

Sustainability-linked finance progress report 2022

Comment from the Chief Sustainability Officer

In January 2022, Wallenius Wilhelmsen published its [Sustainability-linked financing framework](#) (“the framework”). During 2022 we issued ~USD 950m of bond and bank loans under the framework (see Appendix I). This is a progress report on the status of the key performance indicator (KPI) and should be read in conjunction with the “Planet chapter” on pages 62 to 68 in the [2022 annual report](#).

The framework allows us to link pricing of our financing with Wallenius Wilhelmsen’s target to reduce CO₂ intensity by 27.5 percent from 2019 to 2030. The chosen KPI for the framework is the fleet weighted average CO₂ intensity. This report discloses the performance of the KPI of the framework for the calendar year 2022.

In 2022, we did not meet the targeted CO₂ intensity. The KPI result was 5.89 gCO₂ per GT.nm compared to a target of 5.71. The shortfall does not impact our commitment to the 2030-target and our focus remains on cutting emissions every day in line with our decarbonization strategy. The shortfall leads to an increase in interest cost of 5 basis points for USD 800m of sustainability-linked bank loans issued under the framework for the following 12-month period. It does not impact the pricing of the issued sustainability-linked bond.

The main reason for not meeting the 2022 trajectory target is the high market activity, which coupled with significant supply-chain disruptions and port congestions around the world negatively impacted trade routes and vessel operations. The conditions caused higher fuel consumptions as the vessels had to speed up to make up for delays and spend more time idling, both having a negative impact on the KPI. These dynamics started in 2021 and continued into 2022. We are working diligently to get back on track to cut carbon intensity as outlined in our strategy as described below.

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. The work involved enhanced monitoring of vessel emissions and the preparation of vessel-specific improvement plans in cooperation with ship management service providers. In 2023 and the following years, the focus will be on implementing these solutions, contributing to fuel savings and emission reductions.

Composition for the controlled fleet

During 2022, we had 132 vessels under our control (whereof 128 were in the controlled fleet on December 31, 2022). This represents an increase of 13 vessels compared to the base year of 2019 due to delivery of two newbuildings in 2020 and 2021, limited recycling of vessels as well as an increase in the use of long-term charter vessels.

Please see Appendix II for a complete list of vessels that are included in the IMO DCS reporting for the reported period.

Update on strategy and regulations relevant to the KPI and SPT

There are no updates compared to the framework dated January 2022. However, the strategy has been sharpened: At its core is our ambition to lead the transformation of shipping and logistics towards the goal of net-zero emissions. To achieve this, we have established a dedicated and cross-functional

taskforce which directly reports to the CEO. Key priorities for the taskforce is to start using biofuels at scale by 2024 and introduce carbon neutral terminal services by use of renewable electricity and electric vehicles, trucks and equipment. Our aim is to equip all owned vessels for zero emission at berth in 2025 and introduce green methanol by the end of 2027.

KPI performance compared to trajectory

DNV has verified the relevant information for our controlled fleet for the calendar year 2022. The verification can be found here [Investors Relations – Wallenius Wilhelmsen](#):

Period:	1 January – 31 December 2022
No. of vessels included in the Controlled Fleet:	132
Total CO ₂ emissions, mt:	4 519 440
Total gross tonnage, GT:	8 261 891
Total distance travelled, nm:	12 232 046
Key Performance Indicator, gCO₂ / GT.nm / Δ% from 2019:	5.89 / 1.9%
Change in Key Performance Indicator versus 2019:	0.11
Trajectory target 2022 – Interim KPI / Δ% from 2019:	5.71 / -1.3%
Trajectory Adjustments:	None
Alignment with the Trajectory target 2022:	Not reached

We confirm that there are no changes to the baseline year 2019 nor the trajectory adjustments. For reference, the relevant information for our controlled fleet for the calendar year 2019 is as follows:

Period:	1 January – 31 December 2019
No. of vessels included in the Controlled Fleet:	119
Total CO ₂ emissions, mt:	4 416 853
Total gross tonnage, GT:	7 535 981
Total distance travelled, nm:	11 971 458
Key Performance Indicator:	5.78

Oslo, April 28, 2023



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Chief Sustainability Officer

Wallenius Wilhelmsen

Appendix I : Financial instruments and loans under the framework

Instrument: Sustainability-linked bond (ISIN NO NO0012495912)

Volume: NOK 1,250 million

Issued: April 2022

Maturing: April 2027

Target Observation Date: 31.12.2025

Applicable Interim SPT: -10.1% vs 2019 / KPI level 5.20

Instrument: Sustainability-Linked Bank Loan

Volume: USD 600 million

Issued: August 2022

Maturing: February 2028

Target observation date: 31 December 2022, and annually thereafter

SPT from Baseline 2019 CII 5.78 gCO₂/GT-nm: -1.3% (2022), -3.9% (2023), -6.6% (2024), -10.1% (2025), -14.0% (2026) and -21.5% (2027)

Instrument: Sustainability-Linked Bank Loan

Volume: USD 200 million

Issued: August 2022

Maturing: February 2029

Target observation date: 31 December 2022, and annually thereafter

SPT from Baseline 2019 CII 5.78 gCO₂/GT-nm: -1.3% (2022), -3.9% (2023), -6.6% (2024), -10.1% (2025), -14.0% (2026) and -21.5% (2027)

Appendix II: Controlled Fleet during 2022

Vessel Name	Type	Build year	GT
Aniara	LCTC	2008	71 673
Arabian Sea	PCTC	2010	46 800
ARC Commitment	LCTC	2011	74 255
ARC Independence	LCTC	2007	72 118
ARC Integrity	LCTC	2008	72 118
ARC Resolve	PCTC	2006	60 942
Asian Captain	PCTC	1998	71 383
Asian Dynasty	PCTC	1999	55 719
Asian Emperor	PCTC	1999	55 729
Asian Empire	PCTC	1998	71 383
Asian Majesty	PCTC	1999	71 383
Asian Trust	PCTC	2000	55 719
Asian Vision	PCTC	1997	55 680
Bess	PCTC	2010	58 750
Boheme	PCTC	1999	67 264
Carmen	LCTC	2011	74 258
Don Carlos	PCTC	1997	67 141
Don Juan	PCTC	1995	55 598
Don Pasquale	PCTC	1998	67 141
Don Quijote	PCTC	1997	67 141
Dream Diamond	PCTC	2007	41 662
Elektra	PCTC	1999	67 264
Endurance	RORO	1996	72 708
Fidelio	LCTC	2007	71 583
Figaro	LCTC	2011	74 258
Freedom	PCTC	1997	49 821
Grand Choice	PCTC	1999	50 309
Grand Cosmo	PCTC	2006	59 217
Grand Dahlia	PCTC	2009	59 217
Grand Pavo	PCTC	2005	59 217
Grand Quest	PCTC	1999	50 309
Grand Sapphire	PCTC	2007	59 217
Grand Uranus	LCTC	2012	72 408
Honor	PCTC	1997	49 821
Liberty	PCTC	2006	61 321
Manon	PCTC	1999	67 264
Mignon	PCTC	1999	67 264
Morning Calm	PCTC	2004	57 692
Morning Calypso	PCTC	2013	59 580
Morning Camilla	PCTC	2009	60 876
Morning Capo	PCTC	2013	59 615
Morning Cara	PCTC	2011	59 454
Morning Carina	PCTC	2007	60 876
Morning Carol	PCTC	2008	57 542

Morning Caroline	PCTC	2008	60 876
Morning Catherine	PCTC	2008	61 002
Morning Cecilie	PCTC	2008	60 876
Morning Celesta	PCTC	2008	57 542
Morning Celine	PCTC	2009	60 931
Morning Cello	PCTC	2007	57 542
Morning Champion	PCTC	2005	57 692
Morning Chant	PCTC	2014	59 615
Morning Charlotte	PCTC	2007	61 002
Morning Cherry	PCTC	2014	59 525
Morning Chorus	PCTC	2007	57 536
Morning Christina	PCTC	2010	59 601
Morning Cindy	PCTC	2012	59 580
Morning Claire	PCTC	2012	60 928
Morning Clara	PCTC	2009	60 213
Morning Composer	PCTC	2008	57 542
Morning Concert	PCTC	2006	57 415
Morning Conductor	PCTC	2008	57 542
Morning Cornelia	PCTC	2010	61 002
Morning Cornet	PCTC	2007	57 542
Morning Courier	PCTC	2005	57 692
Morning Crown	PCTC	2005	57 692
Morning Crystal	PCTC	2011	59 524
Morning Lady	LCTC	2010	70 853
Morning Laura	LCTC	2010	70 853
Morning Lena	LCTC	2010	70 853
Morning Lily	LCTC	2011	70 687
Morning Linda	LCTC	2008	68 701
Morning Lisa	LCTC	2008	68 701
Morning Lucy	LCTC	2009	68 701
Morning Lynn	LCTC	2009	68 701
Morning Margareta	PCTC	2008	51 917
Morning Menad	PCTC	2007	41 192
Morning Midas	PCTC	2006	46 800
Morning Ninni	PCTC	2008	51 917
Morning Peace	PCTC	2017	66 802
Morning Pilot	PCTC	2014	65 276
Morning Post	PCTC	2014	65 276
Morning Pride	PCTC	2014	65 424
Morning Prosperity	PCTC	2017	66 802
Nabucco	PCTC	2021	73 358
NOCC Atlantic	PCTC	2009	60 868
Oberon	LCTC	2008	71 673
Paganella	PCTC	2009	47 020
Paglia	PCTC	2010	47 020
Parsifal	RORO	2011	75 251
Patriot	PCTC	2006	60 979

Porgy	PCTC	2009	58 752
Resolve	PCTC	1994	49 443
Salome	RORO	2012	75 251
Taipan	PCTC	2006	57 692
Talia	PCTC	2006	57 692
Talisman	RORO	2000	67 140
Tamerlane	RORO	2001	67 140
Tamesis	RORO	2000	67 140
Tannhauser	PCTC	2020	73 358
Tarago	RORO	2000	67 140
Tarifa	PCTC	2007	57 692
Thalatta	PCTC	2015	75 283
Theben	HERO	2016	75 283
Themis	HERO	2016	75 283
Thermopylae	PCTC	2015	75 283
Thruyton	PCTC	2018	72684
Tijuca	LCTC	2009	71 673
Tirranna	LCTC	2008	71 673
Titania	LCTC	2011	74 255
Titus	PCTC	2018	73 358
Toledo	PCTC	2005	61 482
Tomar	PCTC	2008	61 328
Tombarra	PCTC	2006	61 321
Tongala	PCTC	2012	61 106
Toreador	PCTC	2008	61 328
Torino	PCTC	2009	61 328
Toronto	PCTC	2004	61 482
Torrens	PCTC	2004	61 482
Tortugas	PCTC	2006	61 321
Tosca	PCTC	2013	61 106
Toscana	PCTC	2009	61 328
Traviata	PCTC	2019	73 358
Treasure	PCTC	1999	58684
Tugela	LCTC	2011	72 295
Tulane	LCTC	2012	72 295
Turandot	PCTC	1995	55 598
Tysla	RORO	2011	75 251
Tønsberg	RORO	2011	75 251
Undine	PCTC	2002	67 378
Viking Passama	PCTC	2012	47 053
Viking Princess	PCTC	1996	9 827