

# **GUIDELINES FOR SALARY AND OTHER REMUNERATION TO LEADING PERSONNEL IN WALLENIUS WILHELMSSEN**

## **Introduction**

These guidelines (the "**Guidelines**") govern the determination of remuneration of the Top Executive Team "TET" in Wallenius Wilhelmsen ASA ("**Company**"). The guidelines were determined by the Board of Directors at the board meeting on 23 March 2021 and will be approved by the general annual meeting on 21 April 2021.

Remuneration to members of the company's top management is vital for harmonizing the Company's interests of leading personnel. Hence, main purpose of these guidelines is to allow shareholders to influence the parameters of the salary and other kinds of remuneration, creating a culture for remuneration that promotes the Company's long-term interests, business strategy while ensuring shareholders influence and the Company's financial sustainability.

The guidelines have been prepared in accordance with the provisions of [Section 6-16 a, of the Public Limited Companies Act](#), supplemented by the [Regulations 2015 and reports on remuneration for leading personnel](#).

The Guidelines are of a guiding nature for the Board of Directors. If the Board of Directors deviates from the Guidelines in an agreement, a justification shall be given in relevant board meeting minutes. It is a prerequisite for this that the Guidelines set out procedural conditions for deviating from the Guidelines, and which parts of the Guidelines from which it is permissible for the Board of Directors to deviate. The total remuneration for the TET is designed to be able to attract required competence to lead the company to optimize business outcomes both short and long term. Incentive programs are designed to reward sustainable finance, strategic success and sustainability.

TET is comprised of the CEO and all the leaders reporting directly to the Chief Executive Officer.

Torbjørn Wist, Acting Chief Executive Officer & Chief Financial Officer

Erik Noeklebye, Chief Operating Officer Shipping Services

Michael Hynekamp, Chief Operating Officer Logistics Services

Simon White, Chief Digital Officer

Anne Lise Hjelseth, Chief Human Resources Officer

These roles are currently based in Norway, South Korea, the United States and Sweden.

## **Fixed remuneration**

### The Company's fixed remuneration

The fixed remuneration for TET includes base salary and benefits in kind such as company car/car allowance and cell phone. The company offers base salary and benefits in kind in levels which are competitive, but not market-leading in the market in which we operate. Salaries are benchmarked against salary statistics provided by global 3rd party consulting firm Korn Ferry. Principles for company car or car allowance vary in accordance with local conditions.

TET also have insurance coverage and other benefits in line with what is offered to other employees in the company within the unit in which they are employed.

Expatriates members of TET are offered conditions within the company's Long Term Assignment policy and includes benefits such as housing, kid's schooling, home travel etc.

The following pension and insurance arrangements are in place per country, for which the company pays for premiums:

- Norway: DNB Group life insurance and pension plans for all employees plus Storebrand "Ekstrapensjon" for TET salaries exceeding 12G.
- US: 401K for all employees plus deferred compensation which is funded quarterly for top executive team.

For TET members being stationed outside their home country, the company aims to keep the employee in the applicable home country pension scheme. When this is not possible or reasonable, the company uses an International Pension Plan from Zurich International Life Limited which includes Pension, Life and Disability. This is a group insurance plan. When transferring to a local plan, the company offers pension and insurance arrangement in line with market for the position and local legislation.

## **Variable remuneration**

In addition to base salary and benefits in kind, the remuneration for TET consists of a Short-term Incentive plan and a Long-Term Incentive plan to drive and motivate the performance and behaviors needed to deliver on strategy for optimizing business outcomes short and long term. The company also offers a general share purchase program to all employees that are based in Norway.

### **Short-Term Incentive ("STI")**

The STI is a cash incentive, with a time frame of one year. The design of the plan is subject to the further decision of the Board of Directors approval in Q2 2021. Planned KPIs are a combination of financial targets

(Group EBITDA) and financial results per unit in combination with individual leadership targets and sustainability targets for both environmental, social and governance KPIs. Possible payout is based on role, and varies from 40 to 50% of base salary.

### **Long-Term Incentive (“LTI”)**

- The LTI is a reward element for selected senior executives, including TET, designed to emphasize a long-term strategic perspective, value creation and share ownership. The plan was introduced in 2018. Awards are made every year and Wallenius Wilhelmsen shares are given after 3 years to the extent that set performance conditions have been met. The shares to be given are to be bought in the market pursuant to an authorization given by the General Meeting of the company.
- Maximum award opportunity is determined by grade (weight of role in question) and can be either 50%, 40% or 30% of base salary at award. The number of shares awarded will be determined by dividing (i) the value derived by the award’s percentage of base salary (at the award date) by (ii) the average closing price of Wallenius Wilhelmsen ASA over the 20 trading days immediately before the award date.
- The award will vest, in whole or in part on the third anniversary of the award date (the “Vesting Date”) subject to the terms and conditions of the LTI, including the fulfilment of the performance conditions.
- The 2021 plan includes the following performance conditions; Return on Capital Employed (“ROCE”), market capitalization growth, sustainability targets and strategic success.
  - The ROCE condition will vest up to 35% of an award on a scale of 5.5% to 10% ROCE for 2023.
  - The market capitalization growth condition will vest up to 35% of an award on a scale of 5% to 50% growth from beginning of 2021 to the end of 2023. The market capitalization performance condition will be adjusted for any dividends and/or share buy-backs.
  - The sustainability target condition will vest up to 20% of an award on a scale from 80% to 100% for the final financial year of the Performance Period. Sustainability target condition will include environmental, social and governance (“ESG”) KPIs and targets. These are reviewed yearly and may include emission reduction, ecological impact, safety, diversity, anti-corruption and ethics etc.
  - The strategic success condition, will vest up to 10% as determined at the discretion of the Board of Directors.
- The Board of Directors retains discretion to increase awards by up to 20% for exceptional performance above targets set for full vesting in market capitalization growth and ROCE.
- There Board of Directors may decide, at its discretion, to reduce pay-outs if the performance outcomes do not reflect the business reality. In particular, the Board of Directors will consider whether dividend shall be paid out on vested shares.
- The Board of Directors may also use its discretion to award pay-outs should the strict mathematics of the program dictate unfair or unreasonable cuts in the allocations.

The company's does not have any ability to claim variable remuneration to be repaid.

#### **Duration and process**

The severance agreements defined in the employment contracts for members of TET vary between 6 months (termination period) + between 12-18 months salary depending on the position.

The Board of Directors approves all compensation elements for the CEO that are different from other employees. The Board of Directors set guidelines for remuneration of TET. The Administration propose guidelines through the Remuneration Committee and establishment, revision and implementation of guidelines are subject to Board of Directors approval, as well as the approval by the annual general meeting.

#### **Changes to and deviation from the Guidelines**

In extraordinary circumstances like in the event of recruiting new TET role(s) and to maintain the company's long-term interest and financial performance or ensure the company's ability to operate, the Board of Directors can change or deviate from the guidelines for all parts of the total remuneration except LTI. In the event of deviation from the Guidelines, a justification shall be given in the relevant board meeting minutes.

In the event of any significant changes to the Guidelines, the proposed changes shall be presented to the annual General Meeting and the changed guidelines shall describe and explain the shareholders' views on the guidelines, the annual general meeting's vote, and that the remuneration reports since the last vote on the guidelines, have been taken into account.