106)			
	2-21 Annual total compensation ratio	People (p. 45)	Fully	Information unavailable/incomplete	We currently only track compensation ratio for women compared to men
	2-22 Statement on sustainable development strategy	Words from CEO (p. 21)			
	2-23 Policy commitments	People, Human and labor rights (p. 52) Principles of governance; Governance in partly-owned companies (p. 103) Relevant policies are available one our webpage. Policies are communicated in on-boarding, trainings, and on the intranet			
	2-24 Embedding policy commitments	Refer to descriptions in specific policies for responsible business which are available on our homepage: https://www.walleniuswilhelmsen.com/who-we-are/sustainability People, Training and development (p. 59)			
	2-25 Processes to remediate negative impacts	Described in the section "Why is it important" on the People, Planet, Prosperity and Principles of governance chapters			
	2-26 Mechanisms for seeking advice and raising concerns	People, Human and labor rights (p. 52) We have an open AlertLine which is a confidential service that you can access from any location. Reports may be made on either an anonymous or named basis. This website is hosted by an independent third party. You can access it and read more about our AlertLine on our webpage at: https://www.walleniuswilhelmsen.com/who-we-are/governance			
	2-27 Compliance with laws and regulations	Principles of governance (p. 91)			

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Requirement(s) omitted	Omission	
				Reason	Explanation
GRI 2: General Discussions	2-28 Member- ship associations	In addition to the above: The Ocean Exchange, Norwegian Shipping Association, World Shipping Council, Maritime Anti Corruption Network (MACN), National Association of Waterfront Employers, Norwegian Shipowners' Association, Norwegian Sea Law Association, The Association of European Vehicle Logistics (ECG), American Association of Port Authorities, National Freight Transportation Association			
	2-29 Approach to stakeholder engagement	We carry out regular stakeholder engagement through multiple means including sector specific initiatives and working groups. In 2022, we engaged with customers on sustainability topics through Drive Sustainability, as well as one-on-one engagements with targeted customers on vessel recycling and supply chains. We also engaged several shareholders on climate change and sustainability topics. However, no specific stakeholder engagement was carried out in 2022 related to our report preparation process.			
	2-30 Collec- tive bargaining agreements	Pension obligations (p. 160) Note 15, Employee retirement plans (p. 159)			

Material topics

GRI 3: Material Topics 202	3-1 Process to determine mate- rial topics	About the report (p. 3) Principles of governance (p. 94)			
	3-2 List of mate- rial topics	<ol style="list-style-type: none"> 1. Green House Gas (GHG) emissions and climate risk 2. biodiversity 3. air quality and waste management 4. health, safety & well-being 5. human and labor rights 6. diversity, equity, inclusion 7. training & development; 8. innovation 9. quality of service 10. sustainable consumption 11. sustainable supply chain management 12. tax practices 13. ethical business conduct 14. security, privacy and data 15. sustainable finance 16. emergency preparedness 			A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.

Anti-corruption

GRI 3: Material Topics 2021	3-3 Management of material topics	Principles of governance (p. 91)			
GRI 205: Anti-corruption 2016	205-1 Opera- tions assessed for risks related to corruption	Zero			
	205-2 Commu- nication and training about anti-corruption policies and procedures	All employees, senior management and Board are required to complete Code of Conduct training			
	205-3 Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption in 2022			

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Requirement(s) omitted	Omission	
				Reason	Explanation
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	Principles of governance (p. 91)			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3 class action processes Settlements related to civil claims not included here			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	Prosperity (p. 77)			
GRI 207: Tax 2019	207-1 Approach to tax	Prosperity, section on Tax practices (p. 89)	We do not have a publicly available tax strategy. Corporate tax affairs are the chief financial officer's responsibility and extend to all jurisdictions where the company operates. The tax position taken in all significant transactions is supported by obtaining an external opinion.		
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Planet, Greenhouse gas emissions (GHG) and climate risk (p. 62)			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability performance data (p. 215)			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	Water consumption and classification of water use in water scarce areas to be included in EMS risk process			
	303-5 Water consumption	Planet, Water Consumption (p. 73)			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Planet (p. 61)			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Planet (p. 61)			
	305-2 Energy indirect (Scope 2) GHG emissions	Planet (p. 61)			
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability performance data (p. 215)			
	305-4 GHG emissions intensity	Planet (p. 61)			

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Requirement(s) omitted	Omission	
				Reason	Explanation
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Planet (p. 61)	We do not report total NO _x emissions	Information unavailable/incomplete	It is technically not possible to report on this, because we cannot measure it.

Waste

GRI 3: Material Topics 2021	3-3 Management of material topics	Planet (p. 61)			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Planet (p. 75) Sustainability performance data (p. 215)			
	306-2 Management of significant waste-related impacts			Not applicable	
	306-3 Waste generated	Planet (p. 61)	We do not currently report a breakdown by hazardous versus non-hazardous waste nor waste treatment method	Information unavailable/incomplete	This is challenging due to the global nature of our operations and variable local waste and recycling practices.

Employment

GRI 3: Material Topics 2021	3-3 Management of material topics	People (p. 45)			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	People (p. 45)	Employee turnover	Information unavailable/incomplete	We are implementing a new HR system which will be able to track global turn-over. To be completed within 2024.

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Omission		
			Requirement(s) omitted	Reason	Explanation
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	People (p. 45)			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	<p>For Shipping services, in compliance with ISM Code, and to ensure the safe operation of each ship and to provide a link between the Company and those on board, the Company has designated a person or persons ashore having direct access to the highest level of management. The responsibility and authority of the designated person(s) include monitoring the safety and pollution- prevention aspects of the operation of each ship.</p> <p>The Company has procedures, plans and instructions and checklists for key shipboard operations concerning the safety of the personnel, ship and protection of the environment. Tasks are defined and assigned to qualified personnel. The SMS includes procedures ensuring that non- conformities, accidents and hazardous situations are reported to the Company, investigated and analysed with the objective of improving safety and pollution prevention. The Company also has established procedures for the implementation of corrective action, including measures intended to prevent recurrence. The company also maintains a global Ethics Hotline so employees and stakeholders can report (confidentially if desired) concerns about health and safety issues, or any other concerns. At Logistics services, the company requires Hazard Assessments, which includes on-site hazard identification and job safety analyses. e.g. before all physical jobs there is a process to assess and discuss potential work related hazards between team members. All employees are trained in identifying potential hazards. In addition potential hazards identified are reported in the incident reporting system and must be addressed by the line manager and marked complete when they have been mitigated. Reminders are automatically sent by the system to ensure risks are addressed and results are discussed regularly at daily operations manager meetings. The company uses Systems Evaluations, weekly HSE Audits and Programme Manager Audits to ensure the quality of these processes, and system changes are identified and approved at quarterly management reviews. All workers are protected against reprisals per the SafetyFirst programme documentation, and have continual training and are aware of targets around incident reporting to ensure high levels of hazard reporting. Workers can remove themselves from hazardous situations if they deem it necessary and are protected from reprisals as stated in SafetyFirst Handbook. The company's Ethics Hotline and Issues & Opportunities Register are tools for all employees and contractors to enter HSQ risks from their mobile devices.</p>			
	403-2 Hazard identification, risk assessment, and incident investigation	At Logistics services, each site has a dedicated Health & Safety First representative, who has specialist knowledge and training to support workers at their site. Additionally, hazard identifications, hazard assessments and job safety analyses contribute to finding and eliminating hazards. Read about our global safety committee on page 49 in the Health and Safety chapter.			
	403-3 Occupational health services	People, Health, safety and wellbeing (p. 46)			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Monthly global safety meetings and weekly Safety meetings are held at all production (logistics) sites, and weekly safety topics are communicated to all safety responsables. Additionally, shift meetings follow a standardised format covering safety topics before every shift at all sites. Safety Committee members play a vital role supporting the Safety 1st culture. Safety Committees provide an opportunity for employees to use their experience to assist in promoting safe work practices and working conditions. Safety Committee members are available as a resource and point of contact to promote safe work practices. The Safety Committee Chairperson and site Operations Manager work as a team to facilitate the effective implementation of the Safety 1st Program, perform senior level reviews/evaluations, and serve as the liaison with the Safety 1st Program Manager.			

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	At Shipping services, the company complies with ISM Code Ch.6, and ensures that vessel masters are properly qualified for command; fully conversant with the Company's Safety Management System; and given the necessary support so that the master's duties can be safely performed. We ensure that each ship is manned with qualified, certificated and medically fit seafarers in accordance with national and international requirements; and appropriately manned in order to encompass all aspects of maintaining safe operation on board. (See the Principles of minimum safe manning, adopted by the Organization by Resolution A.1047(27). The Company also has procedures to ensure that new personnel and personnel transferred to new assignments related to safety and protection of the environment are given proper familiarization with their duties. Instructions essential to be provided prior to sailing are identified, documented and given. We ensure that all personnel involved in the Company's SMS have an adequate understanding of relevant rules, regulations, codes and guidelines. Additional procedures exist for a) identifying any training which may be required in support of the SMS to help ensure training is provided for all personnel concerned; and b) ensuring the ship's personnel receive relevant information on the SMS in a working language or languages understood by them. The Company ensures that the ship's personnel are able to communicate effectively in the execution of their duties related to the SMS. At production and logistics sites, Safety Committee members are trained in using the JSA process as it relates to all facets of our logistics operations, including the generation of a health and safety plans or risk management strategies for project work.			
	403-6 Promotion of worker health	<p>a. Logistics employees have access to two Company-sponsored services:</p> <ul style="list-style-type: none"> - Active employees are eligible to enroll into company sponsored medical plans. Employee pays a portion of cost. - All employees can participate in short-term disability insurance. The cost of this insurance is fully paid by the company. While WW uses from time to time contract staffing services, contract (Temporary) employees are not eligible for this coverage. <p>b. The company also provides an employee wellness program. These services include healthy lifestyle coaching and deep, clinically-focused condition management. Ocean crew are directly employed by ship management suppliers hired by WW. Healthcare is provided to ocean crew by ship management company and paid by WW. We also pay for additional healthcare insurance for families. The ship management companies are held responsible for implementing our Ship Operation & Management Policy and ensuring that the vessel complies with the company's HSEQC policies as well as all IMO SOLAS requirements. Our Marine Operations Management team can have vessels audited for compliance with the company's policies on fair wages and working conditions. Additionally, the company maintains a global Alert Line which crew and employees can use (confidentially, if desired) to report complaints on working conditions or any other subject.</p>			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>At Logistics services, when working with heavy equipment and products, there are often health and safety risks that may not be directly under our control. Therefore we actively communicate to business partners about our health & safety standards through our Code of Conduct for employees and suppliers, and train our employees so they can report incidents where they feel unsafe for example through our whistleblower channel. We also conduct trainings (RoRo Rodeo, etc) to show our suppliers, customers and other partners how to work safely with heavy equipment.</p> <p>For Shipping services, in compliance with ISM Code Chapter 1.2, the Company conducts internal safety audits on board and ashore at appropriate intervals to verify whether safety and pollution-prevention activities comply with the SMS. The Company also periodically verifies whether all those undertaking delegated ISM-related tasks are acting in conformity with the Company's responsibilities. The Company periodically evaluates the effectiveness of the SMS, and audits and possible corrective actions are carried out in accordance with internal procedures. Management personnel responsible for the vessel or area involved is required to take timely corrective action on deficiencies found.</p> <p>People, Health, safety and wellbeing (p. 46)</p>			

GRI standard/ other source	Disclosure	Wallenius Wilhelmsens' response	Requirement(s) omitted	Omission	
				Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	People, Health, safety and wellbeing (p. 46)	Office workers are not included in the LTI statistic and office related man-hours are not reported. the total number of hours worked are used to calculate LTIF per million man-hours. We currently do not have a breakdown by employees and contractors.	Information unavailable/incomplete	

Training and education

GRI 3: Material Topics 2021	3-3 Management of material topics	People (p. 45)			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3,5hrs			
	404-2 Programs for upgrading employee skills and transition assistance programs	All office employees are included in our GoGrowSucceed programme and are offered person development discussions with manager.			
	404-3 Percentage of employees receiving regular performance and career development reviews	People (p. 45)			

Diversity and equal opportunity

GRI 3: Material Topics 2021	3-3 Management of material topics	People (p. 45)			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	People (p. 45)			
	405-2 Ratio of basic salary and remuneration of women to men	People (p. 45)			

Customer privacy

GRI 3: Material Topics 2021	3-3 Management of material topics	Principles of governance (p. 91)			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	We have had zero privacy and data security incidents			

SASB Index

Topic	Accounting metric	Unit of measure	Data 2022	SASB code	
Greenhouse Gas Emissions	CO₂ Emissions				
	Gross global Scope 1 emissions: Financial control approach	Metric tonnes CO ₂ -e	4,518,404	TR-MT-110a.1	
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative description	Planet (p. 61)	TR-MT-110a.2	
	Energy consumed				
	Total energy consumed, shipping services	Gigajoules (GJ)	59,385,000	TR-MT-110a.3	
		Percentage of energy from heavy fuel (%)	19,1%		
		Percentage of energy from renewable/low-carbon sources (%)	0%		
	EEDI				
	Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO ₂ per tonne-nautical mile	12.8	TR-MT-110a.4	
Air Quality	Other emissions to air				
	(1) NO _x (excluding N ₂ O)	Metric tons	Data not available	TR-MT-120a.1	
	(2) SO _x	Metric tons	11,084		
	(3) particulate matter	Metric tons	Data not available		
Ecological Impacts	Marine protected areas				
	Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	Not available	TR-MT-160a.1	
	Implemented ballast water				
	(1) exchange	Percentage (%)	17%	TR-MT-160a.2	
	(2) treatment	Percentage (%)	83%		
	Spills and releases to the environment				
	(1) number	Number	1	TR-MT-160a.3	
(2) aggregate volume	Cubic meters (m ³)	0.03			
Employee Health & Safety	Lost time incident rate				
	Lost time incident rate (LTIR)	Rate	Shipping: 0.38 Logistics: 15.76	TR-MT-320a.1	
Business Ethics	Corruption index				
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	12	TR-MT-510a.1	
	Corruption				
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	\$ 0.00	TR-MT-510a.2	
Accident & Safety Management	Marine casualties				
	Incidents	Number	0	TR-MT-540a.1	
	Very serious marine casualties	Percentage (%)	0		
	Conditions of Class				
	Number of Conditions of Class or Recommendations	Number	Data not available	TR-MT-540a.2	
	Port State Control				
	(1) deficiencies	Rate	.82 average deficiencies per inspection	TR-MT-540a.3	
(2) detentions	Number	0			

TCFD Index

Theme	Recommendation	See section, page:
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	Principles of governance (p. 91), Planet (p. 61)
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Planet (p. 61)
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Planet (p. 61)
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Planet (p. 61)
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The organization will be able to make this disclosure after we start to use scenario analyses in 2022.
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	Key risk exposure (p. 42), Planet (p. 61)
	b. Describe the organization's processes for managing climate-related risks.	Planet (p. 61)
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Key risk exposure (p. 42), Planet (p. 61)
Metrics & targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Planet (p. 61)
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Planet (p. 61) for Scope 1 and Scope 2 emissions. ~2 000 000 tonnes CO ₂ e is estimated following SBTi's generic industry guidance. A comprehensive Scope 3 assessment is underway
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Planet (p. 61)



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Responsibility statement

The responsibility statement includes the board of directors and the CEO's approval of the annual report

The responsibility statement includes the board of directors and the CEO's approval of the annual report

The board of directors and the CEO approve the annual report for Wallenius Wilhelmsen ASA ("the Company") and the Wallenius Wilhelmsen Group ("the Group") for the financial year ending December 31, 2022.

We confirm, to the best of our knowledge, that as of December 31, 2022:

- The consolidated financial statements have been prepared in accordance with current applicable accounting standards and they give a true and fair view of the Company's and the Group's assets, liabilities, financial position and results
- The consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and the conditions to make that assumption are present
- The annual report meets the requirements of the Sustainability Accounting Standards Board's (SASB) Marine Transportation and Road Transportation as well as the GRI Universal Standards for sustainability reporting
- The annual report covers the requirements of the Norwegian Transparency Act regarding reporting on human rights due diligence
- The annual report meets the requirements of the Norwegian Accounting Act regarding the content of the report of the board of directors, statements of corporate governance and corporate social responsibility
- The annual report, including the message from the board, and the chapters on corporate governance and sustainability, gives a true and fair view of the development, performance and financial position of the Company and the Group, and includes a description of the key risks and uncertainties facing the Company and the Group

Lysaker, March 14, 2023

The board of directors of Wallenius Wilhelmsen ASA

Name	Method	Signed at
HANS ÅKERVALL	BANKID	2023-03-14 19:14 GMT+01
Anna Elsa Felländer	BANKID	2023-03-14 17:13 GMT+01
Kristoffersen, Lasse	BANKID_MOBILE	2023-03-14 15:27 GMT+01
Åsheim, Yngvil S Eriksson	BANKID_MOBILE	2023-03-14 15:24 GMT+01
Kerstin Margareta Alestig Johnson	BANKID	2023-03-14 15:23 GMT+01
Bjerke, Rune	BANKID	2023-03-14 20:17 GMT+01
Wilhelmsen, Thomas	BANKID_MOBILE	2023-03-14 19:58 GMT+01



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The below list maps requirements in the Norwegian Accounting Act related to the board of directors report to the relevant sections in the annual report

Norwegian Accounting Act reference	Content	Annual report chapter reference	Page reference
Section 3-3a, para. 1	Information regarding the nature and location of the business, including information on any branch offices	Wallenius Wilhelmsen at a glance Message from the board Principles of governance Group financial statements: - note 2 - note 12	5-20 25-44 91-108 132-136 155-156
Section 3-3a, para. 2	Overview of the development and results of operations and position, together with a description of the main risks and uncertainty factors facing the group and including information on research and development activities.	Words from CEO Message from the board Prosperity	21-24 25-44 77-90
Section 3-3a, para. 5	A description that provides a basis for assessing the enterprise's future outlook, including whether the results for the year agree with previously stated expectations and reasons for any discrepancy.	Message from the board	25-44
Section 3-3a, para. 6	Information regarding any financial risk that is significant to the evaluation of the company's assets, liabilities, financial position and results. This information shall include goals and strategies that have been determined for managing the financial risk, including the strategy for hedging each main type of planned transaction for which a hedging assessment has been used. An account shall be given of the enterprise's exposure to market risk, credit risk and liquidity risk.	Message from the board Principles of governance Group financial statements: - note 17	25-44 91-108 166-176
Section 3-3a, para. 7, cfr. Section 4-5	Information regarding the going concern assumption	Responsibility statement	231
Section 3-3a, para. 8	Proposal for the allocation of profit or settlement of loss	Message from the board	25-44
Section 3-3a, para. 9	Information about the work environment, along with an overview of implemented measures relevant to the working environment including information on injuries, accidents and sick leave rates.	Message from the board People	25-44 45-60
Section 3-3a, para. 10	Information shall be provided about matters relating to the business, hereunder its factor inputs and products, which may result in a not insignificant impact on the external environment. The environmental impacts each aspect of the business has or may have, as well as the measures implemented or planned implemented to prevent or reduce negative environmental impacts, shall be stated.	Message from the board Planet	25-44 61-76
Section 3-3a, para. 11	Information on whether there is insurance cover for the board members' and CEO's potential liabilities towards the company and third parties, including information on the relevant insurance coverage	Principles of governance	91-108
Section 3-3a, para. 12 cfr. Securities Trading Act Section 5-8a (1)-(4)	Shareholder information: - description of any provisions of articles of association that restrict the right to trade in the shares of the company - description of who exercises the rights attached to shares in any employee share schemes where authority is not exercised directly by the employees covered by the scheme - agreements between shareholders which are known to the company, and which restrict the possibilities of trading in or exercising voting rights attached to shares - significant agreements to which the company is a party, the terms of which take effect, alter or terminate as a result of a takeover bid, and a description of those terms	N/A	
Section 3-3b	Report on corporate governance	Principles of governance	91-108
Section 3-3c, para. 1	Report on social responsibility	Message from the board People Planet Prosperity	25-44 45-60 61-76 77-90



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Auditor's report



To the General Meeting of Wallenius Wilhelmsen ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wallenius Wilhelmsen ASA, which comprise:

- the financial statements of the parent company Wallenius Wilhelmsen ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Wallenius Wilhelmsen ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years from the election by the general meeting of the shareholders on 12 February 2010 for the accounting year 2010.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Similar to the 2021 audit, we focused on *Impairment Assessment of Goodwill* as this risk remain relevant. Since all remaining provisions related to anti-trust investigations were settled during 2022, we did not focus on this matter to the same extent as we did for the 2021 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
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<h4>Impairment Assessment of Goodwill</h4> <p>The net book value of goodwill as at 31 December 2022 is USD 201 million. In line with IFRS requirements, an impairment test for goodwill was performed as at 31 December 2022 resulting in an impairment of USD 29 million that was recognized for the cash-generating unit Logistics services. The goodwill impairment assessment involved significant management judgement in preparing cash flow forecasts for the applicable reporting segments and in assessing the discount rate.</p> <p>We focused on goodwill due to the significance of the amount in the balance sheet and the significant judgment applied by management in assessing the potential need for impairment.</p> <p>We refer to note 1 (Significant accounting judgements, estimates and assumptions), note 8 (Goodwill, customer relations/contracts and other intangible assets) and note 11 (Impairment on non-current assets) for further information on management's impairment assessment.</p>	<p>We evaluated and challenged management's impairment assessment and the process by which this was performed. We assessed management's accounting policy against relevant IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 – Impairment of assets, were met.</p> <p>The forecast for the future cash flows were based on a detailed budgeting process. To assess the reliability of management's forecast, we held discussions with management and challenged them on several of the assumptions applied in the impairment model, such as the discount rate, the long-term growth rate and capital expenditure. Specifically, we used our internal valuation specialists and external market data to discuss the assumptions management had used to build the discount rate. We concluded that the discount rate used by management was within a reasonable range.</p> <p>We reviewed management's authorized budgets and forecasts and discussed the impact of climate related risks to the future cash flows of the Group. Where possible, we compared these to current and historical market data to corroborate the reasonableness of cash flows used by management. Our procedures also included sensitivity analyses to key assumptions applied. The performed sensitivity analyses indicated some headroom for all key assumptions for the segments, except for the CGU Logistics services where an impairment was recognized.</p> <p>Through our testing and discussion, we were able to conclude that the assumptions applied by</p>
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management in the impairment assessment were reasonable.

We also tested the mathematical accuracy of the impairment model. We found that the model was calculating net present values as intended.

We considered the appropriateness of the related disclosures in note 1, 8 and 11 to the consolidated financial statements to the requirements of the applicable financial reporting framework, IFRS, including IAS 36 – Impairment of assets and found the disclosures to be adequate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Wallenius Wilhelmsen ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300NBNOURT3RA3Y54-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 14 March 2023

PricewaterhouseCoopers AS

Bjørn Lund
State Authorised Public Accountant
(This document is signed electronically)

 Securely signed with Brevio

Auditor's report

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Lund, Bjørn	BANKID_MOBILE	2023-03-14 20:24

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