Wallenius Wilhelmsen

Annual Report 2021

For as long as there has been history, there has been trade. And for as long as there has been trade, people have been able to learn, specialize and develop tools and skillsets that accelerate growth. From Scandinavia, we pioneered trade over the seas.

For generations, global trade has expanded wealth by lowering the price of goods, lifting wages and amplifying growth. If trade stops, the world stops.

At Wallenius Wilhelmsen, we go to work to keep the world in motion. With the knowledge that our world's resources are limited, we challenge old rules with fresh ideas. It's part of our responsibility as a global company, and an opportunity to create a competitive edge.

Previous generations set sail. As a 160-year-old start-up we have gone from wooden ships to steel ships to partnerships. Based on innovation and imagination, we continue to explore new ways to create value. We manage end-to-end deliveries for our clients based on customer-centric solutions – always with supreme quality at the forefront of everything we do. 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 are not only in the transportation business. We are also in the business of providing new sustainable opportunities for growth.

Sustainable logistics for a world in motion

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 Principles of Governance, People, Planet and Prosperity. 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 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option 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 and joint ownership and operational arrangements. We strive to report consistently and accurately.

- Unless otherwise stated, Scope 1 GHG emissions includes all owned and operated vessels and facilities, including ships on long-term and short-term charter. Exception being the direct emissions from our road transport service, Keen, which is not included.
- Scope 2 emissions is only included for owned locations for Logistics.
- Waste data is reported from owned vessels and facilities under operational control.
- Health and safety incident data is reported for our owned vessels, long-term and bareboat charter, and 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, 2021.

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 in brief

At Wallenius Wilhelmsen, we go to work to keep the world in motion. With the knowledge that our world's resources are limited, we challenge old rules with fresh ideas. It's part of our responsibility as a global company, and an opportunity to create a competitive edge.

How our operations deliver cars and larger cargo from A to Z

Wallenius Wilhelmsen is a global leader in vehicle transportation and logistics. We serve our customers, from A-Z, through our end-to-end supply chain.

We work with major manufacturers of cars, trucks, heavy equipment and machinery such as BMW, Caterpillar, Daimler, John Deere, JLR, Hyundai, Nissan, Toyota and Volkswagen. During 2021, we received numerous awards from our world-renowned customers.

Over the last years, we are proud to say that we are an enabler of the green shift by transporting "green" cargo such as electric vehicles, windmills and components of battery plants.

2021 GM
Supplier of the year

2021 Nissan
North American supply chain management partner of the year

2021 Toyota
Canada Kaizen award

To deliver supreme quality in the end-to-end supply chain, we provide a land-based network of logistics services, including eight terminals and more than 66 services and processing centers around the world.

Our offerings encompass technical services, inland distribution and terminal handling. We even work inhouse at the OEM plants to prepare the vehicles for the end user.

At sea, we have more than 130 vessels operating 15 trade routes across six continents. We carry multiplex cargo because our fleet is characterized by a higher average number of hoistable decks and stronger ramp capacity.

Wallenius Wilhelmsen is listed on the Norwegian Stock Exchange (OSE: WAWI), headquartered in Oslo. We have 8,200 employees in 29 countries.

130+
vessels on 6 continents transporting more than 3.4 million units on ocean

8
terminals handling more than 2.8 million units

11
inland distribution networks moving over 242,000 units

66
services and processing centers, processing more than 4.6 million vehicles

A Toyota being processed in one of our many services and processing centers ↓

This 237 tonne cargo proves our high and heavy capabilities →

The latest addition to our fleet, the MV Nabucco. It has a 7,000 car capacity and is part of the HERO series – one of the most energy efficient vehicle carriers on the water today ↓

"Toyota Canada is pleased to present the Wallenius Wilhelmsen solutions team with a 2021 Kaizen Award – in recognition of quick action, root cause analysis and effective countermeasure implemented to resolve a recent logistics challenge we had."

Lee Armour
National manager, vehicle logistics,
Toyota Canada

How reducing emissions is our priority

Nearly all our carbon emissions come from vessels. Even though shipping emits much less carbon than air and land-based transportation, it still constitutes three per cent of all CO_2 emissions globally. Keep in mind: International shipping carries about 90 per cent of all world trade. These volumes are predicted to increase significantly toward 2050 – because to most, there are no alternatives to seagoing transportation. Shipping exists because of global trade, and there is a mutual dependency.

To meet the objectives in the Paris Agreement, the industry needs to transform. We need to drastically reduce our emissions of green house gases, this is a priority for us – and where our environmental and economic interests are perfectively aligned.

In 2021 we set a target to reduce our carbon intensity in shipping by 27.5 per cent by 2030, compared to 2019. This builds on our results from 2008 to 2019, a period during which we reduced our carbon intensity by more than 33.6 per cent.

2019
33.33
gCO_2e/t^*km

-27.5%

2030
24.16
gCO_2e/t^*km

We are a long-term partner with Ocean Exchange. We annually contribute USD 100,000 to their Orcelle award.

In 2021, we were awarded the silver medal rating from EcoVadis which is the world's largest provider of business sustainability ratings. Not only does this put Wallenius Wilhelmsen in the top 25 per cent of over 85,000 companies rated, it proves we make progress in how we integrate sustainability into our core business processes.

Our most important contribution to the green shift is reducing the energy consumption and emissions of our ships. Many variables are at play, including hull & machinery condition, wind, waves, ocean currents and cargo weight. We have digital access to data predicting speed, engine power and fuel consumption. Going forward, we will equip all our vessels with automated decision support and engine control equipment to assist the crew in achieving the lowest possible fuel consumption.

To contribute to the Paris Agreement, we need to collaborate with customers, researchers and other partners to mobilize the needed technology and infrastructure.

SILVER 2022 ecovadis Sustainability Rating

PARIS2015 COP21-CMP11

Digital access to data predicting speed
is an important tool to reduce emissions ↓

The use of Hololens to deliver remote technical support, training, inspection & audit capabilities has been a key innovation supporting business continuity through the pandemic.

How innovation enables our operational efficiency

Real value comes from truly connecting and optimizing operations across our supply and value chains. Innovation is our key differentiator! The role of data in making supply chains resilient drives Wallenius Wilhelmsen's expanding digital capabilities.

"For me, digitalization and sustainability are two sides of the same coin."

Simon White
Chief Digital Officer at Wallenius Wilhelmsen

We developed a new solution called "One Solution." It is a visibility platform that gives our customers full visibility into the movement of their cargo.

We launched an AI-powered computer-vision product. We can now conduct mobile inspection anywhere, anytime. It reduces manual inspection time by 70 per cent – and makes human error a thing of the past.

We launched TallyScan. It is a new mobile scanning app that not only captures loading and discharging of cargo from vessels, it also updates exact measurements, stuffs and strips equipment.

We launched vChek. It is a mobile quality checking app, powered by machine learning, that ensures a task has been properly completed, and saving time and costs.

We pilot wearable devices that monitor and give alerts when unusual or unexpected movements that can cause injuries happen. This is based on Internet of Things (IoT), data collected are used to adjust training and operational processes.

↑ TallyScan, a new mobile scanning app

vChek, a new mobile quality checking app ↓

Key figures

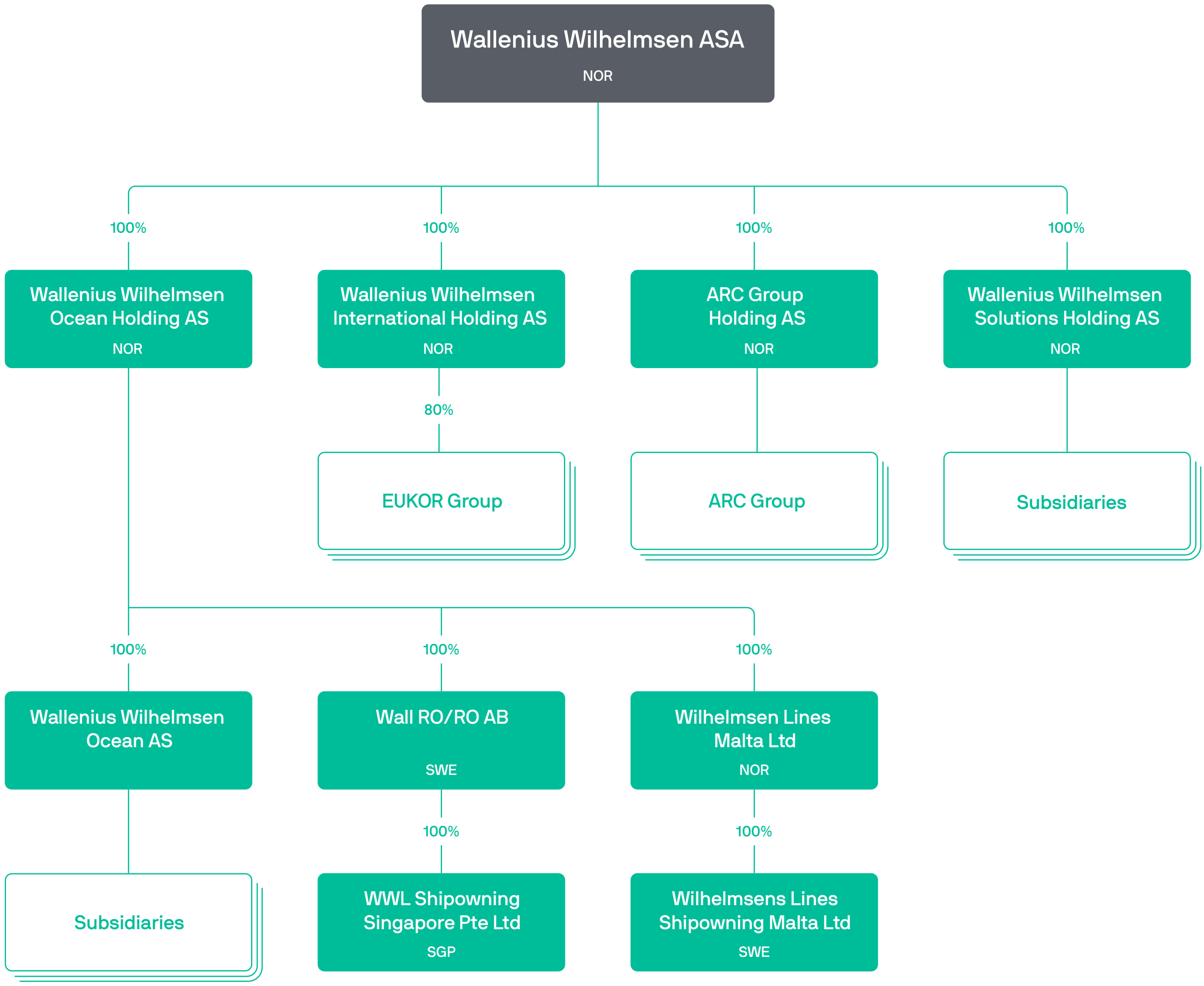
Key figures consolidated accounts

USD million unless otherwise stated	2021	2020	2019	2018	Restated* 2017
Income statement					
Total income	3,884	2,958	3,909	4,065	3,027
Operating profit before depreciation, amortization and impairment (EBITDA)	830	473	805	601	573
Operating profit (EBIT)	306	(84)	358	244	301
Profit before tax	199	(306)	112	78	148
Profit for the period	177	(302)	102	58	146
Balance sheet					
Non-current assets	6,315	6,391	6,747	6,204	6,376
Current assets	1,479	1,237	1,048	1,210	1,487
Total assets	7,794	7,628	7,796	7,414	7,863
Equity – parent	2,539	2,391	2,678	2,647	2,622
Equity – NCI	266	224	243	228	228
Interest-bearing debt	2,673	2,731	4,044	3,584	3,764
Key financial figures					
Net cash flow provided by operating activities	623	615	749	749	462
Liquid funds at 31 December	710	654	398	484	796
Current ratio [1]	1.1	1.1	1.0	1.1	1.0
Equity ratio [2]	36%	34%	37%	39%	36%
Yield					
Return on capital employed	4.5%	(1.3%)	5.0%	3.7%	-
Key figures per share					
Basic and diluted earnings per share	0.32	(0.68)	0.22	0.12	0.37
EBITDA per share	1.96	1.12	1.90	1.42	1.54
Average number of shares outstanding (thousand)	422,399	422,360	422,326	422,974	423,105
Market price at year end (NOK)	50.60	23.20	21.82	29.70	59.25
Market price high (NOK)	50.95	28.40	32.05	65.00	59.25
Market price low (NOK)	20.80	7.75	19.38	27.90	35.90
Dividend paid per share (USD)	-	-	0.12	-	-

* For 2017, earnings per share is calculated based on 220,000,000 shares for Q1 and 423,104,938 shares for the remaining part of 2017.

1 Current assets divided by current liabilities
2 Equity in per cent of total assets

Corporate structure



Board of directors

Rune Bjerke
Chair of the board

Distinguished 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 Norsk Hydro, Schibsted and Fremtind

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

Margareta Alestig
Board member

Extensive experience from the financial, shipping and logistics industries. Previously: CFO at Broström AB, CFO at JCE Group, deputy managing director at Swisslog AB and Sjätte AP-fonden (AP6)

Chair of the board in Erik Thun AB, board member in Inission AB and Metria AB. Chair of the Audit Committee in Metria AB

MBA degree, University of Örebro, Sweden

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

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

Master's degree in macroeconomics, Stockholm School of Economics

Jonas Kleberg
Board member

Group CEO at Rederi AB Soya and several years in various positions in the Soya Group companies in commercial, financial and sustainability areas

Chairman of all the Soya Group companies, on the boards of many external companies. Born and raised in the Wallenius family business

Degrees in economics, agriculture, environment and a strong focus on sustainability

Marianne Lie
Board member

Several years of experience from the Norwegian business industry, director general of the Norwegian Shipowners' Association (2002-2008), runs her own advisory business, founder and head of secretariat at Forum for Miljøteknologi (FFM – Forum for Environmental Technology)

On the boards of Noreco asa, Scana Asa, R8 Property as and GNP Energy as

Degree in law and political science, University of Oslo

Thomas Wilhelmsen
Board member

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

Management

Torbjørn Wist

Acting Chief Executive Officer (CEO)
& Chief Financial Officer (CFO)

Previously: EVP & CFO in Scandinavian Airlines System (SAS). Prior to joining SAS he held several managerial positions within the telecommunications and financial services industries internationally, having worked for Telenor ASA, Greenhill & Co., Merrill Lynch and Salomon Brothers

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

Erik Noeklebye

EVP & COO Shipping Services

Previously: CEO of EUKOR Car Carriers, Vice President Head of Region North America for EUKOR. President Head of Region EMEA at Wallenius Wilhelmsen and 18 years with Wilhelmsen Lines and Wallenius Wilhelmsen

Degree in economics and business administration, Norwegian School of Management

Michael (Mike) Hynekamp

EVP & 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

Simon White

Chief Digital Officer (CDO) & acting
Chief Human Resources Officer (CHRO)

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

Words from CEO

"Our ability to deliver cargo from A to Z comes from the investments and know-how we have built over decades to become a one-stop shop for services both on land and at sea. We remain the market-leading global RoRo operator, we have terminals and processing centers in key locations, and we have an unrivaled land-based logistics and production network. Moving forward, these operations in combination with digitalization and sustainability are key enablers to our continued success."

Torbjørn Wist – CFO and Acting CEO

An extraordinary year and a solid foundation

Another extraordinary year has passed, a year in which we have delivered extraordinary results. This is thanks to the trust from our long-term customers, the investors who believe in us, and the dedication and efforts of our 8,200 employees worldwide. This forms a solid platform for continued growth.

2021 has been challenging in many ways. Surging volumes, port congestions, labor shortages and pandemic restrictions have been some of the issues we have dealt with, and which will continue into 2022. The microchip shortages have also caused supply-side issues, but at the end of 2021 we have seen some signs that this situation will slowly ease.

Our competitive advantage is based on the investments and know-how we have built over decades to become a one-stop shop for services both on land and at sea. We continued our growth throughout 2021, with special emphasis on digitalization and sustainability improvements. We deliver a unique combination of assets and technology that optimizes the performance and efficiency of services delivered to our customers.

High demand gives strong results

We see strong results in a market where demand has returned and even surpassed pre-pandemic levels. This has put a strain on global supply chains. Trade remained overloaded throughout 2021, with particularly strong demand out of Asia. Europe saw a more muted volume development.

Our segments cannot be viewed in isolation. Our ability to deliver high quality end-to-end services is dependent on our full service offering on land and at sea. The shipping segment experienced strong growth in volumes, revenues and margins. This was driven by high demand, a positive trade mix and a solid cargo mix. Our flexibility and capability to transport non-standard cargo at high market rates lifted profitability. Several major original equipment manufacturer (OEM) contracts were renewed at favorable long-term rates. The logistics segment was negatively impacted by lower auto volumes due to current microchip shortages. The government segment saw a drop in volumes caused by lower U.S. flag cargo activity.

During 2021, we strengthened our financial position significantly trough our results and a build-up of liquidity, allowing for a prepayment of deferred debt and a return to payment of dividends.

Resilient and diligent colleagues

Our people are key to delivering high quality services and driving value creation. The safety and security of everyone is always at the top of the agenda at Wallenius Wilhelmsen, but even more so through this challenging year. During 2021, the loss of two people working for us was a stark reminder that our business is not without risk, and that we must constantly train and update our organization on health and safety measures. Our deepest sympathy goes to their families and friends.

About two thirds of our 8,200+ employees work in our logistics segment. They have faced severe challenges due to the pandemic. In 2021, we took several actions to raise the level of safety, care and concern for our employees. This included partnerships with local health care providers, flexible work schedules and mental health campaigns. On-demand tutors provide an academic resource for kids. This initiative came in response to our employee survey results raising the need to access affordable and quality back-up for family care.

The pandemic has also been challenging for our office workers. Working from home has for many been emotionally draining, with the line between work and private life becoming increasingly blurred. We know and appreciate that energy that arises from working side by side cannot be easily replicated in digital meetings. Being a global company, we run digital meetings in a normal situation, but teamwork, inspiration, idea-generation and knowledge-sharing takes more easily place in the office, around the coffee machine or during lunch. We have run local initiatives to support our office workers. HR has monitored the situation continuously and assisted individuals and teams as required.

Travels have been rare during 2021, but I was fortunate to meet the crews onboard Tijuca and Nabucco in Gothenburg in the latter part of the year. Their positive attitude despite the challenges they have faced is impressive! Remember that many of our seafarers have been prevented from leaving vessels for long durations because of Covid-19 restrictions. Others have been stuck at home because we were unable to change crews according to plans. Our people, together with our ship management partners, have done a fantastic job at minimizing extra off-shore time through additional port-calls and tailored crew-change plans.

Focused employee efforts

We have had extra focus on the seafarers' health. Close cooperation with peers and trade organizations such as the Norwegian Shipowners' Association and IMO have been important to influence authorities to limit time on board and maximize the opportunities for changeovers. Vessels have been furnished with oxygen meters and antigen tests as well as virtual access to advice and support from physicians. In addition, we established our own vaccination program. At the end of 2021, more than 80 per cent of our seafarers were vaccinated, compared to the industry average of 30 per cent.

During the pandemic, we have managed to implement a new organization with successful results. One of the biggest changes was the establishment of the customer growth team, serving both the logistics and shipping segments. This change allows for coordinated sales of land and ocean services, ensuring a tighter integration of our business, and putting our customers at the center of our efforts.

Thanks to the extraordinary efforts of our employees, we have been able to not only preserve, but also develop our operations. I want to express my deepest gratitude to those who have kept the wheels of trade in motion. The return journey back to normalization will take time, but we are well positioned.

Planes, trains and automobiles

Our strategy is to take a leading role in end-to-end logistics on land and at sea – not only for cars, but also windmills, trucks, trains and even planes. The multi-year contract we signed with aircraft manufacturer Airbus for the transportation of A220 aircraft components between China and Canada is a testament to this. This contract includes the complete move over land and across the ocean from the production plant in Shenyang, China, all the way to the assembly plant in Mirabel, Canada. Airbus has full digital visibility of their cargo throughout the journey allowing them to better plan their operations.

Our ability to deliver cargo from A to Z is based on investments made over decades. We remain the market-leading global RoRo operator, we have terminals in key locations, and we have an unrivaled land-based logistics and production network. We believe that moving forward digitalization and sustainability will be key drivers to deliver excellent customer experience.

Another exciting milestone was our investment into the solutions company DeGould. Their technology automates the vehicle inspection process with high resolution images combined with AI algorithms delivering complete vehicle condition reporting. This solution allows for a more efficient and flawless inspection process across the entire vehicle lifecycle, reducing the cost of claims.

Towards a more sustainable future

Shipping exists because of global trade, and there is a mutual dependency. Global shipping carries about 90 per cent of world trade. Market estimates point to a continued volume increase in world trade towards 2050, and shipping remains the only option for most of our clients. Although shipping has a much lower carbon intensity per tonne-kilometer transported than air and land transportation, our environmental impact remains significant. The industry accounts for some three per cent of global emissions, and we and other industry players must do what we can to reduce our environmental footprint. Our unique end-to-end supply chain being a one-shop-stop contributes towards more optimal and sustainable operations.

As with other industries, shipping and logistics have a moral obligation to contribute to reaching the temperature goal set in the Paris Agreement. Consequently, Wallenius Wilhelmsen has adopted a carbon intensity reduction target of 27.5 per cent from 2019 to 2030. As evidence of our efforts, our EcoVadis score improved sharply this past year, and we have launched our Sustainability Linked Financing Framework setting out details of how we will achieve our target.

In 2021, we became a member of the UN Global Compact. Our progress is reported according to these principles. We have developed our own sustainable procurement policy and supplier code of conduct to identify and manage sustainability risks amongst our suppliers. Recommendations from the task force on climate-related financial disclosure (TCFD) have been implemented. We have set up an emissions and energy management team to closely follow-up on the goal of minimizing our carbon footprint.

The respect for human and labor rights is embedded in our code of conduct. We aspire to be a workplace where everybody feels safe and well, where we bring out our best version of ourselves and learn from each other. In order to ensure we have an organization that is best positioned to solve challenges and capitalize on opportunities in the future, we need to continue to strengthen and build on diversity, equity and inclusion initiatives across our organization.

Welcome to our new CEO

On a personal note, it has been a privilege to serve as acting CEO during the past year. I am grateful for the excellent teamwork with board, management and employees. Our collective achievements in 2021 make me very proud.

I want to congratulate Lasse Kristoffersen on being appointed new CEO of Wallenius Wilhelmsen, and look forward to welcoming him onboard. He joins an impressive company with a solid foundation for future success in an exciting, evolving market.

Torbjørn Wist
CFO & Acting CEO

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Message from the Board

Wallenius Wilhelmsen's long-term group strategy focuses on sustainable value creation. It is based on a tighter partnership with our customers establishing new services and revenue streams as well as constantly improving operational excellence.

The business model has over time yielded resilient-free cash flow. In combination with the current solid market fundamentals, we are well positioned to enjoy the high economic activity and return to our policy of paying dividends to our shareholders.

We believe that continued and future success will only be ensured by fully integrating sustainability and innovation into the business model.

Vision and Strategy

Under the vision of *Sustainable logistics for a world in motion*, our strategy is to be a leading provider of integrated logistics services, powered by sustainability and digitalization.

Our Position
Wallenius Wilhelmsen is a shipping and logistics provider delivering premium end-to-end supply chain management services. We connect and realize sustainable world trade from the end of the production line to delivery to ports, transport across oceans, services performed at our processing centers and delivery to dealers and end customers. We transport cars, tractors, trains, airplane parts, windmills and even components to entire factories.

We succeed when the world economy prospers, people have safe and secure jobs, and our environment is protected. To ensure long-term viability and prosperity for our company and our industry, we build innovative and sustainable solutions that create value for everyone in our value chain, from our customers and partners to our employees and society at large. This must take place while simultaneously reducing our carbon footprint in accordance with the Paris Agreement.

Safety is a prime focus also when loading and unloaded cargo

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 per cent 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 contributes towards higher margins. Our 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, inland distribution networks and global supply chain management services.

Our services include making final adjustments to vehicles before the ocean voyage

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 goes through our terminals.

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

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

Our business model has over time yielded resilient free cash flow. In combination with the current solid market fundamentals, we are well positioned to enjoy the high economic activity and return to our policy of paying dividends to our shareholders.

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

Our long-term group strategy focuses on sustainable value creation. It is based on a tighter partnership with our customers establishing new services and revenue streams as well as constantly improving operational excellence.

Through our four strategic pathways, we execute several cross-functional initiatives to drive innovation, reduce emissions and generate new revenue streams:

1. E2E supply chain orchestration by providing a fully digital, transparent, predictable, and dynamic value chain solution giving our customers visibility and predictability.

   In a digital data driven era, transparency is even more important for both stakeholder and client trust.

2. Drive operational effectiveness by applying technology to digitalize and automate our core operations. We do this by harnessing data, reinventing processes, and introducing adaptive decision-making and collaborative execution across the group.
3. Expand to full lifecycle services by using our experience, assets, core capabilities and customer relationship to create new services for fleet providers building on the trend of vehicle usership and car as a service.
4. Lead the journey to zero emissions by delivering sustainable service offerings and optimizing core operations to reduce our carbon footprint.

	End to end supply chain management	Drive operational effectiveness	Full lifecycle services	Lead the journey to zero emissions
				
Impacts	Give customer visibility and predictability	Digitalize and automate core operations	Create new services targeting the entire lifecycle of vehicles	Reduce carbon footprint
Response	• Digital platform with visibility, transportation management and track and trace • Best in class end to end supply chain management services	• Use data • Reinvent processes • Use new technology • Cross functional collaboration	• New services for fleet providers • New and existing customers	• Deliver sustainable service offerings
Value creation	• Digitalization • Revenue protection / revenue growth • Reduce waste in supply chain to support sustainability	• Digitalization • Cost reduction • Sustainability with reduced emissions	• Revenue growth	• Sustainability with focus on CO_2 emission reduction

2021 in brief

In a market where demand returned to pre-pandemic levels, Wallenius Wilhelmsen delivered very strong results in 2021 despite strained global supply chains. Driven by high demand, cargo mix and high spot rates, the shipping segment saw positive development in volumes, revenues and margins. Trade remained imbalanced throughout the year, with particularly strong demand out of Asia and a more muted volume development out of Europe.

Our flexibility and capability to transport non-standard cargo for our customers at high market rates were utilized effectively to drive profitability. The last two quarters of 2021 saw record post-merger EBITDA levels for Wallenius Wilhelmsen, primarily driven by shipping. The logistics segment also saw improvements in revenues and EBITDA from the previous year.

The full utilization of our sailing fleet was a key success factor in 2021. All 16 vessels placed in cold lay-up at the height of the pandemic in 2020 were reactivated by the end of 2021. Further, our newest vessel, the HERO class Nabucco, was delivered in Q4.

Our financial position strengthened further in 2021 with a solid operational cash flow and two successful bond issues in August and November, totaling NOK 2bn. In 2020, the group entered into temporary agreements with the support of its bank group to waive certain covenants and to defer USD 70m of installments. At the end of 2021, we commenced the prepayment of remaining deferred debt to be completed within the first quarter of 2022. This paves the way for a return to a dividend paying position.

The favorable market conditions and the company's strong financial performance drove a steady increase in the share price throughout 2021. The share price closed at NOK 50.6 at the end of the year, up 118 per cent from NOK 23.2 at the end of 2020.

In November, Wallenius Wilhelmsen was pleased to announce the appointment of Lasse Kristoffersen as new CEO of the company. He will join no later than June 1, 2022.

Financial review

Consolidated financial results

Total revenue was USD 3,884m for financial year (FY) 2021, an increase of 31 per cent compared to FY 2020, with higher revenues for both the shipping and the logistics segments. Shipping revenues were up 41 per cent year-over-year (YoY), from USD 2,145m in FY 2020 to USD 3,029m in FY 2021. This was driven by 25 per cent growth in volumes, a solid increase in net rates and fuel surcharges. The strong volume growth was due to normalization of the market in FY 2021, as FY 2020 was heavily impacted by the pandemic. Logistics revenues were up 12 per cent, from USD 704m to 789m, as volumes increased and we saw fewer shutdowns. The root cause of production disruptions shifted from Covid-19 to semiconductor chip shortages and labor issues. Government revenue fell 4 per cent from USD 247m in FY 2020 to USD 236m in FY 2021 mainly due to lower U.S. flag cargo activity.

EBITDA ended at USD 830m for FY 2021, up 75 per cent from USD 473m for FY 2020. Adjusted EBITDA ended at USD 865m, up 61 per cent compared to FY 2020. Shipping saw a significant increase in activity and a full reactivation of the operating fleet, driving significant revenue and margin growth, with adjusted EBITDA up 75 per cent from FY 2020. For logistics, adjusted EBITDA increased 39 per cent, a direct result of higher activity and revenue growth. Government saw an EBITDA drop of 26 per cent, due to lower revenues and increased fuel cost. 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 483m in FY 2021 versus USD 451m in FY 2020. This was partly due to an increase in leased assets. In addition, one vessel was reclassified from held-for-sale and one newbuilding was delivered in FY 2021.

In FY 2021, Wallenius Wilhelmsen recognized a net impairment loss of USD 62m. USD 76m is a charge to goodwill allocated to shipping services, and USD 14m a reversal of impairment related to a vessel 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 2021 there was an increase in the value of the put-call derivative for EUKOR of USD 21m, recognized under the line Other gain/(loss) in the income statement. The impact in FY 2020 was a loss of USD 16m.

Net financial expenses were USD 108m versus USD 223m in FY 2020. The group registered a USD 19m financial income relating to a one-off distribution from Den Norske Krigsforsikring for Skib (DNK), resulting in USD 27m in financial income vs USD 8m in FY 2020. Interest expense including realized interest derivatives was USD 165m, down USD 1m versus FY 2020. Currency loss including realized currency derivatives was USD 12m, similar to FY 2020, while realized bunker derivatives led to a gain of USD 10m versus a loss of USD 13m in FY 2020. Net financial income further improved by USD 41m in unrealized derivative gains, mainly driven by USD 58m in positive interest rate derivative movements. In FY 2020, unrealized derivative losses were USD 31m.

The group recorded a tax expense of USD 23m versus a tax income of USD 4m in FY 2020. USD 2m of the increase is related to withholding tax on the DNK equity distribution and USD 4m is a 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 income for FY 2021 was USD 177m, up from a net loss of USD 302m in FY 2020.

Financial position and capital structure
Wallenius Wilhelmsen had an equity ratio of 36.0 per cent at the end of FY 2021, up from 34.3 per cent at the end of 2020. The liquidity position is solid, with cash and cash equivalents of USD 710m and USD 349m in undrawn credit facilities. At the end of FY 2021, the group had total interest-bearing debt and net debt of USD 4,128m and USD 3,418m, respectively. Outstanding bonds were about USD 587m with the remainder consisting of bank loans and leasing commitments.

Since 2020, Wallenius Wilhelmsen has had a deferral agreement including a dividend block in place with certain banks. At year end, the group had USD 50m of deferred amounts remaining. Prepayment has been initiated and will be concluded during Q1-22.

The group complied with all loan covenants at year-end 2021.

Several financing arrangements were concluded during FY 2021. In August, Wallenius Wilhelmsen ASA completed a new senior unsecured bond issue of NOK 1.5 billion (USD 166m). Proceeds from the bond issue were used for partial repurchase and net proceeds amounted to USD 41m. In November, Wallenius Wilhelmsen ASA completed a tap issue of NOK 500m (USD 57m) on the August bond issue. In the fourth quarter, the final newbuilding Nabucco was delivered and financed with a loan drawdown of USD 50m. Four vessels were refinanced with bank debt during the year for a total amount of USD 99m.

Cash flow
The group generated USD 56m of positive net cash flow from operations, investing and financing activities in 2021.

The net cash flow from operations amounted to USD 623m, up from USD 615m in 2020, as strong EBITDA development more than offset the increase in working capital.

Net cash flow used in investing activities was USD 140m. The most significant investing activities were the USD 42m for the new vessel Nabucco, USD 15m for scrubber installations and regular dry dockings of approximately USD 63m.

Net cash flow from financing activities was negative USD 427m. The main items were net proceeds from issue of debt of USD 474m, repayment of debt of USD 531m, repayment of lease liabilities of USD 204m, interest and interest derivative payments of USD 165m and realized derivatives of USD 7m.

Going concern assumption
Pursuant to section 3–3a, cf. section 4–5 of the Norwegian Accounting Act, it is confirmed that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and the board confirms that conditions to make that assumption are present.

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, while taking a leading position in the journey to zero emissions by digitalizing the supply chain and driving technological innovation and operational effectiveness.

Summary of 2021

2021 was a solid year for the shipping segment and the market recovered from the Covid-19 pandemic. Total revenue was USD 3,029m for FY 2021, up 41 per cent compared with FY 2020. This was due to 25 per cent higher volumes YoY, higher net freight per cubic square meter (CBM) due to strong outbound volumes out of Asia and trade mix, and an increase in fuel surcharges due to continued increase in fuel prices. Charter out activity remained stable YoY. Throughout the year, our fleet was better utilized with increased cargo volumes, hence CO_2 emissions per unit showed a positive development.

Market growth in light vehicle (LV) deep-sea volumes increased by 10 per cent to 13.8 million units in FY 2021, compared to 12.5 million units in FY 2020. Wallenius Wilhelmsen's volumes increased more positively than the general global deep-sea volumes for autos as we were present in more favorable trades and because we had customers performing better than the market.

The effect of the component shortages and supply chain disruption impacted the shipping segment in FY 2021. These remained challenging factors throughout the year. However, in Q4 the situation improved somewhat and volumes increased 5 per cent quarter-over-quarter (QoQ).

Due to the recovery of the Covid-19 pandemic, volumes increased for almost all trade lanes in FY 2021. FY 2020 was a year heavily impacted by the Covid-19 pandemic, and we saw that in FY 2021, carried volumes were almost on par with 2019 carried volumes. Growth in exports out of Asia was the main driver for the positive volume increase in FY 2021, although a volume increase was seen in almost all trade lanes. Volume development through FY 2021 has followed the general cyclicality in the market historically, with stronger quarters in Q2 and Q4, due to end-of-year sales targets and holiday effects impacting the quarters differently. Volumes in the first half versus the second half in 2021 were consequently relatively flat.

Cargo mix remained relatively stable as the high & heavy and breakbulk share went from 30 per cent in FY 2020 to 31 per cent in FY 2021. Both cargo segments saw a strong overall volume increase in FY 2021 resulting in a stable development in the cargo mix. Compared to pre-pandemic levels, the cargo mix improved significantly due to the strong rebound in high & heavy volumes relative to auto volumes.

Adjusted EBITDA for the shipping segment ended at USD 737m in FY 2021, up USD 318m (76 per cent) compared to FY 2020. Positive development in volumes and gross rates including the fuel adjustment factor explains the 41 per cent revenue growth compared to FY 2020. Cargo and voyage-related expenses increased as volumes went up in FY 2021, mostly due to increased load and discharging operations, but also because of port and canal expenses. Fuel expenses were up 55 per cent to USD 701m compared to FY 2020, partially as a result of a significant increase in operations and activity, but mainly due to increased fuel prices in FY 2021. We saw a gradual and constant increase in the prices of various fuel grades. Charter expenses were up 32 per cent to USD 173m compared to FY 2020. This was caused by higher charter-in activity due to increased need for tonnage and capacity in FY 2021, as well as significant growth in charter rates in the market due to increased demand for adding capacity from the operators. Vessel operating expenses were up 18 per cent to USD 219m compared to FY 2020, on crew, insurance, maintenance, and repair due to delivery of newbuildings and reactivation of vessels from lay-up. SG&A expenses remained stable compared to FY 2020, with a 2 per cent increase to USD 133m. Loss on assets increased in FY 2021 due to a vessel sale from the shipping segment to the government segment, resulting in a USD 32m loss in FY 2021. This loss impacts EBITDA in the shipping segment but has zero effect on group consolidated level and was part of an ordinary renewal of the ARC fleet. Goodwill deriving from the 2017 merger was impaired by USD 76m in FY 2021, based on updated long-term forecasts including expected required investments such as replacement of capacity in coming years.

The fleet

At year-end 2021, the Wallenius Wilhelmsen group operated a core fleet of 125 vessels, excluding short-term time charters, with carrying capacity of about 860k car equivalent units (CEU) accounting for about 20 per cent of the global car carrier fleet. The group owned 83 vessels, had 42 vessels on long-term charter contracts and six vessels were on net short-term time charters (contracts up to one year) as of year-end 2021. The charter market showed a significant increase in charter rates through FY 2021 and ended at an all-time high. The market has not experienced these charter rate levels since 2008.

Nabucco

In Q4 2021, the group took delivery of the last newbuild in the HERO series, the Post-Panamax vessel Nabucco. The vessel is one of the largest and most environmentally friendly in the world, with a capacity of 8,000 CEU. One vessel in the government segment was recycled in Q1 2021, one vessel was sold from the shipping segment to the government segment during Q4 2021. During the last quarter of 2021, we also finished the scrubber installation program which stands at 24 vessels. At the end of 2020, 16 vessels were in cold lay-up. Due to the rebound of volumes and increased activity levels in FY 2021, the group reactivated the last vessel from layup in Q4 2021 and there are no vessels in layup at the end of 2021.

Logistics segment

Logistics services mainly serve the same customer groups as shipping services. Customers operating globally are offered sophisticated logistics services including vehicle processing centers, equipment processing centers, inland distribution networks and terminals.

Summary of 2021

The logistics segment faced several supply-chain challenges in FY 2021, but also saw improvements in revenues and profitability compared to the previous year. Total logistics segment revenue for FY 2021 was 789m, up 12 per cent from USD 704m, as volumes increased from FY 2020 which was severely impacted by the pandemic.

Adjusted EBITDA was USD 108m, up USD 30m (38 per cent) compared to FY 2020.

In addition to the continuing impact of Covid-19, FY 2021 also encountered further disruptions to the semiconductor supply chain. While the semiconductor shortage hit a wide range of markets like consumer electronics, the auto segment consumes 10 per cent of the global product, as cars have increased their dependability on chip-intensive features like automatic cruise control, window wipers, lights etc. EV units require about 1,400 chips per car. As a result of the global semiconductor shortage, logistics encountered sporadic interruption to the business with unexpected production shutdowns and reductions in work orders. In addition, it was challenging to manage labor to support unpredictable schedules as well as hire and train new labor during the pandemic.

As global inflation went up, labor and material cost increased significantly. To offset the increased cost, logistics collaborated with customers to ensure increased rates on new contracts.

Diversification was key to our improved profitability in FY 2021. As the technical services business suffered from lower volumes due to the semiconductor shortage, our terminals handled volumes above pre-pandemic levels, thus lifting our overall revenue and EBITDA levels.

Solutions Americas (Auto) EBITDA for the full year ended at USD 32m, an 18.5 per cent increase from FY 2020. VSA, a part of Solutions Americas (Auto), saw volumes decrease 8 per cent YoY due to the chip shortage. However, margins improved with fewer Covid-19 restrictions and other operational efficiencies. Syngin, part of Solutions Americas (Auto), showed a decrease in volume of –8 per cent YoY due to the chip shortage, which has impacted the used car market, while FY 2020 volumes were less impacted by the pandemic.

Solutions Americas (High & Heavy) sub-segment volume increased slightly by 1 per cent YoY, EBITDA for FY 2021 was USD 14m compared to USD 11m in FY 2020. This was mainly due to adjustment of customer rates for the brokerage service.

Solutions APAC/EMEA had a 4 per cent decrease in volumes YoY but showed positive EBITDA of USD 18m compared to USD 9m YoY due to fewer Covid-19 related inefficiencies and an increase in value added services.

Terminal volumes increased 8 per cent YoY resulting in EBITDA of USD 53m compared to USD 40m in FY 2020 due to higher margin cargo mix and value-added services.

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Government segment

The government services segment provides ocean transport of U.S. flag cargoes and performs global logistics services for the U.S. 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 U.S. government. Logistics services for the U.S. government are primarily related to multimodal transportation, third party logistics support, stevedoring and terminal operations. The primary customer is the U.S. government, but the segment also includes U.S. Flag commercial cargos such as those generated by the financial sponsorship of a federal program, or a guarantee provided by the U.S. government.

Summary of 2021

Total revenue from the government segment for the full year of 2021 was USD 236m, down 4 per cent from USD 247m, mainly due to lower U.S. flag cargo activity.

EBITDA was USD 40m, down USD 15m (26 per cent) compared to FY 2020. The reduction was primarily due to lower revenues and increased cargo handling and fuel costs from the previous year. In general, 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.

In April 2020, our subsidiary American Roll-On Roll-Off Carrier Group Inc. (ARC) was selected to provide global relocation services for the Department of Defense and the U.S. Coast Guard, under the Global Household Goods Contract. That award was protested by unsuccessful bidders and after corrective action by United States Transportation Command (TRANSCOM), re-awarded to ARC. Unsuccessful bidders protested again challenging the government's review process. The Government Accountability Office (GAO) sustained the second protest. Consequently, TRANSCOM required a resubmission of bids in December 2020 and conducted a re-evaluation of submitted bids. ARC timely resubmitted its bid and was informed in November of 2021 that it was not awarded the contract. ARC has protested the award to the GAO. A decision from the GAO is expected in March 2022. If ARC is successful in ultimately securing the Global Household Goods Contract, it represents incremental business for the government segment, although the ultimate outcome of the selection process will not impact the core business.

Market development and outlook

The global demand for deep-sea transportation recovered from a pandemic-driven dip in FY 2020, but it was weakened by supply chain disruption. Light vehicle (LV) exports were hit the hardest, and momentum faded during the year, while the high & heavy (H&H) segment did not face the same impact to the same extent as LVs and thus saw a solid rebound in FY 2021.

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 IHS Markit, global LV sales increased by 2.9 per cent in FY 2021 compared to FY 2020 and totaled 79.4m units. The rebound from the Covid-19 pandemic had an impact on all major markets. However, production of LVs could not keep up with demand as semiconductor shortage slowed the output. Chinese LV sales fell 1.0 per cent YoY as internal combustion engine (ICE) vehicles declined and low-emission vehicles (xEVs) grew sharply. Both in North America, up 3.8 per cent, and Europe, up 0.1 per cent, inventories of new vehicles were at a record low and average transaction prices trended high.

Securing vehicles on board the vessels is vital to avoid damage to the vehicles during the ocean voyage

Global deep-sea LV exports were up 10.7 per cent from FY 2020 to FY 2021. Deep-sea volumes grew more than total global sales, as North America and Europe, with a relatively high share of deep-sea volume performed better than regions with lower deep-sea shares. Light vehicle exports from Europe increased 7.2 per cent, while North American exports increased 2.1 per cent. Japanese exports were up 3.5 per cent from FY 2020, Korean vehicle exports were up 13.6 per cent. Chinese exports almost doubled to a massive 95 per cent gain, from 0.5m to 1.0m. A positive factor for Chinese LV export was the fact that new battery electric models gained ground in Europe.

According to the forecast from IHS Markit, the LV sales outlook for 2022 indicates a growth of 3.7 per cent compared to 2021. Sales in North America are predicted to increase by 2.9 per cent and exceed 18m units sold. Western Europe is expected to see an improvement of 6.5 per cent. The base case scenario expects deep-sea volumes to see a stronger rebound compared to global sales. Deep-sea volume is forecasted to develop flat, as exports from Japan is expected to decline while exports from Europe grow. The LV outlook for deep-sea carried volume for 2022 is confident with a gradual improvement in supply chain issues including semiconductor shortage. The fundamental macroeconomics look solid, but there is uncertainty due to trade tensions, environmental regulations and geopolitical conflicts that might influence sales.

High & heavy market

World markets for agricultural, construction and mining machinery experienced a significant demand rebound in 2021. Global trade volumes increased 36.5 per cent YoY in the first eleven months of the year – as demand continued to rise from the pandemic-induced dip in Q2-2020.

Global construction machinery trade increased 41.7 per cent YoY during the period. Machinery exports to all market regions grew strongly with every market recording demand at least one-third higher than the year prior. The construction industry experienced significant volatility as building sites were hit by waves of Covid-19 affecting workforce availability and productivity. Meanwhile, demand for construction services remained strong in the residential segment, while nonresidential building activity was hampered by uncertainty emerging from the pandemic. According to Off-Highway Research, global construction equipment demand (ex. China) is forecasted to increase 2.4 per cent from 2021 to 2022, as growth in Europe, North America and India more than offsets declines in other parts of the world.

Our lift capacity is impressive, and we move a lot of high and heavy bulk cargo for our customers

Global demand for mining machinery rebounded in 2021 with exports of mining equipment increasing 55.4 per cent from the year prior. The upturn was driven by machinery deliveries to European mines, but strong growth was also recorded to Asia, North America and Latin America. 2021 represented the first year of market growth since 2018, as soaring commodity prices left the mining industry with the highest profits in a decade. Strong earnings allowed miners to again invest in projects and machinery, and investments among major miners rose by an estimated 15.1 per cent in 2021. Consensus estimates for selected machinery manufacturers indicate that mining machinery sales will increase another 16.0 per cent from 2021 to 2022.

Compared with construction and mining machinery, markets for agriculture equipment experienced a stronger rebound and ended 2020 essentially unchanged from 2019. With strong momentum even before the year started, global exports of agriculture machinery increased 23.1 per cent YoY in the first eleven months of 2021. The market expansion was led by strong growth in Oceania and Latin America, but all market regions recorded double-digit increases. Demand was driven by the highest food and crop prices in a decade, supporting farmer sentiment and investment appetite around the world. Consensus estimates for selected equipment manufacturers indicate that machinery sales will grow another 15.6 per cent in 2022.

Wallenius Wilhelmsen has 130 vessels in its fleet

Global fleet

The global vehicle carrier fleet totaled 578 vessels with more than 4,000 car equivalent unit (CEU) capacity. In 2021, five newbuilds were delivered and one vessel was recycled. During 2021, there were 37 new orders above 4,000 CEU. This resulted in an order book at year-end of 39 vessels with more than 4,000 CEU – the equivalent of about 8 per cent of the active fleet. Most of the order book is scheduled for delivery after 2023.

Key risk exposures

Wallenius Wilhelmsen is exposed to a variety of risks through its global operations. These risks are within the following areas: financial, market and commercial, operational, regulatory, climate, environmental and safety. Wallenius Wilhelmsen has established a group-wide enterprise risk management model and maps all 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.

Financial risks

The main financial risk exposures for Wallenius Wilhelmsen are interest and currency rates along with rising fuel oil prices. Wallenius Wilhelmsen's policy is to hedge between 30-70 per cent of the net interest rate exposure predominantly through interest rate swaps and fixed-rate loans. The hedge ratio currently stands at about 65 per cent.

The US dollar is the dominant currency for both revenues and costs across the group. It is also the group's presentation currency. Most of the currency exposure arises on the cost side in the ocean-operating companies where KRW, JPY, SEK, CNY and NOK are the most important currencies. As a main principle, Wallenius Wilhelmsen does not use financial instruments to hedge currency risk in the operating entities but assesses the merits of doing so in periods when the US dollar is deemed historically strong compared to other currencies.

Fuel oil 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.

In addition to FAFs, the group had fuel oil swaps securing around a tenth of fuel oil volumes during 2021.

For a detailed assessment of financial risk, see note 17 – financial risk in the financial statements.

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 and data privacy. Compliance with relevant requirements within these fields, in addition to other corporate matters, are managed in collaboration between 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 section on Principles of corporate 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 2021, 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 remained challenging. Our Covid-19 response team across the group has worked 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.

Cyber-attacks is identified as a risk. 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.

The concern and safety for our employees are first priority. A number of preventive measures have been implemented, such as a requirement to wear masks

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 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.

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 section 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 financial material climate risks are related to our shipping segment. High on the agenda is to best prepare and position ourselves for forthcoming 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. Regulations to ensure these targets are met. 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.

Trade tensions and general geopolitical tensions that could lead to heightened barriers to trade represent a risk. A continued disruption 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. Continued 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.

“We bring employees in 29 countries together through well working technological solutions. Without these solutions, we would not have been able to work as efficient as we have done over the last year. When choosing partners to deliver this, we balance risk vs. cost, and have a clear and transparent process to make sure everything we do is in compliance and accordance with our values.”

Håvard Melgaard
VP Global Sourcing & Partners

Events after the balance sheet date

In January, we commenced prepayment of the remaining USD 50m of deferred amounts with the WW Ocean banks. All amounts will be prepaid within Q1-22, after which the related dividend block will be removed.

On February 24, 2022, Russia invaded Ukraine. Wallenius Wilhelmsen has suspended operations in Russia and Belarus until further notice. The invasion of Ukraine is a tragedy. Our deepest sympathy goes out to the people of Ukraine, and our thoughts are with the millions of innocent people affected.

Wallenius Wilhelmsen has limited direct exposure in the region. In 2021 the revenue related to transactions to and from Russia amounted to approx. USD 28 million (0.7 per cent of total revenue for the group in 2021). There is significant uncertainty associated with the duration and extent the disruption caused by the invasion, as well as its impact on the global economy. Risks and developments are continuously monitored by management. The group continues to adhere to prevailing sanctions and other restrictions. Our main concern is the safety and well-being of our employees and partners, and the company continues to monitor the impact on operations. Together with the Norwegian Shipowners' Association and other industry players, Wallenius Wilhelmsen has donated financial support to the Red Cross in Ukraine. Red Cross has a well-functioning network already on the ground as they have been engaged in eastern Ukraine for the past eight years.

Dividend for 2021

The Board has decided to propose an ordinary dividend of USD 15 cents per share to the Annual General Meeting on April 26, 2022, USD 9 cent per share payable in May and USD 6 cent per share payable in November. In total, the proposed dividend for FY 2021 is equivalent to about USD 63.5m.

Prospects

We continue to expect the supply-demand balance in shipping to remain favorable over the mid-term due to the overall global fleet situation. Logistics volumes will benefit from gradual improvement of automotive semiconductor chip supply expected during the latter part of 2022. In the absence of further volatility and disruptions to supply chains, these developments are expected to further improve financial flexibility and help drive shareholder value creation.

Potential risks include further parts shortages, labor shortages, increased geopolitical tension and further escalation of the conflict related to the Russian invasion of Ukraine, negative impacts of any significant disruptions to the global supply chains and operational impact from further Covid-19 outbreaks.

Principles of governance

Wallenius Wilhelmsen adheres to good corporate governance standards. This is critical to realize 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 17 October 2018), 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 elaborate on company, accounting, stock exchange and securities legislations, as well as the Stock Exchange Rules (from November 30, 2005 with later amendments). 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 to 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.

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. Making up the core of the Company's governance framework, the governing elements guide the employees in making the right decisions and navigate safely in a rapidly changing environment. A summary of the governing elements is available electronically on Wallenius Wilhelmsen's intranet; both as written and e-learning documentation.

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 2021, as in 2020, 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 developed our third-party sanction and credit risks screening and binding corporate rules which will be finalized and implemented in 2022. We will also continue to focus on anti-corruption, competition law 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 risk, particularly in cyber security, we have escalated our organization and focus. We established a new position as security and emergency manager at corporate level. The position's mandate is to standardize and develop emergency and crisis response capabilities across the group, and to focus on security risks as criminality and terrorism.

In 2021 the CTPAT (Customs Trade Partnership Against Terrorism) program was re-launched. This is a security framework to mitigate risks. The work will continue in 2022 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.

The business

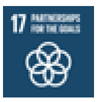
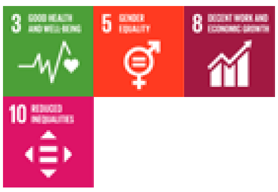
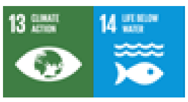
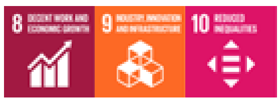
Articles of Association
Wallenius Wilhelmsen's business activities and the scope of the board's authority are restricted to the business specified in article three of the Company's articles of association which read as follows:

'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 mobility on land and at sea. Our holistic strategy is to create value for our shareholders and other stakeholder 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.

	Principles of Governance	People	Planet	Prosperity
	Transparent, with strong ethical business conduct	Safe and inclusive workplace where people's rights are respected	Decarbonize and reduce our environmental impact	Solving the biggest challenges while creating new opportunities
				
Material Topics	Ethical business conduct Emergency preparedness Security Privacy and data security	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
SDGs				

Our strategy contributes to the Sustainable Development Goals ("SDGs") issued by the United Nations, and we focus on the eight SDGs provided in the above illustration that we have assessed and that we have the greatest impact upon.

Our material topics are based on an assessment conducted to identify and prioritize which topics are most material to our operations: 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 dialogue with stakeholders, including our customers and partners, employees, investors, and regulators. In 2022, we will update our materiality assessment in consultation with external stakeholders.

Sustainability is integrated into our holistic approach to business: The Group's long-term strategy is described in the section message from the board and consists of four strategic pathways:

1. E2E supply chain orchestration
2. Drive operational effectiveness
3. Expand to full lifecycle services
4. Lead the journey to zero emissions

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 implement the strategy with a portfolio organized around the four strategic pathways. Following the portfolios, we work in cross functional teams around improving selected value streams or initiatives using agile methodology and customer-centricity to innovate and develop better solutions.

Considering the risk profiles that our business have, 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 of December 31, 2021, the total equity amounted to USD 2,804 million, corresponding to 36 per cent, up from 34.3 per cent at the end of 2020. The liquidity position is good, with cash and cash equivalents of USD 710 million and USD 349 million in undrawn credit facilities at year end 2021. The group had net interest-bearing debt of USD 3,418 million at the end of 2021. Outstanding bonds were USD 587 million, with the remainder consisting of bank loans, export credit facilities and leasing commitments. The group was in compliance with all loan covenants at year-end 2021.

The Board of Directors believes the capital structure of the Wallenius Wilhelmsen group is appropriate to our objectives, strategies and risk profile.

Dividend policy

The Board of Directors has adopted the following dividend policy:

Wallenius Wilhelmsen's objective is to provide shareholders with a competitive return over time through a combination of rising value for the WAWI ASA shares and dividend payments to the shareholders. The board targets a dividend which over time shall constitute between 30 per cent and 50 per cent 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 the group's financial standing remains warrantable at all times. Dividends will be declared in USD and paid out semi-annually.

Dividend for the financial year 2021

The Board decided to propose an ordinary dividend of USD 15 cents per share to the AGM on April 26, 2022, USD 9 cent per share payable in May and USD 6 cent per share payable in November. In total, the proposed dividend for 2021 is equivalent to about USD 63.5m.

Authorizations to the Board of Directors

At the AGM in 2021, 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 per cent of the current share capital. The authorization can only be used in connection with the Company's long-term incentive scheme for the executive management.

The authorization is valid until the AGM in 2022, but will last no longer than June 30, 2022. Furthermore, at the AGM in 2021, the board of directors was also granted an authorization to increase the share capital by up to NOK 22,001,456, representing 10 per cent 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 2022, but no longer than June 30, 2022.

> **Deviations from the Code:** The authorization to the board of directors to increase the share capital covers more than one purpose. The board of directors believes that for several reasons this gives flexibility to increase the share capital by up to 10 per cent – 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, 2021, Wallenius Wilhelmsen had 5,971 shareholders, of which 292 were foreign, and the remaining were Norwegian. This indicates an increase of 11 per cent in the number of shareholders compared to year end 2020. The Norwegian shareholders account for 208,198,118 of Wallenius Wilhelmsen shares, the equivalent of 49 per cent 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 2021.

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 2021. However, it has previously purchased own shares of which 700,883 was held in treasury as of year-end 2021.

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.
- Pursuant to the articles of association of Wallenius Wilhelmsen, the chair of the board will chair the general meeting and the board will accordingly not arrange for 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 individual of the items on the agenda and for candidates that are nominated for election. 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. In accordance with Norwegian legislation, the general meeting of 2021 was held digitally due to the Covid-19 and the chair of the meeting was the Company's external counsel as appointed by the general meeting and in accordance with Norwegian legislation.

> **Deviations from the Code:** The articles of association provide that the chair of the board will chair the general meeting. Due to Covid-19 restrictions, the board did, however, arrange for an independent chairperson for the general meeting in 2021.

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. Jonas Kleberg is a member of the board of directors. 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 2021, the nomination committee held two meetings.

> **Deviations from the Code:** Jonas Kleberg is a member of the board. He offered himself for re-election to the board in 2021 based on the fact that the other members of the nomination committee had identified him as a suitable candidate.

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. Three of the directors are women. Four of the directors, Rune Bjerke, Marianne Lie, 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.

Information on the background and experience of the directors is available on Wallenius Wilhelmsen's website, which also lists the number of shares in Wallenius Wilhelmsen 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 practice 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 2020	2	2022
Thomas Wilhelmsen	April 2021	2	2023
Jonas Kleberg	April 2021	2	2023
Marianne Lie	April 2021	2	2023
Margareta Alestig	April 2021	2	2023
Anna Felländer	April 2020	2	2022

> **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. This includes 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 makes 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 2021, Wallenius Wilhelmsen arranged fifteen meetings which all board members attended. I.e. 100 per cent attendance in meetings during 2021.

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:

- Marianne Lie (chair)
- Margareta Alestig
- Anna Felländer

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 finance 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 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.

Remuneration Committee

The board of directors has established a remuneration committee consisting of:

- Rune Bjerke (chair)
- Thomas Wilhelmsen
- Jonas Kleberg

The members are independent of Wallenius Wilhelmsen's executive management. The board sets guidelines for remuneration of the executive management, including incentive schemes, pension schemes/terms and employment agreements. The remuneration committee also proposes the general remuneration principles for other employees in the Company.

Management team

In 2021, the executive management team at Wallenius Wilhelmsen consists of an acting chief executive officer (CEO), who is also CFO, and the following other roles:

- Chief financial officer (CFO)
- EVP, chief operating officer (COO) Shipping Services
- EVP, chief operating officer (COO) Logistics Services
- EVP, acting chief human resources officer (CHRO)
- 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 16 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 and Syngin Technologies, LLC. 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

“There's a good rationale for every position in the Company. Regardless of your role and tasks, trust that you always contribute and make a difference. We have lots of examples of people that make a difference.”

Ana Quaresma
VP Sales South America

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Risk management and internal control

Board responsibility

The board is responsible for the Wallenius Wilhelmsen's internal control and risk management and believes that Wallenius Wilhelmsen's systems are appropriate given the extent and nature of our activities. The system contributes to control characterized by integrity and ethical attitudes throughout the organization. It is based on the Wallenius Wilhelmsen's guidelines for business standards and sustainable social responsibility.

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 auditor.

About the system

Governing documents, code of conduct, company principles (including sustainable social responsibility), policies, guidelines 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
- Quarterly reporting on 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.

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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

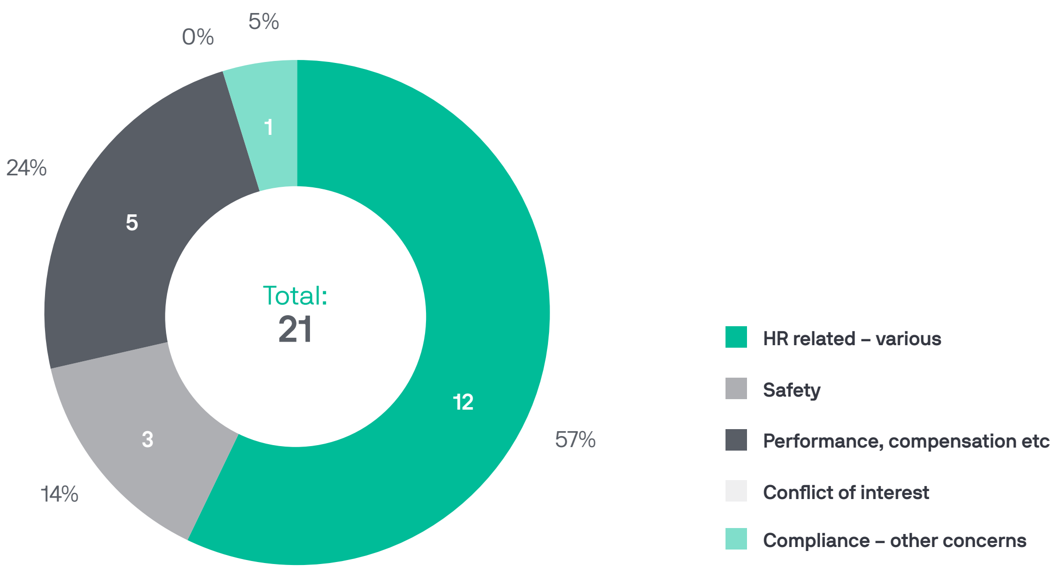
Wallenius Wilhelmsen has a global whistleblowing system, including procedures and channels, for giving notice about potential non-compliance, e.g. corruption, theft, fraud, sexual harassment or other breaches to the Company's business standards. The whistleblowing channel is hosted by an independent third party and employees can report concerns confidentially.

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 to laws and regulations, self-imposed business standards or other serious irregularities. The procedures also include guidelines to safeguard the whistleblower.

During 2021, we received 21 cases through the whistleblower channel. In addition, cases and queries have been reported through the reporting line. The cases are addressed upon being reported. No cases of corruption were confirmed, breaches of our code of conduct were confirmed and if found in breach of our governing requirements, led to repercussions. We will continue to raise awareness of the whistleblower channel to encourage employees to report any potential breaches.

Deviations from the Code: None

Cases reported through the whistleblower channel:



Remuneration of the Board of Directors

Remuneration of directors is determined by the AGM and 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

"Our key priority is to be compliant with applicable privacy and data protection requirements. We inform our employees on a regular basis to make sure we all follow our guidelines and policies and that this is understood by everyone."

Mari Campbell Strømme
Legal Counsel

Salary and other remuneration for executive personnel

Remuneration policy

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 Group 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.

An overview of employee benefits, including salary and other components of the CEO's, CFO's and COO's remuneration packages are detailed in the renumeration report attached 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 addition to short-term variable remuneration, a long-term incentive plan for senior and other executives was introduced in 2018 and approved by AGM in 2021. It aims to promote and reward a long-term strategic perspective, while helping senior and other executives build a meaningful personal share ownership in Wallenius Wilhelmsen. The plan, which is a bonus scheme resulting in a monetary amount, will make awards over our common shares to the equivalent amount. The bonus is assessed over, and becomes payable after three years. It is 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 maximum annual payments can be 50 per cent of base salary for the CEO, 40 per cent of base salary for the remaining senior executives and 30 per cent of base salary for other executives.

A report on salary and other remuneration to the executive personnel will be prepared in accordance with the Public Companies Act and relevant regulations.

> **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 has strict rules on who can use social media for Company purposes, and 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 – the silent period – Wallenius Wilhelmsen will not 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 is 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 has not determined such guidelines, shareholders are 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.

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 accounts 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 estimated accounting figures, 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 2021. 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 2021, Bjørn Lund was the Company's engagement partner from PwC.

Deviations from the Code: None

People

While impressive deep sea vessels are our most visible assets, we believe it is our people that are most important. From managing processing centers and terminals to operating our land and ocean fleets efficiently and responding to customer needs, Wallenius Wilhelmsen's people are essential to how we create lasting value.

By providing a safe and inclusive workplace where everybody's rights are respected, we strive for economic, social and environmental excellence globally.

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

1. Health, safety & well-being
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 preventing harm to our people's health, safety and wellbeing.

Wallenius Wilhelmsen is a global company with terminal operations, processing centers, road and seagoing transportation. We face many potential risks. It could be work-related incidents, road accidents, oil spills and other environmental incidents. We continuously improve our safety culture by working with our employees, partners, ship management and suppliers to ensure that safe work practices are incorporated in all that we do, wherever we are.

How do we work?
Most of our employees work in logistics services. This includes outsourced labor at terminals and processing centers. We have a health, safety, environment and quality policy in place, and the management system is aligned with the ISO standards for health & safety (45001), environment (14001) and quality (9001). Several of our facilities are certified to one or more of these standards. Dedicated HSEQ managers are responsible for the continual improvement of the systems and senior management monitor this work closely.

External ship management companies employ the crew onboard Wallenius Wilhelmsen's owned vessels and vessels on bareboat charter. Our marine operations management team ensures that the ship management companies comply with our working conditions, safety policies and our ship operations and maintenance policy.

How did we perform?
During 2021, a key priority has been to keep our people safe and healthy during the ongoing Covid-19 pandemic. International Covid mitigation efforts, such as travel restrictions, prevented many seafarers from getting on or off vessels. They had to stay onboard for months past their contracts or on land with no possibility to work and provide for their families. Together with our ship management companies, we were able to minimize extra off-shore time through additional port-calls and tailored crew-change plans. To alleviate the challenges of our sea crew, we supplied extra bandwidth for satellite communication so they could stay in touch with friends and family and established pre-paid bonuses. We also offered interest-free loans to compensate seafarers at home who were unable to work.

We work with peers and trade organizations, such as the Norwegian Shipowners' Association and IMO, to influence authorities to limit time on board and maximize the number of changeovers. We provided vessels with oxygen meters and antigen tests, virtual access to medical advice and support from physicians. In addition, we established our own vaccination program. At the end of 2021, more than 80 per cent of our seafarers were vaccinated, compared to the industry average of 30 per cent.

80%

of our seafarers were vaccinated compared to the industry average of

30%

In the logistics segment we took several actions to ensure safety, care and concern for our employees:

- We engaged in partnerships with local health care providers to offer testing, vaccinations and medical services
- We paid for time off and offered flexible work schedules to support individual needs for family care

In addition to mental health campaigns, we gave a global day off to all office staff with a call to engage in mental wellbeing activities.

In the US, where most of our logistics employees are based, we offered a new benefit package through Care.com. This is available to all Wallenius Wilhelmsen employees and provides subsidized emergency backup child or adult care, online tutoring services, backup pet care and other services. Emergency in-home or in-center backup care can be used when regular care is not available during work hours. On-demand tutors provide an academic resource for kids in grades K-12, plus some college-related tutoring. This initiative came in response to employees' #engage survey results raising the need to access affordable and quality back-up for family care.

Global safety committee supports global safety culture

In 2021, regional safety heads for our Logistics services established a global safety committee to share learnings and best practices.

Every month, regional safety heads from Australia, Belgium, Canada, Mexico, South Africa, South Korea, the UK and USA make the time to convene and review safety issues and trends – all with the aim of helping each other.

The initiative has had a big impact already, says Anthony Miner, manager for Safety, Quality and Sustainability who helped launched the initiative and chairs the meetings.

“This kind of close collaboration allows us to benefit from each other's successes – and mistakes too,” says Anthony. “We know how we can help each other to resolve challenges easier, pass along tips or assist in scaling up new solutions quicker.”

“To be honest, we didn't realize how valuable this committee would be,” reflects Anthony. “It's already become a critical part of our Safety 1st management system and leadership culture.”

Tragically we experienced one work-related fatality in 2021. A contractor at a facility in Shanghai, China, died after being hit by a reversing mini-truck. The incident has been investigated and mitigating actions enforced to avoid similar incidents in the future. Sadly, one of our vessel crew members contracted Covid-19 and passed away on board in 2021. Our thoughts and support go to their families, friends and colleagues.

Although we have achieved improvements over the years, the safety performance in logistics declined during 2021. At the end of the year, LTIF was 15.15 in our land-based operations with 178 lost-time injuries for staff and contractors. This is considerably higher than our 2021 LTIF target of 13. Many of our incidents were related to slips, trips and falls. Our operations in the Americas consequently ran a campaign addressing these hazards and increasing awareness to minimize the risk of such injuries in the future. Even though our LTIF is comparable to the industry average in countries such as the US, it is a priority to drive continuous improvement of safety performance and we will particularly focus on the facilities that have had the highest numbers of incidents and recurring root causes. Absenteeism for Logistics improved slightly in 2021 from 2.55 per cent to 2.35 per cent.

A global safety committee was established in 2021. 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, meet regularly to share lessons-learned and strengthen our general safety culture.

At sea, the LTIF was 0.88 at the end of 2021, better than our target of 1.0. Most of the injuries are related to slips and trips.

How will we proceed?
Improving our safety performance and safeguarding our people's health and well-being will continue to be a top priority for the company in 2022:

- Support our employees in taking care of their mental health and manage stress cause by the pandemic
- Strengthen efforts to reduce risk and improve health and safety performance at our facilities with the highest numbers of incidents
- Strengthen our health & safety management system

Key performance indicator	2021 actual	2021 target	2022 target
LTIF logistics	15.15	< 13.0	< 14.5
LTIF ocean	0.88	< 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 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 upcoming 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.

How do we work?
The respect for human and labor rights is embedded in 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, exploitative working conditions and child labor.

One of our focus areas is vessel recycling yards as these are a known hotspot for human rights violations. For decades, we have conducted responsible ship recycling according to our specific policies. We are one of the founding members of the Ship Recycling Transparency Initiative, an online platform for sharing information on shipping companies' recycling policies and practices. Corruption poses a detrimental risk to human rights and is another important focus area for us. The pressure to pay facilitation payments, for instance in ports, has decreased considerably over the years. This is due to, for instance, the group legal team providing training and support, liaison with protection and indemnity clubs and ship management companies, as well as peers and the Maritime Anti-Corruption Network (MACN) of which we are a founding member. Letters describing our policy are sent to ports prior to arrival.

To minimize the risk of piracy, we avoid areas and routes with a particular high piracy risk. In addition, we have installed piracy protection plates on our vessels as a concrete measure to avoid employing armed security. We did not have any armed security on our vessels in 2021.

We have established a governance structure to comply with relevant regulations relating to labor rights and working conditions. Please read in the DEI section below.

How did we perform?
In 2021, we developed a human rights policy. It lists key principles, objectives and commitments on human and labor rights. The policy was operationalized with human rights risk assessment & due diligence (HRRDD), in accordance with the OECD guidelines for multinational enterprises and UN guiding principles on business and human rights. The HRRDD encompasses our entire value chain as well as direct operations.

The assessment involved a desktop analysis, development of a systematic process and several workshops including managers from human resources, legal, safety, emergency & security and procurement. We also consulted an external human rights expert to verify our approach. Human rights were assessed across our extensive value chain to determine which factors are relevant for us and decide why others are not relevant.

For some we already have procedures in place, whilst others need to be addressed in more detail.

Key human rights most relevant to our business include:

- **Supply chain risks:** We identify, and address risks related to human rights. Please see section on sustainable supply chain in the Prosperity section below.
- **Discrimination and harassment:** Non-discrimination and harassment is specified in our code of conduct and integrated into our management procedures and will be given strengthened focus as part of our increased focus on diversity, equity and inclusion (DEI). This is further described below.
- **Stowaways on vessels:** Preventive measures in terminals and ports are implemented and continuously strengthened especially for high-risk shipping lanes. Examples of preventive measures are ID checks, CCTV systems, manual cargo inspection and thermal screening cameras. In the case stowaways are found on a vessel after leaving port of departure, recommended practice is followed as per IMO in Resolution 13 (42): FAL Convention with guidelines related to stowaways. P&I clubs are consulted to ensure the safety of stowaways when considering potential ports for disembarkation.
- **Migrants in distress picked up 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. P&I clubs are consulted to ensure the safety of migrants when considering potential ports for disembarkation.
- **Shipyards and ship recycling:** For a long time, we have had focus on eliminating adverse human and labor right impact in this area (see above).
- **Health and wellbeing during the pandemic:** During the Covid-19 pandemic we have worked continuously to ensure the safety of our staff and to mitigate adverse human rights impacts on seafarers resulting from Covid-19 restrictions particularly related to crew-change restrictions (please see the section on health, safety and wellbeing above).
- **Employee and supplier information privacy:** Please see how we address this risk in the governing elements in the principles of governance section above.

How will we proceed?

We will develop our human rights due diligence by:

- Ensuring that Wallenius Wilhelmsen's human rights policy is understood and implemented in all parts of our company
- Establishing a webpage for queries by external stakeholders relating to human rights impacts
- Establishing a taskforce of key functions to advance our human right work
- Expanding our stakeholder engagement to a wider group of internal stakeholders and consult external stakeholders such as NGOs
- Conducting internal awareness campaigns and training, as well as present initiative and results to management and the board
- Including human rights in the scope of the established whistleblower channel
- Conducting assessment of risks in our supply chain

"Instead of worrying about hostility or fighting against prejudice, I can focus on the real work and my responsibilities in a friendly and fun environment, which already feels like my second family. I sincerely appreciate the opportunity of being part of this great team and culture."

Duygu Arikan
Solutions Architect Ocean Applications

3. Diversity, equity and inclusion

Why is it important?

Our employees, with their diverse background and experiences, cooperate daily across national 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 bring out our best version of ourselves and learn from each other. Diverse and inclusive organizations, which provide everyone with a safe and inclusive workplace, are innovative, make good decisions and perform well. We need this diversity to solve challenges and realize opportunities.

How do we work?

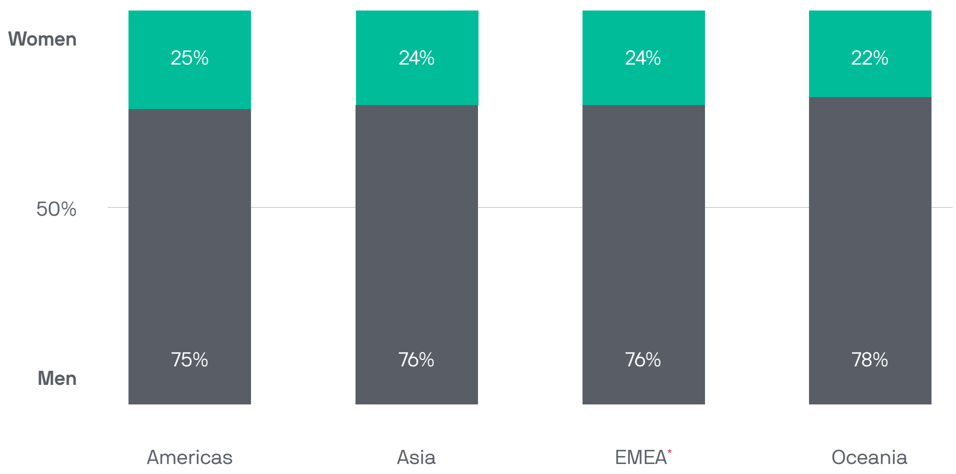
With the pandemic, we saw the importance of providing people access to work, development of skills and the time to focus on their wellbeing. Therefore, we are further developing our approach so that everybody working at Wallenius Wilhelmsen is treated equally and feels included. Our board of directors and senior management are committed to, and 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, and in their daily work. DEI is incorporated into Wallenius Wilhelmsen's strategy and our human resource colleagues get support from sustainability and corporate communications as well as safety and labor representatives.

Annually, we conduct an employee survey, called #engage, to monitor our employees' perception of the working environment and our progress on developing an inclusive culture.

We have partnered with organizations such as Out in Tech, Techqueria, Women who Code and Women's International Shipping & Trading Association (WISTA). We will monitor the effect of our initiatives through the DE&I score in our bi-annual employee survey.

Gender mix per region



* Europe, Middle East and Africa

How did we perform?
During 2021, we recruited eleven women to senior management positions meeting our goal of ten. We increased our gender diversity to 21 per cent women in senior management positions. Of our approximately 2,500 office workers, 39 per cent are women, whilst women constitute only 18 per cent of all production workers.

In our Norwegian operations, the gender diversity in 2021 was 35:65, both in total and on executive level. It was a little lower on senior manager and manager levels, 34% and 32% respectively. At “professional” level, women represent 45% of the employee group.

Our industry has historically been male-dominated and it is a priority for us to change this. We have therefore set 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.

Senior management:
21% Women
79% Men

New hires:
33% Women
67% Men

To best reflect the communities where we operate and the stakeholders we serve, we will continue to increase our diversity, especially amongst production workers. The pandemic has also revealed a gap between available labor and the number of jobs. We are implementing several initiatives to address this disparity. We offer training to talent acquisition teams and challenge them to use the structured interview technique and selection process for inclusive hiring. We use third party technology to review our job ads for potential biased language.

To secure equity and fair pay, we conducted a global gender compensation analysis in 2021. The analysis assessed compensation based on gender, regions, positions, and promotions before and after the yearly salary review. We ran a comparison with recognized and relevant market data. The aim was to identify and lift employees who have been compensated below target. The analysis showed that although an equal number of women and men were promoted, the proportion of female employees promoted was greater than that of males.

The analyses also showed that we have succeeded in lifting a significant number of employees that previously were compensated below 80 per cent of the market benchmark. However, pay disparity in certain regions and for certain positions still exists and further work is needed to close this gap. We also conducted a gender compensation analysis for our Norwegian operations in accordance with local anti-discrimination regulation.

Earnings ratio
women:men

Sweden	Norway	Korea	United States
101%	98%	90%	87%

As part of diversity and inclusion, we amended the 2022 US holidays to include Juneteenth and Martin Luther King Day. This demonstrates our commitment to DEI and show that we honor our African American workforce. During October, we invited employees to share personal stories on our internal social media channel to help reduce the stigma of mental health challenges. We also launched our "Belonging" statement as part of defining our internal culture.

Diversity, equity, inclusion & belonging

We aspire to build a workplace where all contributors feel they can bring their best selves everyday, learn from each other, and be appreciated.

We believe inclusive leadership matters and will help us protect our most valuable investment in our success – our people.

Diversity, equity, integrity and belonging is 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.

Our journey towards sustainable and integrated logistics will compel us to attract people with diverse experiences, skills and abilities. 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 the structured candidate interview and selection process
- Continue to close the pay gap
- Enhance our anti-discrimination management practices

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 regulations 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. Combined, we expect these efforts to have a positive effect on the retention rates.

How do we work?
GoGrowSucceed is the company-wide platform for co-workers to manage their professional development objectives and facilitate their performance and development check-ins with management.

Unlike past performance reviews focusing on ranking 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 reports. We provide our employees with a combination of digital and in-person training sessions. All employees at all sites are required to participate in an annual training class 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?
Covid-19 limited our ability to safely provide traditional in-person training sessions. However, our training and development efforts continued thanks to iLearn.

During 2021, we conducted our annual code of conduct training. The training was conducted as e-learning for our IT-enabled employees, and extensive workshops were conducted for employees without PC. In total, close to 80 per cent of all employees completed the training and we are satisfied with this outcome, given the obstacles the Covid-19 pandemic created. We also further developed cyber security governance and conducted a company-wide cyber security training for all IT-enabled employees. We are pleased with the completion rate of the training, which was 75 per cent of the targeted employees. The training must be completed annually, and it is compulsory for all new employees. In 2021, we launched a cyber security campaign to raise awareness and train our employees on how to recognize phishing attempts and cause of action. Following the training, we have seen an increase in reported cases and queries raised among our staff.

80%
of all employees completed Code of Conduct training

75%
of our IT-enabled workforce completed the cyber security gamification training

How will we proceed?
In 2022, we will continue our transition to digital learning, enhancing our ability to deliver new knowledge and skills to all our coworkers, regardless of where they work each day.

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.

Decarbonization and the shift away from fossil fuels is recognized as one of the most important measures to mitigate the worst irreversible effects of climate change. 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. GHG emissions and climate risk

Why is it important?

Nearly all (99 per cent) of our scope 1 CO_2e 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[1], it constitutes three per cent of annual CO_2 emissions globally. To most, there are no alternatives to seagoing transportation.

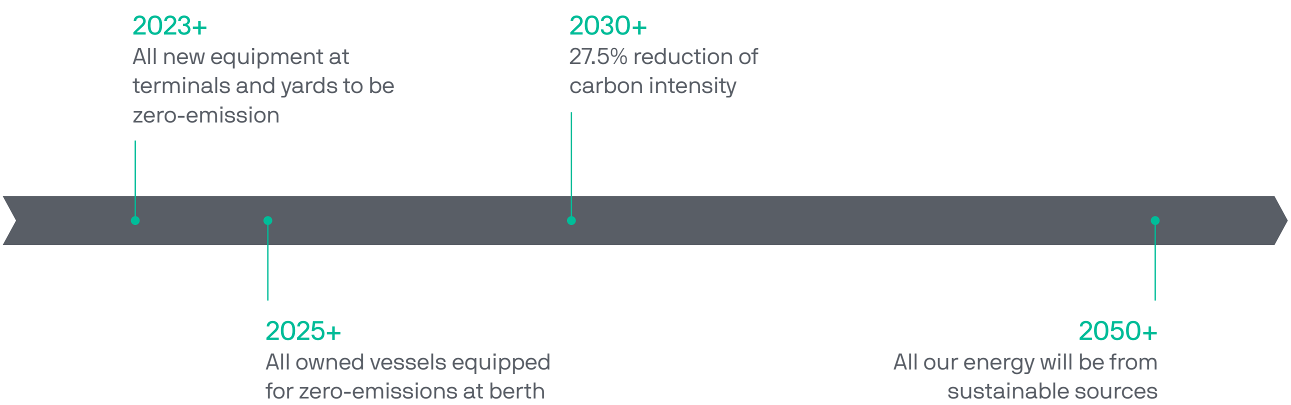
International shipping carries about 90 per cent of world trade, and the volumes of goods are predicted to increase significantly toward 2050. To meet the objectives set forth in the Paris Agreement, the industry needs to transform. It needs to considerably reduce emissions and decouple activity from GHG emissions.

The challenge is becoming more acute as society misses the mark of 1.5 Celsius ambition. Based on the current trajectory, we are most likely heading towards a global warming of 2.3 Celsius by the end of this century, compared to pre-industrial times[2].

How do we work?

We believe that the best way to manage our climate risks impacts is to set ambitious targets that lead us towards a zero emissions future. Our environmental policy is at the center of our management approach.

Our carbon emission reduction targets:



1 Second IMO GHG Study 2009
2 Core insights | DNV

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Reducing our GHG emission is integrated into our overall business strategy. We work diligently on a day-to-day basis to minimize our emissions – in collaboration with our customers and suppliers and through investments in known and emerging technologies.

We have worked for decades to reduce our GHG emissions, and since 2008 our CO_2e intensity has decreased by 33.6 per cent.

In 2021, we committed to reducing our GHG intensity[3] by 27.5 per cent by 2030, compared to 2019.

We also committed to setting a Science-Based Target to be validated by SBTi. We are currently awaiting the publication of the shipping specific guidance.

Assuming a stable volume of business, meeting our CO_2-intensity target will reduce our annual CO_2 emissions by ~2 million tonnes, in 2030 compared to 2008. 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.

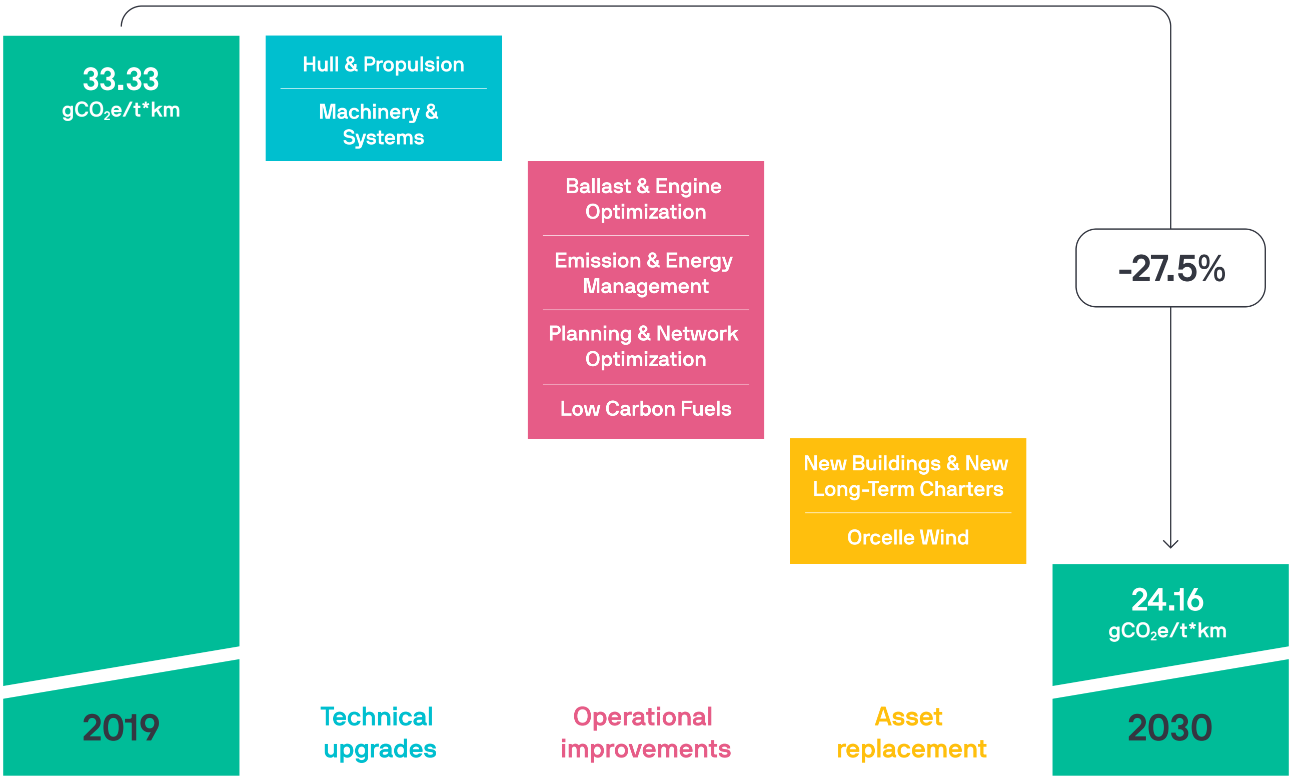
Rather than focusing strictly on factors we can directly control, we have voluntarily committed to a target which is largely dependent upon external developments. We firmly believe that our contribution to achieving the Paris Agreement can only be made through collaboration with customers and other partners to develop the needed technology and infrastructure. In addition, authorities need to put in place progressive, yet pragmatic, regulatory measures with global applicability and effectively enforce regulations to limit global warming to 1.5 degrees.

Wallenius Wilhelmsen has developed a comprehensive approach for reducing our GHG emissions:

- We invest time and resources to explore pathways to use low- or zero-emission fuels for future vessels and logistics fleet and equipment
- We work diligently to reduce our emissions on a day-to-day basis through operational measures, in collaboration with partners and through investments in known and emerging technologies
- We use operational and technical initiatives to reduce energy consumption and emissions in our shipping fleet and existing operations.
  We combine initiatives such as:
  - Digitalizing our fleet to gather data and ensure continuous improvement of ship operations
  - Developing machine learning models to enhance performance
  - Improving voyage planning, using advanced weather routing systems
  - Using state-of-the-art biofouling management techniques and sharing best practices

3 Grams of CO_2 / tonne * km

Actions for reducing CO_2e intensity



On a more occasional basis, we undertake upgrades and retrofits to enhance energy efficiency and to deploy emission abatement systems. 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.

Orcelle Wind

Our flagship R&D project is to develop a wind-powered PCTC, the Orcelle Wind, with a design capability of reducing CO_2 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.

Our ambition is to have the first two vessels ready and in operations within 2027, and an additional two delivered before 2030.

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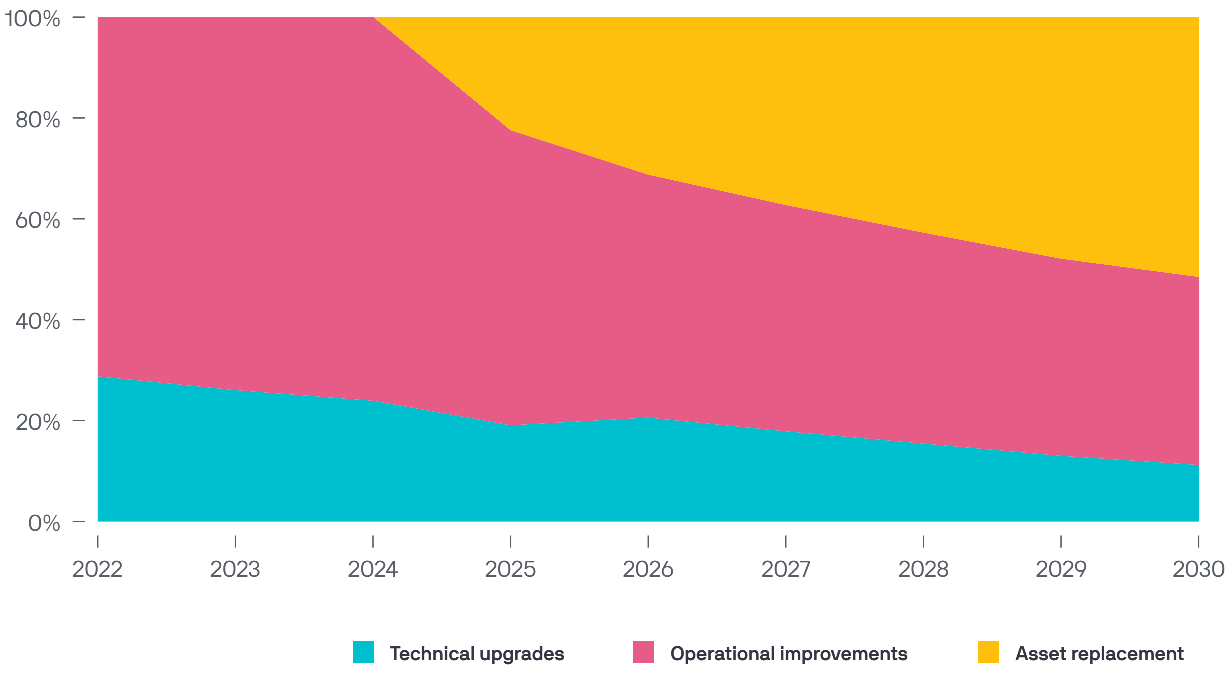
From 2022 onwards, we expect to see continued results from the operational and technical initiatives. Until 2025, the reductions in CO_2 intensity are all due to operational and technical initiatives, in aggregate close to 7 per cent reduction from 2019. From 2025 to 2030, we estimate that asset replacement initiatives start to contribute significantly to a reduced CO_2 intensity. However, operational and technical initiatives will continue to contribute with about half the annual reduction in the latter years until 2030. During 2021, we developed a Sustainability-Linked Financing Framework that can be used going forward to link new financing with our climate objectives. Please see the investor relations web pages for the framework and related document.

Contribution per initiative group



For our Logistics activities, including terminals, EPCs and VPCs, we are introducing many initiatives to improve our energy efficiency in buildings and to reduce our direct emissions. The majority of our direct GHG emissions are related to fossil-powered equipment such as forklifts, trucks and mini-vans used for crew transportation. In 2021, we launched our clean fleet initiative, requiring 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 minimize our scope 2 emissions.

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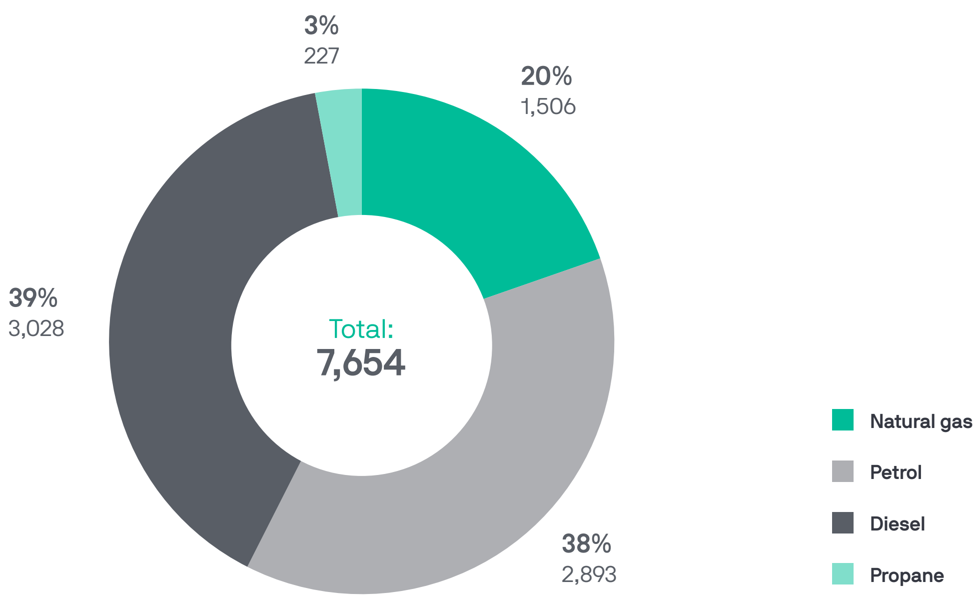
How did we perform?

Our CO_2e-intensity from shipping services was 33.50 in 2021, which is similar to the performance in 2020 of 33.51. In 2021, our total Scope 1[4] GHG emissions were 4,590,000 tonnes, of which 99.9 per cent were related to shipping. This is an increase of 817,000 tonnes, or 18 per cent, compared to 2020. Due to the outbreak of the Covid-19 pandemic and the drop in the global economic activity, we experienced a reduced freight volume. In addition, many vessels were put in lay-up as a financial precaution. As such, our direct emissions in 2020 were much lower than normal. Compared to 2019, which is more representative to an average year with regards to freight volumes, we see a 1.1 per cent decrease in 2021. In 2021 we experienced higher than usual freight volumes and an increase in speed to compensate for vessels that were coming out from lay-up.

From our Logistics activities, GHG emissions decreased by 669 tonnes, from 8,322 in 2020 to 7,653 tonnes in 2021. This development was mainly due to a change in the profile of services we offer. Direct CO_2 emissions are related to combustion of diesel and petrol fuels in fork-lifts and on-site vehicles, such as crew-transporting mini-vans. This also includes natural gas and propane for heating.

Logistics – Tonnes Scope 1 CO_2e per energy source



Our scope 2[5] emissions was reduced from 6,166 tonnes in 2020 to 5,878 tonnes in 2021. Corporate offices are not included in the scope 2 emissions, but we aspire to disclose scope 2 emissions from all parts of our business in 2022.

4 Scope 1 CO_2 emissions includes operated facilities, owned vessels, vessels on bareboat charter, and short-term and Long-term time-chartered vessels. Scope 1 CO_2 emissions does not include direct emissions from Keen. These will be disclosed from 2022 onwards.

5 Our scope 2 emissions do not include offices, only logistics' operated facilities.

How will we proceed?

- Continuous implementation of operational improvements and technical upgrades to meet our climate targets
- Mapping of Scope 2 emissions from offices
- Finalize asset replacement strategy

Port of Zeebrugge Windfarm

Five new 150-meter wind turbines with a combined capacity of 18 MW became operational in December 2021 on the terminals of transshipment companies C.RO Ports Zeebrugge and Wallenius Wilhelmsen Solutions. The green power producer Eneco carried out the development of the wind farm.

"We are delighted to be able to contribute to this expansion of green energy development at the port for our region." said, Emmanuel Van Damme, general manager at Wallenius Wilhelmsen Solutions' terminal in Zeebrugge.

The wind turbines will produce approximately 50 GWh of electricity per year. Part of this energy will be used locally at the terminals and the rest will be connected to the grid.

How we identify and manage climate risks and opportunities

We believe that climate change creates potential risks for our business, but it also presents opportunities, and both are part of the company's long-term strategy.

Climate risks are identified and assessed regularly as part of our overall risk management. In 2021, we conducted workshops to further identify and assess the climate risks and opportunities to our shipping and logistics business following the recommendations of the task force on climate-related financial disclosures (TCFD).

The assessment included desktop research to identify industry-specific risks and opportunities; validation of relevance to our own business and operations; and a discussion of the financial impacts on the business, and potential timeline of each risk and impact.

Risk Type	Risks	Potential Impacts
Physical	Increased incidences of abnormal weather, more frequent, severe storms	Increased OPEX for vessels due to schedule delays, port downtime and disruptions in supply chain, added safety measures, increased cargo damage, risk of machinery problems and ship handling accidents. On land, this risk could increase insurance and other operating costs due to flooding at ports impacting terminal and processing operations.
	Rising temperatures	Heat stress on maintenance crews and operators at processing centers and terminals, leading to higher cost on human capital
Transition - market	Global trade flows may change or decline due to stricter emission regulations.	Decreased revenues due to reduced demand for shipping products and services. Increased capital expenditures and stranded assets (vessels) and reduced service capabilities.
	Changes in consumer consumption patterns, awareness and/or preferences (shift to local production and consumption)	Reduced demand, lower revenues for shipping services.
	Introduction of environmental criteria for new business	Increased OPEX for technology and new business acquisition; greater reporting requirements; and lower revenues.
Transition – policy & legal	Fractured, emerging local and international regulations	Increased OPEX due to inconsistent legislation, sanctions, flag registry etc.
Transition – reputation	Risk premiums demanded by investors, lenders and insurance companies	Declining access to financial products and/or increased cost of capital.
	Reputational risk from belonging to a high-emitting industry	Increased costs due to difficulties recruiting new employees and skills
Transition – technology	Lock-in to emitting fuels that become less competitive during ship's lifetime	Increased operating costs, decreased return on investment (ROI) and risk of stranded assets. Higher road tolls and restrictions for diesel powered inland fleet vehicles
	Ships with outdated technologies may be denied access to certain waters and ports.	Operational delays, longer routes leading to increased operational expenses along with lower cargo leading to reduced revenues.
	Transitioning to low-emissions technology without full certainty of long-term success.	Increased capex, stranded assets and early write-offs.

Opportunity Type	Opportunities	Potential Impacts
Markets	Access to new, favorable financing in the financial markets	Increased access to capital and better rates; better ROI due to lower cost of capital.
Resiliency	Attract new talent, skillsets and become a more competitive employer of choice	Higher employee retention rates, more diverse workforce leading to better ROI from human capital.
Resource efficiency	Use of lower-emission sources of energy	Increased access to and use of renewable energy (e.g. shore to ship power) has the opportunity of lowering our carbon footprint, reducing indirect (operating) costs and increased revenues.

EU Taxonomy eligibility

In order 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, and 3) promote transparency in economic and financial operations by defining sustainable activities through a "common language."

For 2021, it is required that companies, such as Wallenius Wilhelmsen, assess and identify the portion of our turnover, Capex and Opex that can be considered eligible. Please see the Sustainability Statements for our assessment.

How will we proceed?

In 2022, we will continue to identify the specific financial impacts of climate risk, conduct a scenario analysis and assess consequent financial implications to further implement TCFD's recommendations.

- Assess financial impact of identified climate risks
- Perform and disclose results from scenario analysis
- Assess the portion of our KPIs (i.e. turnover, Capex and Opex) that is taxonomy-aligned

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. 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 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.

We strive to adhere to voluntary speed reduction measures to protect whales during their feeding and migration seasons such as the Blue Skies Blue Whales program. We engage electronic chart display and information system (ECDIS) suppliers to add voluntary speed reduction regions to electronic maps.

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 the regulatory schedule. By the end of 2021, 48 per cent of the company-owned fleet of 86 vessels had a BWTS installed. The remainder of the owned fleet complies with requirements through ballast water exchange. 100 per cent 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.

Antifouling lowers environmental risks and costs

By reducing the number of invasive species clinging to a vessel's hull, antifouling helps reduce drag and subsequently reducing emissions, while protecting the ocean's biodiversity and local ecosystems from threats of invasions by non-native species.

A new antifouling standard was developed for the Ocean fleet in 2019 and adopted fleet wide in 2020.

This initiative resulted in 3 per cent reduction in emissions in 2020 (compared to 2019 figures), helping us avoid approximately 140 000 metric tonnes of CO_2e emissions.

Effective management of biofouling on the vessels' hull reduces drag and lowers the fuel consumption needed to maintain optimal efficiency. In addition, it is an important measure to minimize the risk of carrying invasive species to new areas. We are currently testing innovative measures to reduce biofouling. One example is the use of Jotun's hull skater. This is a robot that attaches to the hull and systematically "skates" across the ship's hull to remove growth. The method is purely mechanical, without the use of chemicals. If the trial is successful, we will introduce hull skater technology to additional vessels.

As part of the Woods Hole Oceanographic Institute's Science Research on Commercial Ships, we are contributing to important scientific monitoring of the ocean by measuring pH and concentration of micro-plastic, reporting sighting of plastic waste and pinpointing their location in the ocean during our voyages.

How will we proceed

- Increase our focus on how we can reduce our negative impact on biodiversity and contribute positively
- Follow the development of the Task-Force on Nature-related Financial Disclosures (TNFD)

"I find it so motivating to build things that will create jobs for people for decades and which differentiates us from other RoRo companies."

Filip Declercq
Project manager for the expansion at Bastenaken West in Zeebrugge, Belgium

3. Air quality

Why is it important?

Our environmental impacts extend beyond CO_2. SOx and NOx are contributors to acid rain which is harmful to ecosystems and can have an adverse impact on human health. NOx 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 SOx and NOx and strictly adhere to global regulations regarding the emissions of these gases.

How do we work?

We are 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 per cent sulfur for all areas that are not already at 0.1 per cent. Wallenius Wilhelmsen complies with IMO regulations using very low sulfur fuel oil (VLSFO, <0.5 per cent) or low sulfur marine gas oil (LSMGO, 0.1 per cent 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 SOx 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 LNG and zero-emission fuels would drastically reduce, and potentially eliminate, our emissions of SOx 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 2021, total SOx emissions of our ocean shipping fleet were 10,645 tonnes. This is an increase of 16 per cent from 2020, which saw much lower activity due to the Covid-19 pandemic. The average sulfur content of fuel for the ocean fleet was similar as in 2020, 0.37 per cent vs 0.38 per cent in 2021.

By the end of 2021, 24 of our owned vessels are equipped with a scrubber. There are no more scrubber installations planned for the fleet.

4. Waste management

How did we perform?
Our ocean fleet landed 7,368 tonnes of waste to shore reception facilities in 2021, of which 2,217 tonnes were plastic. Waste from logistics services slightly increased this year compared to 2020, from 4,538 tonnes in 2020 to 4,856 tonnes in 2021. We sort all our waste as far as possible and use reputable waste reception services to ensure that our waste is responsibly handled. As of now, we do not collect data on waste production from our offices, however we will work to collect this information in 2022. We will also work to reduce waste production and minimize waste going to landfills.

How will we proceed?
In 2022, 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.

Preserving Biodiversity

- 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

Minimizing waste

- 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 fountain**s across owned fleet to eliminate single-use plastic bottles
- Owned vessels equipped with **segregated waste compactors** for better recycling

Protecting Cetaceans

- Gold Award recipient in 2020 Blue Skies Blue Whales program
- Successfully pushed ECDIS suppliers to add VSR areas to **electronic charts** as standard
- Seek to adhere to all **Voluntary Speed Reduction** measures

Supporting Research

- 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 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).

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

To manage our impacts on global prosperity, we monitor, manage and report on five material topics:

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

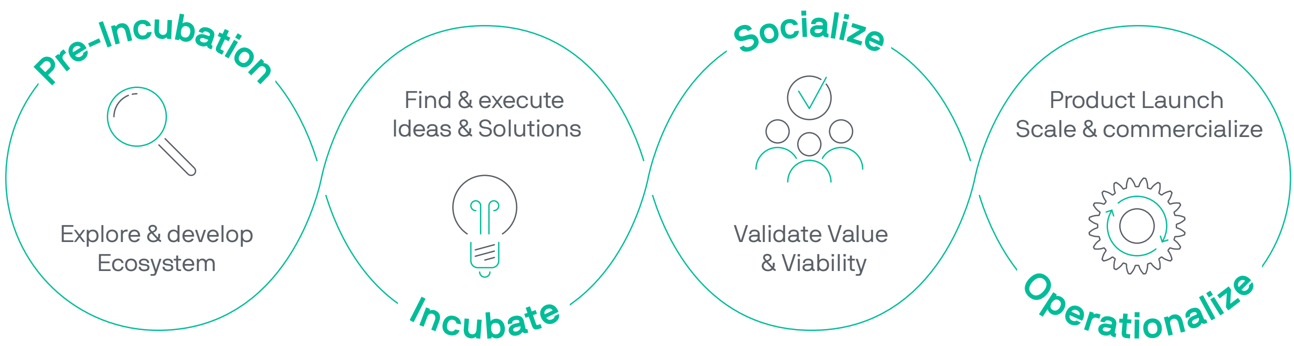
1. Innovation

Why is it important?
Innovation is a key 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 the strategy section for further information.

How do we work?
Digital product innovation is managed by our digital accelerator team (DA 1.0) who work according to the principles of lean and agile to develop innovative digital goods in the following five 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

Playbook to Innovate and Operationalize Digital Goods:



How did we perform?

By 2021, Wallenius Wilhelmsen's digital accelerator approach yielded ten digital products viable to launch and to be commercialized. Our DA 1.0 team has succeeded to drive a digital business culture shift, an important transformation essential for us to reap the full benefits of digital innovations like AI, machine learning and computer vision.

> *To foster innovations, we encourage innovators and entrepreneurs to focus on maritime challenges.*

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. 2021 marked the tenth year of our collaboration with Ocean Exchange. Over this decade, we have awarded just over USD 1 million in funding and attracted innovators to our cause.

"We are extremely honored to have been selected as the winner of the 2021 Orcelle Award. We are looking forward to a long, close relationship with Wallenius Wilhelmsen through the energy transition and beyond"

Hank Robinson
President and COO, Element Resources

Wallenius Wilhelmsen is a member of an R&D coalition with the University of Copenhagen, Maersk, BMW, H&M, Disney and Levi Strauss, to develop and bring to scale a lignin-based maritime bio-fuel product that would achieve a steep reduction in lifecycle GHG emissions relative to conventional fossil fuels.

Development is still at an early stage and success is not assured, but we believe an important new sustainable fuel option may result. Lignin is the most abundant naturally occurring fiber and it is a waste product of paper production. Additional collaborations in 2021 include cooperation with Jotun, a leading provider of marine coatings to shipowners and management companies, to further develop HullSkater, an innovative technology for proactive hull cleaning and C-Leanship who has a new hull cleaning and inspection system called ShipShiner 02. We also partnered with RaaLabs to further our digitalization.

How will we proceed?
We will continue to follow this path also in 2022. We will pursue the following objectives in order to foster sustainable innovations in shipping and logistics:

- Launch, scale and commercialize digital goods that have established viability
- Extend incubation across segments, such as EV and sustainability
- Explore, incubate and test the viability of new business models, such as platforms & marketplace
- Advance open innovation and thought leadership towards customers and the industry
- Scale and invest in partnership ecosystem

Results of our Digital Accelerator 1.0

60+
Ideations

85+
Ecosystem Partners

10
Digital goods with viability for launch & commercialize

350+
Wallenius Wilhelmsen folks engaged

25+
Partners engaged

10+
Strategic Partnerships

10+
Leading technologies

30+
Ideas incubated

10+
Stopped and learnt fast

20+
Countries engaged

10+
External forums thought leadership

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 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.

We are committed to complying with local, national and transnational regulatory policies. Our logistics sites all work consistent with ISO 9001, 14001 and 45001 standards. Many of our high-volume processing centers hold an ISO 90001 and/or ISO 14001 certificate. Our management and production teams are empowered to continuously improve our way of working to deliver global, best-in-class, innovative solutions that are safe, sustainable, lean and agile.

How did we perform?
Covid-19 brought many challenges to our industry in 2021. Despite these upsets, we remained focused on delivering uninterrupted, high-quality service while protecting our people. That is why we are incredibly proud to have received the GM's Supplier of the Year 2021 and Nissan's 2021 North America Supply Chain Management Partner of the Year. We are also honored to receive Toyota's 2021 Canada Kaizen Award and the renewed Partner Status from John Deere, the highest rating for their suppliers. For Wallenius Wilhelmsen, there is no higher reward than acknowledgment and trust from our customers. Trust is built on delivering quality results, and is essential to value creation because it unlocks future opportunities.

How will we proceed?
To enhance our ability to manage and improve the quality of our services, we will develop two new quality metrics:

- Customer satisfaction score
- Quality index score

These will enable us to better monitor, track and improve quality.

We will also develop a roadmap for improved quality and sustainability management systems and certifications.

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 remain dedicated to promoting more sustainable consumption of our services. By encouraging our customers to use more green 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?
We offer our customers more visibility into related carbon emissions in our value chain. One example is the Carbon Compass 2.0 tracking tool, which enables us to report our sustainability and climate risks and performance annually to CDP and EcoVadis. 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. Our new supplier code of conduct outlines principles and practices that we expect our suppliers to follow. For our most visible and financially valuable assets – ocean vessels – we select recyclers using responsible supplier evaluation criteria according to our responsible vessel recycling policy. We include sustainability requirements in contracts with strategic suppliers. All these steps help ensure that our customers receive the benefits of more sustainable consumption.

Carbon Compass 2.0

Contents →

How did we perform?

This past year, Wallenius Wilhelmsen finalized the Carbon Compass 2.0, which will enable customers to track the carbon emissions of their supply chain. The Carbon Compass calculates the emissions of our vessels and neatly visualizes the data. It's 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 consumptions, cargo weight and distance need to be taken into consideration.

We also had 35 direct engagements with OEM customers on sustainability topics and our sustainability performance. We reported “allocated emissions” to three OEM customers through CDP's supply chain management survey and platform.

How will we proceed?

In 2022, we will continue to work with customers on how we can offer services with lower CO_2 emissions and increased positive impact on people and prosperity.

“The best part of my work is that I get to work with two companies within the same group. They both have a strong legacy and they combine both of their expertise, resources and knowledge to drive good value and results for our customers. There are times when this also can be a challenge, but by working together both current and new customers increase their potential and reach. It is exciting.”

Sirapon Amornsakaya
VP, Wallenius Wilhelmsen (Solutions) in Thailand and Myanmar
and head of our joint venture MCW Logistics Solutions

4. Sustainable supply chain

Why is it important?
A sustainable supply chain is essential to satisfy 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 cultivate 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, helping us deliver innovative solutions and services to our customers.

The company's new sustainable procurement policy guides our procurement activities, and an accompanying supplier code of conduct communicates our expectations and policy objectives to our suppliers. 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

Additionally, supplier contracts include reference to our supplier code of conduct. We expect to meet growing requirements from customers and regulators for supply chain due diligence, while minimizing sustainability risks in our value chain.

How did we perform?
In 2021, we developed a new sustainable procurement policy and supplier code of conduct to provide a solid foundation for building and managing a more sustainable supply chain. We digitally distributed the new supplier code of conduct to 25 targeted suppliers, asking for digital acknowledgment and engaging them by asking for their suggestions for improvement. We received acknowledgment as well as positive feedback on both the process and the contents of the new code of conduct.

By introducing the new code of conduct with a digital engagement approach, we are now able to measure and better understand our supplier's awareness of the new supplier code of conduct, which we see as a first step in building strong compliance.

How will we proceed?
In 2022, we plan to expand the scope of this KPI to a broader set of suppliers, and further integrate sustainability considerations into procurement procedures, while engaging our suppliers on a compliance and monitoring approach.

We will also conduct a risk assessment of human rights and labor conditions in our supply chain. We aim to engage our suppliers on these important topics. We will operationalize our new human rights policy into procurement procedures and decisions.

Key performance indicator	2021 actual	2021 target	2022 target
% of targeted suppliers to provide written acknowledgment of Wallenius Wilhelmsen's supplier code of conduct	96 %	80 %	100 %

5. Tax practices

Why is it important?
One of the most basic ways a responsible company contributes to general prosperity is by paying taxes. Wallenius Wilhelmsen is committed to being a responsible corporate citizen, and that includes paying our fair share of taxes.

How do we work?
We have a dedicated tax department who ensures compliance with local requirements and practices, and transparency toward the tax authorities. The company is also committed to adopting a justifiable and defendable tax position where tax regulations are open to interpretation or choices. The tax position taken in all significant transactions is supported by an external opinion. Corporate tax affairs are the chief financial officer's responsibility and extend to all jurisdictions where the company operates.

How will we proceed?
We will follow developments and regulations regarding tax transparency and adjust our reporting accordingly.

Financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS)

Financial statements contents:

Group

Parent

Financial statements
Wallenius Wilhelmsen ASA Group

Consolidated income statement

USD million	Notes	2021	2020
Total revenue	2	**3,884**	**2,958**
Operating expenses	3	(3,054)	(2,484)
Operating profit before depreciation, amortization and impairment (EBITDA)		**830**	**473**
Other gain/(loss)	5	21	(16)
Depreciation and amortization	8, 9, 10	(483)	(451)
(Impairment)/reversal of impairment	11	(62)	(90)
Operating profit/(loss) (EBIT)		**306**	**(84)**
Share of profit/(loss) from joint ventures and associates		**1**	**1**
Interest income and other financial items		95	34
Interest expenses and other financial expenses		(203)	(257)
Financial items – net	6	**(108)**	**(223)**
Profit/(loss) before tax		**199**	**(306)**
Tax income/(expense)	7	(23)	4
Profit/(loss) for the period		**177**	**(302)**
Profit/(loss) for the period attributable to:			
Owners of the parent		133	(286)
Non-controlling interests	13	43	(16)
Basic and diluted earnings per share (USD)	14	0.32	(0.68)

Consolidated statement of comprehensive income

USD million	Notes	2021	2020
Profit/(loss) for the period		177	(302)
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to the income statement			
Currency translation adjustment		(6)	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		22	-
Remeasurement pension liabilities, net of tax	15	3	(8)
Other comprehensive income/(loss), net of tax		**19**	**(1)**
Total comprehensive income/(loss) for the period		**196**	**(303)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		149	(288)
Non-controlling interests		47	(15)
Total comprehensive income/(loss) for the period		**196**	**(303)**

Consolidated balance sheet

USD million	Notes	Dec 31, 2021	Dec 31, 2020
Assets			
Non-current assets			
Deferred tax assets	7	71	87
Goodwill and other intangible assets	8	455	571
Vessels and other tangible assets	9	4,033	4,175
Right-of-use assets	10	1,507	1,365
Other non-current assets	19	249	194
Total non-current assets		**6,315**	**6,391**
Current assets			
Fuel/lube oil		147	79
Trade receivables	20	457	363
Other current assets	19	144	135
Cash and cash equivalents		710	654
Assets held for sale	9	21	5
Total current assets		**1,479**	**1,237**
Total assets		**7,794**	**7,628**
Equity and liabilities			
Equity			
Share capital		28	28
Retained earnings and other reserves		2,511	2,363
Total equity attributable to owners of the parent		**2,539**	**2,391**
Non-controlling interests	13	266	224
Total equity		**2,804**	**2,615**
Non-current liabilities			
Pension liabilities	15	55	68
Deferred tax liabilities	7	82	84
Non-current interest-bearing debt	16	2,158	2,353
Non-current lease liabilities	16	1,218	1,176
Non-current provisions	18	16	59
Other non-current liabilities	19	68	179
Total non-current liabilities		**3,596**	**3,919**
Current liabilities			
Trade payables	2	154	142
Current interest-bearing debt	16	515	378
Current lease liabilities	16	238	174
Current income tax liabilities		4	6
Current provisions	18	28	51
Other current liabilities	19	455	343
Total current liabilities		**1,395**	**1,094**
Total equity and liabilities		**7,794**	**7,628**

Consolidated cash flow statement

USD million	Notes	2021	2020
Cash flow from operating activities			
Profit/(loss) before tax		199	(306)
Financial (income)/expenses	6	108	223
Share of net (income)/loss from joint ventures and associates		(1)	(1)
Depreciation and amortization	8, 9, 10	483	451
Impairment/(reversal of impairment)		62	90
(Gain)/loss on sale of tangible assets		(0)	7
Change in net pension assets/liabilities		(8)	2
Change in derivative financial assets	5	(21)	16
Other change in working capital		(173)	141
Tax (paid)/received		(24)	(9)
Net cash flow provided by operating activities[1]		**623**	**615**
Cash flow from investing activities			
Dividend received from joint ventures and associates		0	-
Proceeds from sale of tangible assets		5	8
Investments in vessels, other tangible and intangible assets	8, 9	(141)	(135)
Investments in joint ventures		-	(8)
Investments in financial investments		(7)	-
Interest received	6	2	4
Net cash flow used in investing activities		**(140)**	**(130)**
Cash flow from financing activities			
Proceeds from issue of debt	16	474	557
Repayment of bank loans and bonds	16	(531)	(417)
Repayment of lease liabilities	16	(204)	(181)
Interest paid including interest derivatives		(165)	(166)
Realized other derivatives		7	(19)
Dividend to non-controlling interests		(8)	(3)
Net cash flow used in financing activities		**(427)**	**(229)**
Net increase in cash and cash equivalents		**56**	**256**
Cash and cash equivalents at beginning of period		654	398
Cash and cash equivalents at end of period[1]		**710**	**654**

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, 2020	**28**	**(0)**	**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**
Sale of own shares	-	0	0	0	0	-	0
Change in non-controlling interests	-	-	-	(1)	(1)	3	1
Dividend to non-controlling interests	-	-	-	-	-	(8)	(8)
Balance at December 31, 2021	**28**	**(0)**	**28**	**2,511**	**2,539**	**266**	**2,804**
Balance at December 31, 2019	**28**	**(0)**	**28**	**2,650**	**2,678**	**243**	**2,921**
Loss for the period	-	-	-	(286)	(286)	(16)	(302)
Other comprehensive income/(loss)	-	-	-	(2)	(2)	0	(1)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(288)**	**(288)**	**(15)**	**(303)**
Sale of own shares	-	0	0	0	0	-	0
Dividend to non-controlling interests	-	-	-	-	-	(3)	(3)
Balance at December 31, 2020	**28**	**(0)**	**28**	**2,363**	**2,391**	**224**	**2,615**

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

As of December 31, 2020, own shares represented 0.2% 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 22, 2022.

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, 2021. 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 10 December 2019. 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 the 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, 2021 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 2022. The group has not yet fully assessed the impact of changes which are effective for 2023 and beyond.

Principles of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of Wallenius Wilhelmsen ASA and its subsidiaries as at December 31, 2021.

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 per cent and 50 per cent 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 in other comprehensive income 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 knowhow 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 2021.

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 respective functional currency by using the rate of exchange at the balance sheet date. The 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 consideration is classified either as equity or a financial liability and initially measured at its acquisition-date fair value. Amounts classified as a financial liability 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:

- Time charter revenue (freight revenue)
- 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:

Time charter revenue
Revenue from time charters is accounted for in accordance with lessor accounting requirements in IFRS 16. Time charter agreements are recognized in the balance sheet, with the exception of lease agreements with a lessor lease term of less than 70 per cent of either the estimated useful life of the asset (owned) or initial lease-in lease term. When time charters are accounted for in the balance sheet as a lease receivable, the group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the group's net investment in the lease. The service component implicit in the agreement is recognized separately as operating revenue.

When the lease term is less than 70 per cent of either the estimated useful life of the asset (owned) or initial lease-in lease term, the revenue is recognized on a straight-line basis over the lease term as the service is performed.

Agreements with a duration of less than 12 months are recognized applying the exemption in IFRS 16 related to short-term leases. In applying the exemption, revenue is recognized on straight-line basis over the lease term as the service is performed.

Revenues are adjusted for off-hire days as applicable.

Voyage charter revenue
Voyage charter revenue is recognized in accordance with IFRS 15 by estimating the total income for a vessel on a round trip. 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 newbuilding contracts
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 to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU (or 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 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. This mainly relates to office equipment and company cars.
- Non-lease components are separated from the lease component in all vessel leases. For other lease agreements, the group will apply 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, unless those costs are incurred to produce inventories

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 enters into 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.

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 a payroll 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 to 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 plan also includes 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.

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.

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.

Note 1. Significant accounting judgments, estimates and assumptions

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. 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 as a result of climate change, and climate-related factors may impact estimates and assumptions going forward. Uncertainties and risks 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. More detailed information on climate risk facing the group can be found in the chapter on 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 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.

As there are no significant impairment indicators as at December 31, 2021, the group has not carried out impairment tests for vessels as of this date. Vessel market values (broker estimates) have increased, particularly in the fourth quarter, 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, 2021 is USD 5,540 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 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 and a suitable discount rate in order to calculate present value. Uncertainties and risk in relation to climate, both transition risk and physical risk, may have an impact on management's estimates of future cash flows.

The carrying value of goodwill, customer relations/contracts and other intangible assets at December 31, 2021 is USD 230 million, USD 196 million, and USD 29 million, respectively. In 2021, USD 76 million goodwill impairments were recognized in the shipping segment based on updated long-term forecasts including expected required investments such as replacement of capacity in coming years.

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 makes a number of critical assumptions affecting the estimates. The judgments are made in conjunction with external legal counsel based on amongst other status of the outstanding proceedings as well as the possibility for civil claims. USD 44 million is the remaining provision as of December 31, 2021. 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, 2021, 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 30 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 103 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, 2021 is USD 71 million of which USD 2 million relates to tax losses carried forward. See note 7 for more information.

Critical judgments in applying accounting policies

Financial instruments

A non-controlling shareholder holds a put option for their 20 per cent shareholding in EUKOR through a shareholder agreement entered into in 2002. The shareholder agreement also contains a symmetrical call option held by the group. The 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 2021 a gain of USD 21 million was recognized related to this derivative. As of December 31, 2021, the estimated fair value of the derivative financial instrument is USD 152 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, 2021 is USD 1,507 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).

Wallenius Wilhelmsen reorganized its operations with effect from January 1, 2021. This impacted the information reported to the CEO and the board of directors and management have identified three reporting segments based on the current organization of activities. The reporting segments now comprise:

- Shipping services
- Logistics services
- Government services

Prior year figures have been restated to reflect the current reporting segments for comparative purposes. The organization of activities and reporting segments are continuously being assessed and remains subject to future changes.

The activity in government services was previously mainly recognized in the ocean segment, but also partly in landbased. This activity has now been separated out primarily due to separate monitoring by the CEO, in addition to its nature in being a service provider to the governmental sector. Comparative figures have been restated accordingly.

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 main 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 the 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. As such, in periods of rising fuel prices the segment will 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 20-30 per cent 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 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 customer contacts reflected in long-term relationships. In the logistics services segment, contract duration is normally one to five years, with some 20-30 per cent of contracts being renewed annually. Pricing is usually fixed, and volumes may vary depending on customer output.

Government services

The government services segment provides ocean transport of RoRo cargo, breakbulk and vehicles. The segment also performs logistics services primarily related to multimodal transportation, stevedoring and terminal operations. The primary customer is the U.S. 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 U.S. Government. In the government services segment, contract duration can vary between less than one year and as long as ten years. Segment revenue and EBITDA is primarily driven by government activities which are in part driven by world events and government objectives, and does 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

	Shipping services		Logistics services		Government services		Holding/ eliminations		Total	
USD million	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net freight revenue	2,742	1,931	-	-	110	122	-	-	**2,851**	**2,053**
Fuel surcharges	246	174	-	-	4	4	-	-	**250**	**178**
Operating revenue	33	32	687	620	62	75	-	-	**782**	**727**
Internal operating revenue	8	8	102	85	60	47	(170)	(139)	**-**	**-**
Total revenue	**3,029**	**2,145**	**789**	**704**	**236**	**247**	**(170)**	**(139)**	**3,884**	**2,958**
Cargo expenses	(660)	(476)	-	-	(48)	(39)	147	126	**(561)**	**(390)**
Fuel	(701)	(452)	-	-	(25)	(21)	-	-	**(726)**	**(474)**
Other voyage expenses	(402)	(345)	-	-	(13)	(14)	-	-	**(415)**	**(360)**
Ship operating expenses	(219)	(185)	-	-	(56)	(60)	-	-	**(275)**	**(246)**
Charter expenses	(173)	(131)	-	-	(31)	(29)	19	10	**(185)**	**(150)**
Manufacturing cost	-	-	(254)	(219)	(4)	(13)	4	3	**(254)**	**(228)**
Other operating expenses[1]	(72)	(68)	(300)	(284)	(2)	(0)	32	-	**(342)**	**(352)**
Selling, general and admin expenses	(133)	(130)	(126)	(124)	(17)	(15)	(20)	(15)	**(296)**	**(285)**
Total operating expenses	**(2,359)**	**(1,788)**	**(681)**	**(626)**	**(196)**	**(192)**	**182**	**123**	**(3,054)**	**(2,484)**
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**670**	**357**	**108**	**78**	**40**	**55**	**11**	**(16)**	**830**	**473**
Other gain/(loss)	21	(16)	-	-	-	-	-	-	**21**	**(16)**
Depreciation	(340)	(319)	(66)	(61)	(33)	(25)	-	-	**(439)**	**(404)**
Amortization	(4)	(2)	(34)	(38)	(6)	(6)	-	-	**(44)**	**(47)**
(Impairment)/reversal of impairment	(76)	(18)	(0)	(40)	14	(32)	-	-	**(62)**	**(90)**
Operating profit/(loss) (EBIT)[2]	**271**	**2**	**8**	**(61)**	**15**	**(8)**	**11**	**(16)**	**306**	**(84)**
Share of profit/(loss) from joint ventures and associates	-	-	1	1	-	-	-	-	**1**	**1**
Financial income/(expense)	(66)	(165)	(26)	(43)	1	(5)	(17)	(11)	**(108)**	**(223)**
Profit/(loss) before tax	**205**	**(163)**	**(16)**	**(103)**	**17**	**(13)**	**(6)**	**(27)**	**199**	**(306)**
Tax income/(expense)	(27)	(17)	4	16	1	8	(0)	(3)	**(23)**	**4**
Profit/(loss) for the period	**177**	**(180)**	**(12)**	**(87)**	**17**	**(5)**	**(6)**	**(31)**	**177**	**(302)**
Profit for the period attributable to:										
Owners of the parent	136	(164)	(14)	(87)	17	(5)	(6)	(31)	**133**	**(286)**
Non-controlling interests	42	(16)	2	0	-	-	-	-	**43**	**(16)**

1 Sale of a vessel from shipping to government services segment resulted in a USD 32 million loss in the shipping segment included in Other operating expenses. This amount is eliminated on group level.
2 Cash settled portion of fuel hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses.

In 2021, revenue of approximately USD 226 million and USD 189 million (2020: USD 194 million and USD 153 million respectively) related to the group's shipping segment originated from two external customers.

In 2021, revenue of approximately USD 118 million (2020: USD 113 million) in the logistics segment originated from one external customer.

Balance sheet

USD million	Shipping services Dec 31, 2021	Shipping services Dec 31, 2020	Logistics services Dec 31, 2021	Logistics services Dec 31, 2020	Government services Dec 31, 2021	Government services Dec 31, 2020	Holding/ eliminations Dec 31, 2021	Holding/ eliminations Dec 31, 2020	Total Dec 31, 2021	Total Dec 31, 2020
Deferred tax asset	31	44	31	33	(1)	(1)	11	12	**71**	**87**
Goodwill and other intangible assets	65	142	355	388	35	41	-	-	**455**	**571**
Vessels and other tangible assets	3,623	3,782	129	143	281	250	-	-	**4,033**	**4,175**
Right-of-use assets	1,145	993	361	372	2	0	-	-	**1,507**	**1,365**
Other non-current assets	284	236	34	25	25	17	(94)	(84)	**249**	**194**
Other current assets	580	385	170	166	48	88	(50)	(62)	**748**	**577**
Cash and cash equivalents	508	371	118	125	84	79	0	80	**710**	**655**
Assets held for sale	-	-	-	-	21	5	-	-	**21**	**5**
Total assets	**6,235**	**5,953**	**1,197**	**1,251**	**495**	**478**	**(133)**	**(54)**	**7,794**	**7,628**
Equity controlling interests	2,180	2,045	251	270	298	281	(190)	(204)	**2,539**	**2,391**
Equity non-controlling interests	240	202	25	22	-	-	-	-	**266**	**224**
Deferred tax	20	13	41	51	20	21	-	-	**82**	**84**
Interest-bearing debt	2,014	2,093	328	328	144	139	187	172	**2,673**	**2,731**
Lease liabilities	1,058	953	396	398	2	0	-	-	**1,455**	**1,351**
Other non-current liabilities	77	211	26	45	2	4	33	45	**138**	**305**
Other current liabilities	646	437	130	137	28	34	(163)	(66)	**642**	**542**
Total equity and liabilities	**6,235**	**5,953**	**1,197**	**1,251**	**495**	**478**	**(133)**	**(54)**	**7,794**	**7,628**
Investments in tangible assets[1]	111	119	10	17	69	1	(54)	-	**136**	**137**

1 Government services purchased a vessel from the shipping segment for USD 54 million. This amount is eliminated on group level.

Geographical segments

	Europe[1]		Americas		Asia & Africa[2]		Elimination		Total landbased & holding		Shipping and government services		Elimination		Total	
USD million	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total revenue	180	146	491	467	118	91	-	-	**789**	**704**	3,265	2,392	(170)	(139)	**3,884**	**2,958**
Total assets	915	861	509	557	289	310	-	-	**1,714**	**1,728**	6,676	6,301	(595)	(401)	**7,794**	**7,628**
Investment in tangible assets	1	5	7	11	1	1	-	-	**10**	**17**	180	120	(54)	-	**136**	**137**

1 Europe includes Russia and 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	2021	2020
Voyage expenses			
Stevedoring – loading/discharging		(425)	(276)
Other cargo expenses		(136)	(113)
Total cargo expenses		(561)	(390)
Port & canal expenses		(397)	(337)
Additional voyage expenses		(18)	(22)
Total other voyage expenses		(415)	(360)
Fuel		(726)	(474)
Total voyage expenses		**(1,702)**	**(1,223)**
Charter expenses		**(185)**	**(150)**
Ship operating expenses			
Crew expenses[1]		(136)	(120)
Maintenance of vessels		(39)	(33)
Ship management fee		(14)	(13)
Other ocean expenses		(86)	(79)
Total ship operating expenses		**(275)**	**(246)**
Manufacturing cost		**(254)**	**(228)**
Other operating expenses and SG&A			
Employee benefits	4	(460)	(421)
Hired personnel		(50)	(44)
External services		(17)	(23)
Provision related to anti-trust investigations	18	(35)	(55)
Other administration expenses		(76)	(95)
Total operating expenses and SG&A		**(638)**	**(637)**
Total operating expenses		**(3,054)**	**(2,484)**

Expensed audit fee (included in External services)

USD million	2021	2020
Statutory audit	2	2
Other assurance services	0	0
Tax and legal advisory services fee	0	0
Total expensed audit fee	**2**	**2**

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

Note 4. Employee benefits

USD million	Notes	2021	2020
Salary		393	362
Payroll tax		35	31
Pension cost	16	25	21
Other remuneration		6	6
Total employee benefits		**460**	**421**

Number of employees	2021	2020
Group companies in Norway	89	82
Group companies in Europe (incl Russia, excl Norway)	1,100	1,059
Group companies in South Africa	510	635
Group companies in Asia & Africa (incl Oceania)	1,038	955
Group companies in United States[1]	2,615	2,884
Group companies in Mexico	1,672	2,012
Group companies in Americas (excl US and Mexico)	466	446
Total employees	**7,490**	**8,073**
Average number of employees	7,782	8,735

1 Categorization of production workers in the US has changed in 2021. The comparative figure for 2020 has been changed accordingly.

Executive management remuneration

USD thousand	2021	2020
Fixed base salary	3,452	2,565
Benefits	428	458
Pension	526	498
Short-term incentive	1,381	223
Long-term incentive	3,401	624
Severance	1,313	-
Total executive management remuneration	**10,501**	**4,368**

Total executive management remuneration relates to current top executive management, including executives who left their positions during the year. For further information please refer to the separate remuneration report. Comparative information for 2020 is revised to be consistent with 2021 definitions.

Remuneration of the board of directors and nomination committee

USD thousand	Notes	2021	2020
Remuneration of the board of directors			
Håkan Larsson		181	166
Rune Bjerke		63	-
Thomas Wilhelmsen		63	55
Marianne Lie		76	61
Jonas Kleberg		63	55
Margareta Alestig		72	59
Anna Felländer		63	-
Nomination committee			
Anders Ryssdal		10	9
Jonas Kleberg		5	4
Carl Erik Steen		5	4

The board's remuneration for the financial year 2021 will be approved by the general meeting April 26, 2022 and paid/expensed in 2022.

At the AGM in 2021, Håkan Larsson resigned from the board of directors with Rune Bjerke replacing him as chair.

At the AGM in 2020, two additional board members were elected – Rune Bjerke and Anna Felländer. They did not receive any remuneration in 2020.

See also note 22 Related party transactions, and note 2 Employee benefits in the parent company accounts.

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.

Shares owned or controlled by representatives of the group at December 31, 2021

Name	Number of shares	Per cent of shares
Board of directors		
Rune Bjerke	22,250	0.01%
Thomas Wilhelmsen	161,165,095	38.09%
Marianne Lie	-	-
Jonas Kleberg	-	-
Margareta Alestig	-	-
Anna Felländer	-	-
Senior executives		
Acting Chief Executive Officer (CEO) and Chief Financial Officer (CFO) – Torbjørn Wist	5,000	0.00%
Executive Vice President (EVP) and Chief Operating Officer (COO) logistics services – Michael Hynekamp	-	
Chief Executive Officer (CEO) shipping services – Erik Noeklebye	8,936	0.00%
Chief Digital Officer (CDO) and acting Chief Human Resources Officer (CHRO) – Simon White	-	-
Nomination committee		
Anders Ryssdal	-	-
Jonas Kleberg	-	-
Carl Erik Steen	-	-

The two main shareholders of Wallenius Wilhelmsen ASA are Walleniusrederierna AB and Wilh. Wilhelmsen Holding ASA with 37.8 per cent of the shares each. 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 5. Other gain/loss

Non-controlling shareholders hold a put option for their 20 per cent shareholding in EUKOR through a 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" applicable in South Korea. The carrying value of the non-controlling interest is expected to exceed the exercise price for the put and call option since these values are calculated based on tax values. The put and call options became exercisable in 2017 when the Hyundai Motor Group volumes carried by the group fell below 40 per cent. 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.

Non-controlling interests containing a symmetrical put and call option held by the non-controlling interest shareholders 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.

In 2021, the change in the value of the derivative was USD 21 million recognized as a gain under Other gain/(loss) in the income statement. One of the most important elements to calculate the gain/loss is the estimated value of the 20 per cent non-controlling interest related to EUKOR. The gain in 2021 is driven largely by an increase in the estimated fair value of EUKOR shares compared with the end of 2020.

The financial derivative is recognized in Other non-current assets in the balance sheet and has a carrying value of USD 152 million at December 31, 2021, compared to USD 130 million at the end of 2020.

Note 6. Financial items

USD million	Notes	2021	2020
Financial income			
Interest income		2	4
DNK distribution[1]		19	-
Other financial items		6	4
Net financial income		**27**	**8**
Financial expenses			
Interest expenses		(140)	(147)
Interest rate derivatives – realized		(25)	(19)
Interest rate derivatives – unrealized		58	(57)
Other financial items		(9)	(9)
Loss on sale of investments		0	(0)
Net financial expenses		**(117)**	**(233)**
Currency			
Net currency gain/(loss)		(9)	(6)
Foreign currency derivatives – realized		(3)	(6)
Foreign currency derivatives – unrealized		(12)	25
Net currency		**(24)**	**13**
Financial fuel oil derivatives			
Fuel oil derivatives – realized		10	(13)
Fuel oil derivatives – unrealized		(5)	1
Net fuel oil derivatives		**6**	**(12)**
Financial income/(expenses)		**(108)**	**(223)**

1 The group has in the fourth quarter 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 of the accounting policies 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 2021. Further, the group have an ownership of 80 per cent 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 accounts.

Ordinary taxation
The ordinary rate of corporation tax in Norway is 22 per cent for 2021. 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 per cent resident outside the EEA.

For group companies owned more than 90 per cent, 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 asset has been calculated on temporary differences to the extent that it is likely that these can be utilized and for Norwegian entities the group has applied a rate of 22 per cent.

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 purpose. These LLCs are taxed on owner level.

Deferred tax
The group's deferred tax asset/liability is calculated based on the relevant tax rate in each country. The group continues the non-recognition of net deferred tax asset 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 2021 amount to USD 103 million.

Specification of tax expense for the year

USD million	2021	2020
Current income tax (including withholding tax)	19	0
Change in deferred tax	4	(5)
Total tax expense	**23**	**(4)**

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

USD million	2021	2020
Profit/(loss) before tax	199	(306)
22% tax	44	(67)
Tax effect from		
Non-taxable income	(67)	22
Share of profits from joint ventures and associates	(0)	(0)
Other permanent differences	30	1
Withholding tax refund from the Republic of Korea	(1)	(5)
Corporate income tax different tax rate than 22%	(6)	(0)
Currency transition from USD to local currency for tax purpose	(9)	13
Valuation allowance deferred tax assets in Norway	30	36
Prior year adjustments	-	(3)
Withholding tax	2	0
Calculated tax expense for the group	**23**	**(4)**
Effective tax rate for the group	11%	1%

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	2021	2020
Net deferred tax liabilities at January 1	3	(4)
Currency translation differences	(1)	(0)
Tax charged to equity	(9)	2
Income statement charge	(4)	5
Net deferred tax assets/(liabilities) at December 31	**(11)**	**3**
Deferred tax assets in balance sheet	71	87
Deferred tax liabilities in balance sheet	(82)	(84)
Net deferred tax assets/(liabilities) at December 31	**(11)**	**3**

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
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)**
At December 31, 2019	(70)	-	(27)	**(99)**
Through income statement	16	-	17	**33**
Deferred tax liabilities at December 31, 2020	**(54)**	**-**	**(11)**	**(66)**
Reclassification of deferred tax items				**(18)**
Net deferred tax liability at December 31, 2020				**(84)**

Deferred tax assets

USD million	Non-current assets and liabilities	Current assets and liabilities	Tax losses carried forward	Total
At December 31, 2020	56	9	2	**69**
Through income statement	(6)	(2)	-	**(8)**
Charged directly to equity	(9)	-	-	**(9)**
Currency translations	(2)	-	-	**(2)**
Deferred tax assets at December 31, 2021	**40**	**7**	**2**	**50**
Reclassification of deferred tax items				**20**
Net deferred tax asset at December 31, 2021				**70**
At December 31, 2019	84	7	3	**95**
Through income statement	(29)	2	(1)	**(28)**
Charged directly to equity	2	-	-	**2**
Currency translations	(0)	-	-	**(0)**
Deferred tax assets at December 31, 2020	**56**	**9**	**2**	**69**
Reclassification of deferred tax items				**18**
Net deferred tax asset at December 31, 2020				**87**

The net currency gain and losses are recognized on entity level due to different functional currency than 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
2021					
Cost at January 1		346	421	54	**820**
Additions		-	-	5	**5**
Disposal		-	-	(0)	**(0)**
Currency translation adjustment		-	-	(0)	**(0)**
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)	-	(0)	**(76)**
Disposal		-	-	1	**1**
Accumulated amortization and impairment losses at December 31		**(116)**	**(225)**	**(28)**	**(369)**
Carrying amounts at December 31		**230**	**196**	**29**	**455**

USD million	Notes	Goodwill	Customer relations/ contracts	Other intangible assets	Total goodwill and other intangible assets
2020					
Cost at January 1		346	421	50	**817**
Additions		-	-	11	**11**
Disposal		-	-	(7)	**(7)**
Currency translation adjustment		-	-	0	**0**
Cost at December 31		**346**	**421**	**54**	**820**
Accumulated amortization and impairment losses at January 1		-	(148)	(17)	**(165)**
Amortization		-	(41)	(6)	**(47)**
Impairment[2]	11	(40)	-	(5)	**(45)**
Disposal		-	-	7	**7**
Accumulated amortization and impairment losses at December 31		**(40)**	**(188)**	**(21)**	**(249)**
Carrying amounts at December 31		**306**	**232**	**33**	**571**

1 In the fourth quarter of 2021, a goodwill impairment loss of USD 76 million was recognized.
2 During 2020, impairment losses related to goodwill (USD 40 million) and capitalized development cost (USD 5 million) were recognized.

"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	Newbuilding contracts	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)	(0)	**(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 depreciation and impairment losses at January 1	(16)	(33)	(1,343)	-	**(1,392)**
Depreciation	(10)	(12)	(242)	-	**(264)**
(Impairment)/reversal of impairment	-	-	14	-	**14**
Disposal	1	1	22	-	**25**
Reclassification	-	0	(8)	-	**(8)**
Currency translation adjustment	2	1	-	-	**3**
Accumulated depreciation and impairment losses at December 31	**(23)**	**(43)**	**(1,557)**	**-**	**(1,623)**
Carrying amounts at December 31	**102**	**49**	**3,882**	**1**	**4,033**

USD million	Property & land	Other tangible assets	Vessels & docking[1]	Newbuilding contracts	Total tangible assets
2020					
Cost at January 1	118	76	5,268	66	**5,527**
Additions	3	15	43	76	**137**
Reclassification	(0)	(5)	(13)	(8)	**(26)**
Disposal	(1)	1	8	(89)	**(80)**
Currency translation adjustment	7	1	-	-	**8**
Cost at December 31	**127**	**89**	**5,307**	**45**	**5,567**
Accumulated depreciation and impairment losses at January 1	(5)	(21)	(1,158)	-	**(1,184)**
Depreciation	(10)	(13)	(228)	-	**(251)**
Impairment	-	-	(44)	-	**(44)**
Disposal	0	3	12	-	**15**
Reclassification	(0)	(1)	75	-	**74**
Currency translation adjustment	(2)	(1)	-	-	**(2)**
Accumulated depreciation and impairment losses at December 31	**(16)**	**(33)**	**(1,343)**	**-**	**(1,392)**
Carrying amounts at December 31	**111**	**56**	**3,964**	**45**	**4,175**

1 The group has reclassified 20 vessels from right-of-use assets to tangible assets effective from January 1, 2020 due to contracts being considered financing arrangements rather than lease contracts. The corresponding lease liabilities have been reclassified to bank loans.

Vessels include dry-docking, of which carrying amounts at year end was USD 81 million (2020: USD 54 million). Newbuilding contracts include dry-dock expenditure and installments on scrubber installations.

During the year, a new vessel was delivered resulting in a reclassification from newbuilding contracts to vessels of USD 74 million.

As part of the measure to take out capacity in 2020 it was decided that four vessels would be recycled early, all 24 years or older. The reason for the recycling decision was the overcapacity in the market and the drastic drop in demand due to the Covid-19 pandemic. It was not expected that there would be any need for the vessels in the foreseeable future and they were classified as held for sale. The market has changed drastically in 2021 and with a current tonnage shortage in the market three out of the four vessels have been recycled. The last vessel was reclassified to tangible assets from assets held-for-sale in the second quarter as it continues to be used in operations. The USD 14 million impairment that was charged in 2020 was reversed in the second quarter. In addition, USD 6 million of incremental depreciation was recognized.

During the fourth quarter 2021 two vessels were classified as assets held for sale as their sale is highly probable. The vessels are measured at net carrying value, USD 21 million, which is lower than their fair value less costs to sell.

See note 11 for further information regarding impairment.

Note 10. Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total right-of-use 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)	(0)	**(42)**
Reclassification to tangible assets	-	(0)	-	**(0)**
Currency translation adjustment	(18)	(0)	(0)	**(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	0	**42**
Reclassification to tangible assets	-	(0)	-	**(0)**
Currency translation adjustment	3	0	0	**4**
Accumulated depreciation and impairment losses at December 31	**(114)**	**(348)**	**(10)**	**(472)**
Carrying amounts at December 31	**370**	**1,115**	**21**	**1,507**

USD million	Property & land	Vessels[1]	Other assets	Total right-of-use assets
2020				
Cost at January 1	439	1,258	3	**1,700**
Additions	14	20	1	**36**
Change in lease payments	8	1	0	**9**
Disposal	(8)	(53)	(0)	**(61)**
Reclassification to tangible assets	(0)	(0)	(0)	**(0)**
Currency translation adjustment	24	-	0	**25**
Cost at December 31	**478**	**1,226**	**4**	**1,708**
Accumulated depreciation and impairment losses at January 1	(42)	(194)	(1)	**(237)**
Depreciation	(49)	(104)	(1)	**(154)**
Disposal	3	48	0	**52**
Reclassification to tangible assets	(0)	(0)	(0)	**(0)**
Currency translation adjustment	(4)	-	(0)	**(4)**
Accumulated depreciation and impairment losses at December 31	**(91)**	**(250)**	**(2)**	**(344)**
Carrying amounts at December 31	**387**	**976**	**2**	**1,365**

1 The group has reclassified 20 vessels from right-of-use assets to tangible assets effective from January 1, 2020 due to contracts being considered financing arrangements rather than lease contracts. The corresponding lease liabilities have been reclassified to bank loans.

Right-of-use vessels

Per year-end 2021, the group has a total of 43 vessels recognized as right-of-use assets with remaining lease terms from 0.5 to 15 years. Of the 43 right-of-use vessels, 16 have a purchase option and seven have an option to extend. Per year-end 2020, the group had a total of 36 vessels recognized as leased assets.

Right-of-use property and land

In addition to vessels, the groups 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 2021, the recognized land and property leases have remaining lease terms from one to 30 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, 2021	Dec 31, 2020
Current lease liabilities	238	174
Non-current lease liabilities	1,218	1,176
Total leased liabilities	**1,455**	**1,351**
Interest expense on lease liability recognized in the income statement	64	69

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 represent USD 191 million (2020: USD 151 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, 2021	Dec 31, 2020
Short-term lease expenses (<12 months)	79	79
Low value leases expenses	8	2
Variable lease expenses	26	18
Total lease expenses	**113**	**99**

Short-term lease expenses

Short-term lease expenses primarily comprise lease expenses related to lease of vessels. 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. The assets are company cars, office- and IT-equipment.

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.

Short-term lease commitments

Per year-end 2021, commitments related to short-term lease agreements amount to USD 3 million (2020: USD 6 million).

Operating lease revenue

USD million	2021	2020
Fixed Time Charter	38	35
Total operating revenue from fixed time charter	**38**	**35**

Wallenius Wilhelmsen's operating lease revenue is generated through short-term fixed time charter agreements. The agreements are entered into based on the group's tonnage surplus at any given time and enables flexibility in tonnage planning for the operations.

Fixed time charter revenue is accounted for as other operating revenue in the shipping segment.

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 2021. Reporting segment definitions have changed from the prior year as described in note 2.

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:

		Goodwill		Discount rate post tax		Growth rate terminal value	
USD million	Reporting segment	2021	2020	2021	2020	2021	2020
Wallenius Wilhelmsen Ocean	Shipping services	43	119	7.0%	7.0%	1.0%	0.0%
ARC	Government services	11	11	7.0%	7.0%	0.0%	0.0%
Logistics services	Logistics services	176	176	7.5%	7.5%	1.5%	1.0%
Total		**230**	**306**				

The recoverable amounts for 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 Wallenius Wilhelmsen Ocean (WW Ocean) of USD 76 million. The impairment charge was primarily triggered by cash flow forecasts that include 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's 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. Cash flows beyond the five-year period are extrapolated using moderate estimated growth rates.

Sensitivities for main CGUs with goodwill

WW Ocean (part of the shipping services segment)
WW Ocean owns or charter (long-term time-charter or bare-boat in) a fleet of 54 vessels through its ship owning subsidiaries, WWL Shipowning Singapore Pte Ltd, Wall RO/RO AB and Wilhelmsen Lines Shipowning Malta Ltd. In addition, three vessels are chartered from affiliated companies 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. Four 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 flows, and the resulting impairment charge, are particularly 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 (post tax) discount rate used in the impairment test for WW Ocean is 7 per cent and the perpetuity growth rate is estimated at 1 per cent. The impairment test is sensitive to changes in these variables, and the below table shows what the headroom or impairment charge for WW Ocean would have been with had the perpetuity growth rate and/or the discount rate changed by 0.5 percentage points.

		WACC		
		6.5%	7.0%	7.5%
Perpetuity growth rate	0.5%	(37)	(234)	(402)
	1.0%	153	(76)	(269)
	1.5%	381	111	(113)

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 ten US flagged vessels at the end of the year, of which six vessels are deployed by ARC and four vessels are chartered to affiliates in the shipping services segment. Two of the vessels operated by ARC are classified as assets held for sale at December 31, 2021. The market value of the vessels and other net assets (cash & net receivables) is sufficient to support the limited goodwill (USD 11 million) allocated to this CGU. No reasonably possible changes in key variables are likely to reduce the headroom to nil.

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.

A reduction in the perpetuity growth rate by 1 percentage point to 0.5 per cent or an increase in the discount rate of 0.5 percentage points to 8 per cent would 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, 2021.

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, 2021.

Due to overcapacity in the market in 2020 due to the Covid-19 pandemic it was decided to recycle 4 vessels early. Three out of the four vessels have been recycled and the last vessel was reclassified to tangible assets from assets held-for-sale in 2021 as it continues to be used in operations. The USD 14 million impairment that was charged in 2020 was reversed and USD 6 million of incremental depreciation was recognized.

Note 12. Principal subsidiaries

Company	Business office, country	Nature of business	Ownership interest held by the group 2021	2020
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	New Jersey, USA	Shipowner and operator	100%	100%
American Roll-On Roll-Off Carrier Holdings LLC	New Jersey, USA	Vessel operator	100%	100%
Fidelio Limited Partnership	New Jersey, 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 Terminals UK Branch	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	60%	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 31 December, 2021 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 per cent 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 per cent shareholding. The price is based on certain performance related measures and can be exercised five years (2023) after the transaction date. At December 31, 2021, a financial liability of USD 17 million has been recognized reflecting the present value of the redemption amount as an other non-current interest-bearing debt with a corresponding entry reducing equity through retained earnings and other reserve. All subsequent changes to the liability 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 per cent of the shares in the subsidiary Armacup Maritime Services Ltd which is consolidated in the group accounts based upon ownership with a corresponding non-controlling interest. According to a shareholder agreement, the group shall purchase the remaining 35 per cent of the shares on 31 December 2022. The fair value at December 31, 2020 is USD 15 million and is recognized as an other current liability. 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	
Ocean		2021	2020	2021	2020
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 100 per cent.

Summarized balance sheet

USD million	2021	2020
Non-current assets	2,398	2,293
Current assets	465	306
Total assets	**2,863**	**2,600**
Non-current liabilities	1,150	1,171
Current liabilities	561	463
Total liabilities	**1,711**	**1,634**
Net assets	**1,152**	**966**
Accumulated non-controlling interests (NCI)	230	193

Summarized income statement/OCI

USD million	2021	2020
Total revenue	1,639	1,075
Profit/(loss) for the year	166	(93)
Other comprehensive income	21	(0)
Total comprehensive income	**186**	**(93)**
Profit/(loss) allocated to material NCI	33	(19)
Dividends paid to material NCI	-	-

Summarized cash flows

USD million	2021	2020
Net cash flow provided by/(used in) operating activities	241	203
Net cash flow provided by/(used in) investing activities	30	(149)
Net cash flow provided by/(used in) financing activities	(242)	(101)
Net increase/(decrease) in cash and cash equivalents	**29**	**(47)**
Accumulated NCI – EUKOR Car Carriers Inc	230	193
Accumulated NCI – immaterial subsidiaries	35	31
Accumulated non-controlling interests (NCI)	**266**	**224**
Profit/(loss) for the period attributable to NCIs – EUKOR Car Carriers Inc	33	(19)
Profit for the period attributable to NCIs – immaterial subsidiaries	10	3
Profit/(loss) for the period to NCIs	**43**	**(16)**

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 per cent of the current share capital.

The company's number of shares is as follows:	Dec 31, 2021	Dec 31, 2020
Total number of shares	423,104,938	423,104,938
Own shares	700,883	706,856

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.

Earnings per share	2021	2020
Number of shares	422,404,055	422,398,082
Profit/(loss) for the period attributable to owners of the parent (USD million)	133	(286)
Basic and diluted earnings per share (USD)[1]	0.32	(0.68)

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	2021	2020
In employment	2,338	2,658
In retirement (inclusive disability pensions)	707	743
Total number of people covered by pension schemes	**3,045**	**3,401**

USD million	Notes	2021	2020
Expenses for employee retirement plans recognized in the statement of income			
Defined benefit plans		3	9
Defined contribution plans		23	12
Net pension expenses	4	**25**	**21**
Remeasurements			
Remeasurements recognized in other comprehensive income		5	(10)
Tax effect of pension other comprehensive income		(1)	2
Net remeasurements in other comprehensive income		**3**	**(8)**

USD million	2021	2020
Pension obligations		
Defined benefit obligation at end of prior year	120	100
Current/past service cost and interest cost	5	5
Benefit payments from employer	(10)	(6)
Transfer of obligation in/(out)	4	5
Remeasurements	(3)	11
Effect of changes in foreign exchange rates	(4)	4
Defined benefit obligations at December 31	**112**	**120**
Gross pension assets		
Fair value of plan assets at end of prior year	52	38
Interest income	1	1
Employer contributions	6	3
Benefit payments from plan assets	(4)	(1)
Transfer of assets in/(out)	3	5
Return on plan assets (excluding interest income)	1	1
Reclassifications from other non-current assets	-	2
Effect of changes in foreign exchange rates	(2)	3
Gross pension assets at December 31	**57**	**52**
Total pension obligations		
Defined benefit obligations	112	120
Fair value of plan assets	57	52
Net pension liabilities	**55**	**68**

Note 16. Interest-bearing liabilities

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
Net debt December 31, 2020	**2,353**	**378**	**1,176**	**174**	**4,081**
Cash flows from debt uptake	430	44	-	-	**474**
Cash flow from debt repayments	(104)	(427)	-	(204)	**(735)**
Net change lease commitments	-	-	258	67	**325**
Foreign exchange movement	(2)	(6)	(15)	(1)	**(24)**
Other non-cash movements	7	-	-	-	**7**
Re-classification	(526)	526	(202)	202	**-**
Net debt December 31, 2021	**2,158**	**515**	**1,218**	**238**	**4,128**

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Net debt December 31, 2019	**2,279**	**292**	**1,269**	**203**	**4,044**
Cash flows from debt uptake	543	14	-	-	**557**
Cash flow from debt repayments	(193)	(224)	-	(180)	**(597)**
Net change lease commitments	-	-	32	2	**34**
Foreign exchange movement	19	(6)	21	1	**35**
Other non-cash movements	9	-	-	-	**9**
Re-classification	(303)	302	(146)	148	**-**
Net debt December 31, 2020	**2,353**	**378**	**1,176**	**174**	**4,081**

After the onset of the pandemic in 2020, the company agreed with the banks of WW Ocean to defer installments of about USD 70 million, previously scheduled for the second half of 2020. This was done to strengthen the cash position during the period of reduced activity. While deferred amounts are outstanding, the group is restricted from paying out dividends. In January 2022, the group commenced prepayment of the remaining USD 50 million of deferred amounts with the WW Ocean banks. By early March 2022, all amounts are repaid and the related dividend block removed.

During the fourth quarter, Wallenius Wilhelmsen ASA completed a tap issue of USD 57 million (NOK 500 million) in the bond WAWI01. Delivery of the last newbuilding on order was financed with a loan drawdown of USD 50 million.

During the third quarter, Wallenius Wilhelmsen ASA completed a new senior unsecured bond issue of USD 166 million. Net proceeds from the bond issue were used for partial repurchase of other outstanding bonds and during third quarter, USD 72 million of outstanding bonds was repurchased. In addition, USD 40 million of bond debt matured during the quarter.

In 2020, the group entered into sale and leaseback agreements for two vessels. The arrangements are regarded as financing arrangements and the liabilities related to these of total USD 90 million have been classified as bank loans.

Most financing is subject to certain financial and non-financial covenants or restrictions. The main covenant related to the group's bond debt is limitation on the ability to pledge assets. The main bank and lease financing of the group have financial covenant clauses relating to one or several of the following minimum liquidity, current assets/current liabilities, net interest-bearing debt/ EBITDA and loan to value clauses.

The minimum ratios are adjusted to reflect the financial situation of the relevant borrowing company or group of companies. Certain subsidiary loan agreements also have change of control clauses. As of December 31, 2021 (analogous for 2020), 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.

Repayment schedule for interest-bearing liabilities

USD million	Bank loans	Bonds	Lease liabilities	Other	Dec 31, 2021
Due in 2022	382	133	238	0	**753**
Due in 2023	770	-	237	17	**1,024**
Due in 2024	397	227	170	0	**795**
Due in 2025	209	-	161	0	**369**
Due in 2026 and later	324	227	649	0	**1,201**
Total repayable interest-bearing debt	**2,081**	**588**	**1,455**	**18**	**4,142**
Amortized financing costs	(8)	(6)	-	-	**(13)**
Book value interest-bearing debt	**2,073**	**582**	**1,455**	**18**	**4,128**

USD million	Bank loans	Bonds	Lease liabilities	Other	Dec 31, 2020
Due in 2021	322	56	174	0	**552**
Due in 2022	328	187	170	2	**686**
Due in 2023	755	-	165	14	**934**
Due in 2024	421	233	124	0	**778**
Due in 2025 and later	412	-	718	0	**1,130**
Total repayable interest-bearing debt	**2,238**	**476**	**1,351**	**16**	**4,080**
Amortized financing costs	0	1	-	-	**1**
Book value interest-bearing debt	**2,238**	**476**	**1,351**	**16**	**4,081**

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	2021	2020
Gross debt – fixed interest rates	1,568	1,510
Gross debt – variable interest rates	2,560	2,571
Less Cash and liquid investments	710	654
Net debt	**3,418**	**3,427**

A key part of the liquidity reserve takes the form of undrawn committed drawing rights, which amounted to USD 348 million at December 31, 2021 (2020: USD 326 million). See note 21.

USD million	2021	2020
Book value of mortgaged and leased assets		
Vessels	4,904	4,939
Property & land	391	387
Total book value of mortgaged and leased assets	**5,296**	**5,326**

USD million	2021	2020
The carrying amounts of the group's borrowings are denominated in the following currencies		
USD	3,596	3,677
NOK	517	378
KRW	15	26
Total carrying amounts of group's borrowings	**4,128**	**4,081**

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

Note 17. Financial risk

The group has exposure to the following financial risks from its operations:

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

Market risk

Economic hedging strategies have been established in order to reduce market risks in line with the financial strategy approved by the board of directors. Hedge accounting has not been applied for any economic hedges.

Any change in market value of other economic hedge derivatives is recognized in the income statement.

Foreign exchange rate risk

The group 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 group's largest foreign exchange exposure is EUR against USD, but the group also has exposure towards a number of other currencies whereof KRW, JPY, SEK, CNY and NOK are most important.

Economic hedging of transaction risk

As a main principle, the group does not use financial instruments to economically hedge cash flow risk in the operating entities but will make an assessment of the merits to do so in periods when the USD is historically strong vs. other currencies. In order to capitalize on the strong USD, the group has an economic hedging program for CNY, NOK and SEK exposures in place as of both year-ends 2021 and 2020.

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's levels	(20%)	(10%)	0%	10%	20%
Transaction risk					
USD/NOK spot rate	7.04	7.92	8.80	9.68	10.56
Income statement effect (post tax)	**6**	**3**	**0**	**(3)**	**(6)**
USD/SEK spot rate	7.22	8.13	9.03	9.93	10.84
Income statement effect (post tax)	**2**	**1**	**0**	**(1)**	**(2)**
USD/CNY spot rate	5.10	5.73	6.37	7.01	7.64
Income statement effect (post tax)	**6**	**3**	**0**	**(0)**	**(2)**

(Tax rate used is 22% which equals the Norwegian tax rate)

Economic hedging of translation risk

For balance sheet items denominated in other currencies than USD, the group will in each case consider whether to economic hedge the exposure. The group has outstanding NOK-denominated bonds of about NOK 4.6 billion (USD 517 million). The corresponding amount was NOK 3.3 billion (USD 381 million) for 2020. A large part of this debt (NOK 4.5 billion) has been economically hedged against USD with basis 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 non-material. On December 31, 2021 there were no material FX sensitivities.

For the period ending December 31, 2021, the net impact from translation differences had a very limited impact on other comprehensive income with negative USD 6 million (2020: positive USD 6 million). All fair value changes of the financial derivatives, except fuel oils derivatives in EUKOR, are booked against the income statement. Equity sensitivities will therefore equal sensitivities in the income statement.

USD million	Note	2021	2020
Through income statement			
Financial currency			
Net currency gain/(loss) – operating currency		(8)	6
Net currency gain/(loss) – financial currency		(1)	(11)
Derivatives for economic hedging of cash flow risk – realized		(3)	(6)
Derivatives for economic hedging of cash flow risk – unrealized		(5)	5
Derivatives for economic hedging of translation risk – realized		(0)	0
Derivatives for economic hedging of translation risk – unrealized		(7)	20
Net financial currency	6	**(24)**	**13**
Through other comprehensive income			
Currency translation differences through other comprehensive income		(6)	6
Total net currency effect		**(30)**	**20**

Interest rate risk

The group seeks to economically hedge between 30-70 per cent of the net interest rate exposure, predominantly through interest rate swaps and fixed rate loans.

Interest rate contracts held by the group corresponded to about 40 per cent (2020: about 50 per cent) of its outstanding long-term interest exposure at December 31. However, when fixed rate debt is included, the economic hedge ratio is about 65 per cent (2020: about 65 per cent) as at December 31. Leases are considered fixed rate debt for this calculation.

USD million	2021	2020
Maturity schedule economic interest rate hedges (nominal amounts)		
Due in year 1	13	266
Due in year 2	13	11
Due in year 3	287	11
Due in year 4	252	285
Due in year 5 and later*	506	750
Total economic interest rate hedges	**1,070**	**1,322**
*of which forward starting	-	100

As of end 2021 the group did not hold any forward starting swaps (2020: USD 100 million).

The average remaining term of the existing loan portfolio is about 2.8 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 2.7 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 exchange rate's levels	(2%)	(1%)	0%	1%	2%
Fair value sensitivities of interest rate risk					
Estimated change in fair value (post tax)	(18)	(9)	0	9	18

(Tax rate used is 22% which equals the Norwegian tax rate)

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.

All financial derivatives are booked against the income statement in accordance with the fair value accounting principle. Equity sensitivities will therefore equal sensitivities in the income statement.

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

		Assets	Liabilities	Assets	Liabilities
USD million	Notes	2021		2020	
Interest rate derivatives					
Holding		-	7	-	14
Shipping services		-	38	-	76
Government services			1		3
Logistics services		-	13	-	28
Total interest rate derivatives		**-**	**60**	**-**	**122**
Derivatives used for economic cash flow hedging					
Holding		1	-	4	-
Shipping services		-	1	2	-
Total currency cash flow derivatives		**1**	**1**	**5**	**-**
Derivatives used for economic translation risk hedging (basis swaps)					
Holding		1	7	1	1
Shipping services		-	1	1	-
Total cross currency derivatives (basis swaps)		**1**	**8**	**1**	**1**
Derivatives used for economic fuel hedging					
Shipping services		-	-	5	-
Total fuel derivatives		**-**	**-**	**5**	**-**
Other derivatives – non-controlling shareholder net derivative					
Shipping services	5	152	-	130	-
Total non-controlling shareholder net derivative		**152**	**-**	**130**	**-**
Total market value of derivatives		**153**	**69**	**141**	**123**

Book value equals fair value.

Fuel oil 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 are 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 end 2021, the group does not hold any fuel oil hedging contracts. At end 2020, EUKOR had entered into fuel oil hedging contracts to reduce the risk connected to rising fuel oil prices. For the mentioned economic fuel oil hedges, the profit/loss was taken through the income statement.

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	2021	2020
Exposure to credit risk			
Long-term investments	19	68	18
Financial derivatives – asset	19	1	4
Other non-current assets	19	18	33
Trade receivable	20	457	363
Other current assets	19	144	134
Cash and cash equivalents		710	654
Total exposure to credit risk		**1,399**	**1,207**

Book value equals market value.

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.

At December 31, the group had USD 710 million (2020: USD 654 million) in liquid assets which can be realized over a three-day period in addition to USD 348 million (2020: USD 326 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
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)	633	-	-	-
Total non-derivative liabilities excluding leasing	**1,226**	**825**	**1,301**	**168**
Leasing liabilities	278	272	537	657
Financial derivatives	27	27	52	5
Total gross undiscounted cash flows financial liabilities December 31	**1,531**	**1,124**	**1,890**	**830**

USD million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
2020				
Bank loans	353	383	1,412	234
Bonds	75	109	371	-
Current liabilities (excluding next year's installment on interest-bearing debt, lease liabilities and financial derivatives)	534	-	-	-
Total non-derivative liabilities excluding leasing	**963**	**491**	**1,783**	**234**
Leasing liabilities	215	196	534	739
Financial derivatives	15	26	65	16
Total gross undiscounted cash flows financial liabilities December 31	**1,193**	**713**	**2,382**	**989**

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. The main covenant related to the group's bond debt is limitation on the ability to pledge assets.

The main bank and lease financing of the group have financial covenant clauses relating to one or several of the following:

- Minimum liquidity
- Current assets/current liabilities
- Net interest-bearing debt/EBITDA
- Loan to value clauses

The minimum ratios are adjusted to reflect the financial situation of the relevant borrowing company or group of companies. Certain subsidiary loan agreements also have change of control clauses. As of the balance date, 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.

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 per cent 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 warrantable at all times.

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 a return on capital employed over time that exceeds 8 per cent. In 2021 the return on capital employed was 4.4 per cent. See reconciliation of alternative performance measures (p. 167-170) 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 provision 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
2021		
Bank loans	2,012	2,073
Leasing liabilities	1,479	1,455
Bonds	604	582
Other	18	18
Total interest-bearing liabilities December 31	**4,113**	**4,128**

USD million	Fair value	Book value
2020		
Bank loans	2,168	2,237
Leasing liabilities	1,369	1,352
Bonds	486	476
Other	16	16
Total interest-bearing liabilities December 31	**4,039**	**4,081**

Fair value hierarchy

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 December 31		**-**	**2**	**152**	**153**
Financial liabilities at fair value through income statement					
- Financial derivatives		-	69	-	**69**
Total liabilities December 31		**-**	**69**	**-**	**69**

USD million	Notes	Level 1	Level 2	Level 3	Total balance
2020					
Financial assets at fair value through income statement					
- Financial derivatives		-	11	-	**11**
- Non-controlling shareholder net derivative	5	-	-	130	**130**
Total assets December 31		**-**	**11**	**130**	**141**
Financial liabilities at fair value through income statement					
- Financial derivatives		-	123	-	**123**
Total liabilities December 31		**-**	**123**	**-**	**123**

The quoted market price used for financial assets held by the group is the current close price. The group held no instruments qualifying for inclusion in level 1 at year end.

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) were 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
2021				
Assets				
Other non-current assets	-	153	87	**239**
Fuel/lube oil	-	-	147	**147**
Trade receivables	457	-	-	**457**
Other current assets	-	-	144	**144**
Cash and cash equivalent	710	-	-	**710**
Assets at December 31	**1,167**	**153**	**377**	**1,697**

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 December 31	**69**	**4,319**	**4,388**

USD million	Assets at amortized cost	Assets at fair value through the income statement	Other	Total
2020				
Assets				
Other non-current assets	-	130	54	**184**
Fuel/lube oil	-	-	79	**79**
Trade receivables	363	-	-	**363**
Other current assets	-	-	135	**135**
Cash and cash equivalent	654	-	-	**654**
Assets at December 31	**1,018**	**130**	**268**	**1,416**

USD million	Liabilities at fair value through the income statement	Other financial liabilities at amortized cost	Total
2020			
Liabilities			
Non-current interest-bearing debt	-	2,353	**2,353**
Non-current lease liabilities	-	1,176	**1,176**
Other non-current liabilities	115	63	**179**
Trade payables	-	142	**142**
Current interest-bearing debt	-	378	**378**
Current lease liabilities	-	174	**174**
Other current liabilities	8	12	**20**
Liabilities December 31	**123**	**4,298**	**4,421**

Note 18. Provisions and contingencies

USD million	2021	2020
Current provisions	28	51
Non-current provisions	16	59
Total provisions presented in the consolidated balance sheet	**44**	**110**

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. During 2021 the proceedings with the outstanding jurisdictions have been resolved, but some amounts are not yet paid and have been reclassified from provisions to other current liabilities. The timeline for the resolution of civil claims is more uncertain and in updated assessments of claims resulted in additional provisions of USD 35 million. This amount was recognized as an operating expense. During the year, the group paid USD 149 million in customer settlements and fines to jurisdictions.

In 2021, USD 37 million were reclassified from Current provisions to Other current liabilities as the amounts are no longer uncertain in amount or timing. USD 43 million were reclassified from Non-current provisions to Current provisions.

In total, USD 44 million remain classified as provisions as amounts and timing are uncertain. The provisions are expected to cover any pay-outs related to potential civil claims as of December 31, 2021. At year-end, the group has recognized USD 120 million of provisions (USD 44 million) and other current liabilities (USD 76 million) related to fines, civil claims and customer settlement. The ongoing investigations of WW Ocean and EUKOR are confidential, and Wallenius Wilhelmsen is therefore not able to provide more detailed comments.

In 2020, the main change was that USD 63 million and USD 62 million were reclassified from Non-current provisions and Current provisions to Other non-current liabilities and Other current liabilities, respectively, due to amounts no longer being uncertain in amount or timing. Also, provisions were reduced by USD 12 million in 2020 due to commercial settlements.

Contingencies
The group is party to lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its ordinary business activities. The potential civil claims related to the anti-trust investigations are uncertain and as such there is a contingency element in the provision made.

Note 19. Specification of balance sheet

USD million	2021	2020
Other non-current assets		
Long-term investments[1]	68	18
Financial derivatives	1	4
Pension assets	0	0
Derivative financial asset	152	130
Investments in joint ventures and associates	10	10
Other non-current assets	18	33
Total other non-current assets	**249**	**194**

1 EUKOR owns 0.627per cent 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 increased by USD 28 million in value during 2021 and fair value at December 31, 2021 is estimated at USD 44 million. The increase is primarily related to improved results in KOBC's underlying investments.

USD million	2021	2020
Other current assets		
Financial derivatives	1	8
Prepaid expenses	143	126
Total other current assets	**144**	**134**
Other non-current liabilities		
Financial derivatives	60	115
Other non-current liabilities	8	63
Total other non-current liabilities	**68**	**179**
Other current liabilities		
Financial derivatives	9	8
Accrued operating expenses	418	324
Other current liabilities	29	12
Total other current liabilities	**455**	**343**

Note 20. Trade receivables and accounts payable

Trade receivables

At December 31, 2021, USD 91 million (2020: USD 95 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, 2021, the group's impairment allowance on receivables amounts to approximately USD 4 million (2020: USD 3 million). Approx. 70 per cent of the impairment allowance at relates to the logistics segment and 30 per cent to the shipping segment both in 2021 and 2020. The aging profile of trade receivables that are past due is as follows:

USD million	2021	2020
Aging of trade receivables fallen due		
31-60 days	58	66
61-90 days	13	15
90-180 days	15	8
Over 180 days	5	5
Total fallen due	**91**	**95**
Trade receivables per segment		
Shipping services	338	262
Logistics services	94	101
Government services	25	-
Total trade receivables	**457**	**363**

Trade payables

At December 31, 2021, USD 5 million in trade payables had fallen due (2020: USD 6 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	2021	2020
Trade payables per segment		
Shipping services	116	94
Logistics services	36	48
Government services	2	-
Holding	0	-
Total trade payables	**154**	**142**

See note 17 for more information on credit risk.

Note 21. Restricted bank deposits and undrawn committed drawing rights

USD million	2021	2020
Payroll tax withholding account	1	1

USD million	2021	2020
Undrawn committed drawing rights	348	326
- Of which backstop for outstanding certificates and bonds with a remaining term of less than 12 months to maturity	133	56
Undrawn committed loans	-	50

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 37.8 per cent of the shares each. 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 and Jonas Kleberg were each paid USD 63 thousand. In addition, Jonas Kleberg received USD 5 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 per cent 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	2021	2020
Income statement		
Operating revenue from related parties related parties within WWH group	1	1
Operating revenue from related parties related parties within Soya group	-	-
Operating expenses to related parties within WWH group	20	20
Operating expenses to related parties within Soya group	10	4
Operating expenses top executive team[1]	6	4

1 Operating expenses top executive team for 2020 is as reported for that year. For 2021 there has been changes to whom is included in the top executive team. See separate remuneration report for further details regarding remuneration to top executives.

In addition, Wallenius Marine (part of Soya Group) had the supervision of the newbuilding. Their fee adds up to approximately USD 0.2 million (2020: 2 million) and is capitalized with the vessels.

USD million	2021	2002
Balance sheet		
Current receivables from related parties within Soya group	0	1
Non-current loan/payables to related parties within Soya group	2	-
Current loan/payables to related parties within Soya group	1	-
Non-current receivables from related parties within WWH group	0	0
Current receivables from related parties within WWH group	1	0
Non-current loan/payables to related parties within WWH group	3	2
Current loan/payables to related parties within WWH group	1	1
Current payables related to top executive team	1	-

Note 23. Events after the balance sheet date

After the onset of the pandemic in 2020, the company agreed with the banks of WW Ocean to defer installments of about USD 70 million, previously scheduled for the second half of 2020. This was done to strengthen the cash position during the period of reduced activity. While deferred amounts are outstanding, the group is restricted from paying out dividends. In January 2022, the group commenced prepayment of the remaining USD 50 million of deferred amounts with the WW Ocean banks. By early March 2022, all amounts are repaid and the related dividend block removed.

Dividend

The Board has decided to propose an ordinary dividend of USD 15 cents per share to the Annual General Meeting on April 26, 2022, USD 9 cent per share payable in May 2022 and USD 6 cent per share payable in November 2022. In total, the proposed dividend for 2021 is equivalent to about USD 63.5 million.

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 the 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.

EBITDA adjusted is defined as EBITDA 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 and other income and expenses which are not primarily related to the period in which they are recognized.

EBIT is defined as Total income (Operating revenue and gain/(loss) on sale of assets) less Operating expenses excluding other gain/(loss), Other gain/(loss) and depreciation and amortization. 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 yearly average of Total assets less Total liabilities plus total interest-bearing liabilities. 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 yearly 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 12 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 on yearly profit/(loss) after tax divided by yearly average of equity. The group considers this ratio as appropriate to measure the return of the period.

Net interest-bearing debt

USD million	Dec 31, 2021	Dec 31, 2020
Non-current interest-bearing loans and bonds	2,158	2,353
Non-current lease liabilities	1,218	1,176
Current interest-bearing loans and bonds	515	378
Current lease liabilities	238	174
Less Cash and cash equivalents	710	654
Net interest-bearing debt	**3,418**	**3,427**

Net interest-bearing debt divided by last twelve months adjusted EBITDA

USD million	2021	2020
Net interest-bearing debt	3,418	3,427
Last twelve months adjusted EBITDA	865	536
Net interest-bearing debt/adjusted EBITDA ratio	**4.0x**	**6.4x**

Equity ratio

USD million	Dec 31, 2021	Dec 31, 2020
Total equity	2,804	2,615
Total assets	7,794	7,628
Equity ratio	**36.0%**	**34.3%**

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	2021	2020
Total revenue	3,884	2,958
Operating expenses excluding other gain/(loss)	(3,054)	(2,484)
EBITDA	**830**	**473**
EBITDA shipping services	670	357
Loss on sale of vessel	32	0
Anti-trust expense	35	55
Scrapping of scrubber installations	-	7
EBITDA adjusted shipping services	**736**	**419**
EBITDA logistics services	108	78
EBITDA adjusted logistics services	**108**	**78**
EBITDA government services	40	55
EBITDA adjusted government services	**40**	**55**
EBITDA holding/eliminations	11	(16)
Loss on sale of vessel	(32)	0
EBITDA adjusted holding/eliminations	**(20)**	**(16)**
EBITDA adjusted	**865**	**536**

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Notes	2021	2020
EBITDA		830	473
Other gain/loss	5	21	(16)
Depreciation and amortization	8, 9, 10	(483)	(451)
(Impairment)/reversal of impairment	11	(62)	(90)
EBIT		**306**	**(84)**
Anti-trust expense		35	55
Scrapping of scrubber installations		-	7
Change in fair value of derivative financial asset		(21)	16
Reversal of/impairment asset held-for-sale		(8)	27
Impairment recycling vessels		-	18
Impairment goodwill and intangible assets		76	45
Total adjustments		**82**	**168**
EBIT adjusted		**388**	**85**
Profit/(loss) for the period		**177**	**(302)**
Total adjustments		82	168
Profit/(loss) for the period adjusted		**259**	**(133)**

Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation

	Yearly average	
USD million	2021	2020
Total assets	7,620	7,575
Less Total liabilities	4,959	4,935
Total equity	**2,661**	**2,640**
Total interest-bearing debt	4,099	4,036
Capital employed	**6,760**	**6,676**
EBIT annualized	306	(84)
EBIT annualized adjusted	388	85
ROCE	**4.5%**	**(1.3%)**
ROCE adjusted	**5.7%**	**1.3%**
Profit/(loss) for the period annualized	177	(302)
Profit/(loss) for the period annualized and adjusted	259	(133)
Return on equity	**6.6%**	**(11.4%)**
Return on equity adjusted	**9.7%**	**(5.0%)**

Financial statements

Wallenius Wilhelmsen ASA Parent

Income statement

USD million	Notes	2021	2020
Operating expenses			
Employee benefits	2	(10)	(1)
Impairment of investment in subsidiaries	4	-	(150)
Other operating expenses	1	(11)	(15)
Total operating expenses		**(20)**	**(166)**
Net operating profit/(loss)		**(20)**	**(166)**
Financial income and expenses			
Financial income	1	24	22
Financial expenses	1	(23)	(39)
Financial derivatives	1	(17)	10
Financial income/(expense)		**(16)**	**(7)**
Profit/(loss) before tax		(37)	(173)
Tax income/(expense)	3	(0)	(4)
Profit/loss) for the year		**(37)**	**(178)**
Transfers and allocations			
(To)/from equity	5	37	178
Total transfers and allocations		**37**	**178**

Statement of comprehensive income

USD million	Notes	2021	2020
Profit/(loss) for the year		(37)	(178)
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurement post employment benefits, net of tax	6	2	(1)
Other comprehensive income, net of tax		**2**	**(1)**
Total comprehensive income		**(35)**	**(179)**
Total comprehensive income attributable to:			
Owners of the parent		(35)	(179)
Total comprehensive income for the year		**(35)**	**(179)**

Balance sheet

USD million	Notes	Dec 31, 2021	Dec 31, 2020
Assets			
Non-current assets			
Deferred tax assets	3	11	12
Investments in subsidiaries	4	2,926	2,926
Other non-current assets	9	314	231
Total non-current assets		**3,251**	**3,169**
Current assets			
Other current assets	9	138	25
Cash and bank deposits		0	80
Total current assets		**138**	**105**
Total assets		**3,389**	**3,274**
Equity and liabilities			
Equity			
Share capital	5	28	28
Retained earnings	5	2,707	2,693
Total equity		**2,735**	**2,721**
Non-current liabilities			
Pension liabilities	6	27	32
Non-current interest-bearing debt	7	449	420
Financial derivatives	8	7	14
Other non-current liabilities to group companies	10	19	17
Total non-current liabilities		**502**	**484**
Current liabilities			
Public duties payable		0	0
Other current liabilities	9	151	68
Total current liabilities		**152**	**69**
Total equity and liabilities		**3,389**	**3,274**

Cash flow statement

USD million	2021	2020
Cash flow from operating activities		
Profit before tax	(37)	(173)
Financial (income)/expense	16	7
(Gain)/loss from liquidation of subsidiary	-	0
Impairment of investment in subsidiaries	-	150
Change in net pension assets/liabilities	(3)	(1)
Change in current assets from group companies	(154)	(34)
Other change in working capital	27	(2)
Net cash provided by/(used in) operating activities	**(149)**	**(53)**
Cash flow from investing activities		
Investments in subsidiaries, associates and joint ventures	-	(20)
Interest received	5	12
Net cash flow provided by/(used in) investing activities	**5**	**(8)**
Cash flow from financing activities		
Proceeds from issuance of debt	230	218
Repayment of debt	(119)	(73)
Purchase of own shares	0	0
Cash from financial derivatives	(11)	(2)
Interest paid including interest rate derivatives	(34)	(15)
Net cash flow provided by/(used in) financing activities	**65**	**127**
Net increase/(decrease) in cash and cash equivalents	**(80)**	**66**
Cash and cash equivalents at 1 January[1]	80	14
Cash and cash equivalents at 31 December	**0**	**80**

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	Note	2021	2020
Other operating expenses			
Intercompany expenses	10	(7)	(12)
Other administration expenses		(3)	(2)
Total other operating expenses		**(11)**	**(15)**
Financial income/(expenses)			
Financial income			
Dividend from subsidiaries and group contribution	10	1	4
Interest income		16	16
Net currency gain		7	1
Other financial income		0	0
Total financial income		**24**	**22**
Financial expenses			
Interest expenses		(27)	(18)
Net currency loss		6	(21)
Other financial expenses		(2)	(1)
Total financial expenses		**(23)**	**(39)**
Financial derivatives			
Realized gain/(loss) related to currency derivatives		(11)	(7)
Realized gain/(loss) related to interest rate derivatives		(5)	(4)
Unrealized gain/(loss) related to currency derivatives		(8)	26
Unrealized gain/(loss) related to interest rate derivatives		7	(5)
Total financial derivatives		**(17)**	**10**
Financial income/(expenses)		**(16)**	**(7)**

Expensed audit fee

USD thousand	2021	2020
Statutory audit	138	64
Other assurance services	43	103
Total expensed audit fee	**182**	**168**

Note 2. Employee benefits

USD million	2021	2020
Salary/remuneration board of directors	7	1
Payroll tax	1	0
Pension cost	1	0
Other remuneration	1	0
Total employee benefits	**10**	**1**

Both the President and CEO and Chief Financial Officer are employed by group company Wallenius Wilhelmsen Ocean AS until end of 2020. From January 1, 2021, they were transferred to Wallenius Wilhelmsen ASA together with the Chief Human Resources Officer (CHRO).

USD thousand	2021	2020
Remuneration of the board of directors		
Håkan Larsson	181	166
Rune Bjerke	63	-
Thomas Wilhelmsen	63	55
Marianne Lie	76	61
Jonas Kleberg	63	55
Margareta Alestig	72	59
Anna Felländer	63	-
Nomination committee		
Anders Ryssdal	10	9
Jonas Kleberg	5	4
Carl Erik Steen	5	4

The board's remuneration for the financial year 2021 will be approved by the general meeting April 24, 2022 and paid/expensed in 2022.

The board's remuneration for board members, for the financial year 2020 was received in 2021.

At the AGM in 2021, Håkan Larsson resigned from the board of directors with Rune Bjerke replacing him as chair.

At the AGM in 2020, two additional board members were elected – Rune Bjerke and Anna Felländer. They did not receive any remuneration in 2020.

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, 2021.

Shares owned or controlled by representatives of the group at December 31, 2021

Name	Number of shares	Per cent of shares
Board of directors		
Rune Bjerke (chair)	22,250	0.01%
Thomas Wilhelmsen	161,165,095	38.09%
Marianne Lie	-	-
Jonas Kleberg	-	-
Margareta Alestig	-	-
Anna Felländer	-	-
Senior executives		
Acting Chief Executive Officer (CEO) and Chief Financial Officer (CFO) – Torbjørn Wist	5,000	0.00%
Executive Vice President (EVP) and Chief Operating Officer (COO) logistics services – Michael Hynekamp	-	
Chief Executive Officer (CEO) shipping services – Erik Noeklebye	8,936	0.00%
Chief Digital Officer (CDO) and acting Chief Human Resources Officer (CHRO) – Simon White	-	-
Nomination Committee		
Anders Ryssdal	-	-
Jonas Kleberg	-	-
Carl Erik Steen	-	-

The two main shareholders of Wallenius Wilhelmsen ASA are Walleniusrederierna AB and Wilh. Wilhelmsen Holding ASA with 37.8 per cent of the shares each. 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	2021	2020
Distribution of tax (income)/expense for the year		
Change in deferred tax	0	4
Total tax (income)/expense	**0**	**4**
Basis for tax computation		
Profit before tax	(37)	(173)
22% tax	(8)	(38)
Tax effect from		
Non-taxable income	0	33
Valuation allowance deferred tax assets	8	9
Currency transition from USD to local currency for tax purpose	0	0
Total tax (income)/expense	**0**	**4**
Effective tax rate	(0.9%)	(2.5%)

Deferred tax assets

	2021	2020
Tax effect of temporary differences		
Current assets and liabilities	0	0
Non-current liabilities and provisions for liabilities	11	12
Tax losses carried forward	-	-
Deferred tax assets	**11**	**12**
Composition of deferred tax and changes in deferred tax		
Deferred tax assets at 1 January	12	15
Charged directly to equity	(1)	1
Change of deferred tax through income statement	(0)	(4)
Currency translation differences	(0)	0
Deferred tax assets at December 31	**11**	**12**

USD 48 million in valuation allowance related to deferred tax asset arising from tax loss carry forward in Norwegian entities, see note 1 to the group accounts for additional information.

Note 4. Investment in subsidiaries

USD million	Business office	Voting share/ ownership share	Book value 2021	Book value 2020
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%	343	343
Total investments in subsidiaries			**2,926**	**2,926**

Investments in subsidiaries are recorded 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 recorded.

Per year end 2020, the company wrote down the investment in Wallenius Wilhelmsen Solutions Holding AS with USD 100 million and Wallenius Wilhelmsen International Holding AS of USD 50 million.

Note 5. Equity

USD million	Share capital	Own shares	Total paid-in capital	Other paid-in capital	Retained earnings	Total
Change in equity						
Equity 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 December 31, 2021	**28**	**(0)**	**28**	**1,079**	**1,628**	**2,735**
Equity December 31, 2019	28	(0)	**28**	1,079	1,793	**2,900**
Profit for the year	-	-	**-**	-	(178)	**(178)**
Other comprehensive income for the year	-	-	**-**	-	(1)	**(1)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(179)**	**(179)**
Sale of own shares	-	0	**0**	-	0	**0**
Equity December 31, 2020	**28**	**(0)**	**28**	**1,079**	**1,614**	**2,721**

The company's number of shares is as follows:	Dec 31, 2021	Dec 31, 2020
Total number of shares	423,104,938	423,104,938
Own shares	700,883	706,856

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, 2021

Shareholders	Note	Number of shares	Per cent of shares
Walleniusrederierna AB	10	160,000,000	37.82%
Wilh. Wilhelmsen Holding ASA	10	160,000,000	37.82%
Folketrygdfondet		10,422,222	2.46%
The Bank Of New York Mellon Sa/Nv		3,283,394	0.78%
Verdipapirfondet Alfred Berg Norge		3,138,573	0.74%
Verdipapirfondet Storebrand Norge		3,019,837	0.71%
Verdipapirfondet Alfred Berg Gamba		2,750,686	0.65%
The Bank Of New York Mellon		2,539,714	0.60%
J.P. Morgan Bank Luxembourg S.A.		2,496,134	0.59%
State Street Bank And Trust Comp		2,332,033	0.55%
Other		73,122,345	17.28%
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 31 December 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	2021	2020
Previous employees not yet retired	-	1
In retirement (inclusive disability pensions)	535	568
Total number of people covered by pension schemes	**535**	**569**

Financial assumptions applied for the valuation of liabilities	2021	2020
Discount rate	1.8%	1.6%
Anticipated pay regulation	2.3%	1.8%
Anticipated regulation of National Insurance base amount (G)	2.3%	1.7%
Anticipated regulation of pensions	0.1%	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 million	2021	2020
Pension expenses		
Current service cost	0	0
Interest expense on defined benefit obligation	1	1
Interest income on plan assets	(0)	(0)
Net pension expenses	**1**	**1**
Remeasurements – Other comprehensive income		
Effect of changes in financial assumptions	0	(2)
Effect of experience adjustments	4	0
Return on plan assets (excluding interest income)	(1)	0
Total remeasurements included in OCI	**3**	**(2)**
Tax effect of pension OCI	(1)	1
Net remeasurement in OCI	**2**	**(1)**

USD million	2021	2020
Pension obligations		
Defined benefit obligations January 1	34	33
Current service cost	0	0
Interest expense	1	1
Benefit payments from employer	(2)	(2)
Remeasurements – change in assumptions	(0)	2
Remeasurements – experience adjustments	(4)	(0)
Effect of changes in foreign exchange rates	(1)	1
Pension obligations December 31	**27**	**34**
Gross pension assets		
Fair value of plan assets January 1	1	1
Interest income	0	0
Employer contributions	-	0
Return on plan assets (excluding interest income)	(1)	0
Effect of changes in foreign exchange rates	(0)	0
Gross pension assets December 31	**-**	**1**
Total pension obligations		
Defined benefit obligations	27	34
Fair value of plan assets	-	1
Net pension liabilities	**27**	**32**

Payments from operations are estimated at USD 2.3 million in 2022 (2021: USD 2.7 million).

Note 7. Interest-bearing debt

USD million	Notes	2021	2020
Interest-bearing debt			
Bonds		582	476
Repayment schedule for interest-bearing debt			
Due in year 1	9	133	56
Due in year 2		-	190
Due in year 3		227	-
Due in year 4		-	234
Due in year 5		227	-
Total interest-bearing debt repayable		**587**	**479**
Amortized fees		(6)	(3)
Book value interest-bearing debt		**582**	**476**

As of December 31, 2021, weighted average interest rate on interest-bearing debt is 5.44 per cent.

Reconciliation of liabilities arising from financing activities

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Total financing activities
Net debt December 31, 2020	**420**	**56**	**476**
Cash flows from debt uptake	230	-	**230**
Cash flow from debt repayments	(57)	(63)	**(119)**
Foreign exchange movement	(1)	(6)	**(7)**
Other non-cash movements	2	-	**2**
Reclassification	(146)	146	**-**
Net debt December 31, 2021	**449**	**133**	**582**

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

Market risk

For the group as a whole, economic hedging strategies have been established in order to reduce market risks in line with the financial strategy approved by the board of directors. Separate economic hedging strategies 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 accounts 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.

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.

Economic hedging of transaction risk

As a main principle, the group does not use financial instruments to economic hedge cash flow risk in the operating entities but will make an assessment of the merits to do so in periods when the USD is historically strong vs. other currencies. In order to capitalize on the strong USD, the group has an economic hedging program for CNY, NOK and SEK exposures in place as of both year-ends 2021 and 2020.

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's levels	(20%)	(10%)	0%	10%	20%
Transaction risk					
USD/NOK spot rate	7.04	7.92	8.80	9.68	10.56
Income statement effect (post tax)	**6**	**3**	**0**	**(3)**	**(6)**
USD/SEK spot rate	7.22	8.13	9.03	9.93	10.84
Income statement effect (post tax)	**2**	**1**	**0**	**(1)**	**(2)**
USD/CNY spot rate	5.10	5.73	6.37	7.01	7.64
Income statement effect (post tax)	**6**	**3**	**0**	**(0)**	**(2)**

(Tax rate used is 22% which equals the Norwegian tax rate)

Economic hedging of translation risk

The company has outstanding NOK-denominated bonds of about NOK 4.6 billion (USD 517 million). The corresponding amount was NOK 3.3 billion (USD 381 million) for 2020. A large part of this debt (NOK 4.5 billion) has been economically hedged against USD with basis 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, 2021, there were no material FX sensitivities.

All financial derivatives are booked against the income statement. Equity sensitivities will therefore equal sensitivities in the income statement.

Interest rate risk

The group's strategy, of which the company is a part, seeks to economically hedge between 30-70 per cent of the net interest rate exposure, predominantly through interest rate swaps and fixed rate loans.

Interest rate contracts held by the company corresponded to about 30 per cent (2020: about 40 per cent) of its outstanding long-term interest exposure at December 31. However, when fixed rate debt is included, the economic hedge ratio is about 40 per cent (2020: about 50 per cent) as at December 31. It should be noted that the company also takes on economic hedges on behalf of the group.

USD million	2021	2020
Maturity schedule economic interest rate hedges (nominal amounts)		
Due in year 3	150	-
Due in year 4	-	150
Total economic interest rate hedges	**150**	**150**

The company has not entered into any forward starting swaps (analogous for 2020).

The average remaining term of the existing loan portfolio is about 2.8 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 1.8 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					
Change in interest rates' level	(2%)	(1%)	0%	1%	2%
Fair value sensitivities of interest rate risk					
Estimated change in fair value (post tax)	(2)	(1)	0	1	2

(Tax rate used is 22% which equals the Norwegian tax rate)

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.

All financial derivatives are booked against the income statement in accordance with the fair value accounting principle. Equity sensitivities will therefore equal sensitivities in the income statement.

	Assets	Liabilities	Assets	Liabilities
USD million	2021		2020	
Interest rate derivatives	-	7	-	14
Derivatives used for economic cash flow hedging	1	-	4	-
Derivatives used for economic translation risk hedging (basis swaps)	1	7	1	1
Total market value of derivatives	**2**	**14**	**5**	**16**

Book value equals fair 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 Holding AS.

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	2021	2020
Exposure to credit risk			
Other non-current assets from group companies	9	314	229
Financial derivatives asset	9	2	5
Receivables from group companies	9	137	23
Other current receivables	9	0	0
Cash and cash equivalents		0	80
Total exposure to credit risk		**453**	**336**

Book value equals fair 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's liquidity risk is considered low in that it holds significant liquid assets.

At December 31, the company had USD 74 million (2020: USD 80 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
2021			
Bonds	174	33	505
Financial derivatives	4	5	1
Total interest-bearing debt	**177**	**37**	**506**
Current liabilities (excluding next year's installment on interest-bearing debt and financial derivatives)	12	-	-
Total gross undiscounted cash flows financial liabilities December 31	**189**	**37**	**506**

USD million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2020			
Bonds	75	109	371
Financial derivatives	1	4	5
Total interest-bearing debt	**76**	**113**	**377**
Current liabilities (excluding next year's installment on interest-bearing debt and financial derivatives)	11	-	-
Total gross undiscounted cash flows financial liabilities December 31	**87**	**113**	**377**

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
2021		
Bonds	604	582
Total interest-bearing debt December 31	**604**	**582**

USD million	Fair value	Book value
2020		
Bonds	486	476
Total interest-bearing debt December 31	**486**	**476**

Fair value hierarchy

USD million	Level 2	Total balance
2021		
Financial assets at fair value through income statement		
- Financial derivatives	2	**2**
Total assets December 31	**2**	**2**
Financial liabilities at fair value through income statement		
- Financial derivatives	14	**14**
Total liabilities December 31	**14**	**14**

USD million	Level 2	Total balance
2020		
Financial assets at fair value through income statement		
- Financial derivatives	5	**5**
Total assets December 31	**5**	**5**
Financial liabilities at fair value through income statement		
- Financial derivatives	16	**16**
Total liabilities December 31	**16**	**16**

There were no level 1 nor level 3 instruments in 2021 and 2020.

The quoted market price used for financial assets held by the group is the current close price. The group held no instruments qualifying for inclusion in level 1.

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) were described above. These instruments – currency and interest rate derivatives – are included in level 2.

See note 17 to the group accounts for further information on financial risk and fair value of interest-bearing debt.

Financial instruments by category

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	0	-	**0**
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**

USD million	Assets at amortized cost	Assets at fair value through the income statement	Total
2020			
Assets			
Other non-current assets	229	-	**229**
Financial derivatives	5	-	**5**
Other current assets	23	-	**23**
Cash and cash equivalents	80	-	**80**
Assets at December 31	**336**	**-**	**336**

USD million	Liabilities at fair value through the income statement	Other financial liabilities at amortized cost	Total
2020			
Liabilities			
Non-current interest-bearing debt	-	420	**420**
Financial derivatives	16	-	**16**
Other non-current liabilities	-	17	**17**
Current interest-bearing debt	-	56	**56**
Other current liabilities	-	11	**11**
Liabilities at December 31	**16**	**504**	**520**

Note 9. Specification of balance sheet

USD million	Notes	2021	2020
Other non-current assets			
Other non-current assets from group companies	10	314	229
Financial derivatives asset		1	3
Total other non-current assets		**314**	**231**
Other current assets			
Receivables from group companies	10	137	23
Financial derivatives asset		1	2
Other current receivables		0	0
Total other current assets		**138**	**25**
Other current liabilities			
Account payables		0	0
Payables to group companies	10	0	5
Next year's installment on interest-bearing debt	7	133	56
Financial derivatives liability		7	1
Other current liabilities		11	5
Total other current liabilities		**151**	**68**

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 and Wilh. Wilhelmsen Holding ASA with 37.8 per cent 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 and Jonas Kleberg were each paid USD 63 thousand. In addition, Jonas Kleberg received USD 5 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 5 per cent 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	2021	2020
Income statement			
Operating expenses to subsidiaries	1	(7)	(12)
Dividend from subsidiaries and group contribution	1	1	4
Other financial income from subsidiaries		16	16
Financial expenses to subsidiaries		(0)	(0)

USD million	Notes	2021	2020
Balance sheet			
Non-current assets from subsidiaries	9	314	229
Current receivables from subsidiaries	9	137	23
Non-current liabilities to subsidiaries		19	17
Current payables to subsidiaries	9	0	5

Note 11. Events after the balance sheet date

In January 2022, we commenced prepayment of the remaining USD 50 million of deferred amounts with the WW Ocean banks. All amounts will be prepaid by early March, after which the related dividend block will be removed.

Dividend

The Board has decided to propose an ordinary dividend of USD 15 cents per share to the Annual General Meeting on April 26, 2022, USD 9 cent per share payable in May and USD 6 cent per share payable in November. In total, the proposed dividend for 2021 is equivalent to about USD 63.5 million.

Sustainability statements

Through our sustainability reporting, we communicate our performance and impacts on a wide range of sustainability topics such as planet, people, principles of governance and prosperity parameters.

The sustainability statements specifically provide overviews of our sustainability performance data and GRI, SASB indices, TCFD indices and EU Taxonomy reporting.

Sustainability Performance Data

KPI & Description	2021	2020	2019	2018
Planet				
GHG emissions				
CO_2e intensity from Shipping services, gCO_2e / tonne km	33.50	33.51	33.33[1]	35.88[1]
Total Scope 1 emissions, tonne CO_2e	4,591,612	3,772,582	4,695,394	5,247,321
-Shipping	4,585,392	3,764,260	4,687,389[1]	5,240,419[1]
-Logistics	7,654	8,322	8,005	6,902
Total Scope 2 emissions, tonne CO_2e	5,879	6,166	6,611	-
-Shipping	-	-	-	-
-Logistics	5,879	6,166	6,611	-
Energy use				
Total electrical consumption, Logistics services, in megawatt hours	14,023	15,209	16,095	17,350
1) Total energy consumed in terajoule (TJ)	59,976	48,912	-	-
2) percentage heavy fuel oil	17.8%	10.7%	-	-
3) percentage renewable, Shipping services	0%	0%	-	-
Air quality				
Average sulfur content of fuel, Shipping services, percentage	0.37	0.38	2.06	2.06
Total SOx emissions of fleet under group control, in tonnes	10,645	8,945	60,989	68,480
Relative NOx emissions from owned fleet (as an average of International Air Pollution Prevention certification values)	13.57	13.63	13.64	13.66
Biodiversity				
Total number of significant spills (> 20 liters), Shipping services	1	0	1	0
Number of non-compliant environmental breeches (release, spill or discharge) reported to authorities, Logistics services	10	2	1	-
- percentage of owned fleet complying with ballast water exchange;	76.4	52.0	-	-
- percentage of owned fleet complying with ballast water treatment	23.6	48.0	-	-
Percentage of owned fleet enrolled in hull fouling management program	100	100	100	100
Waste management				
Total waste landed to shore reception facilities (owned fleet) in cbm's	7,368	6,532	4,931	6,362
Average amount of waste landed to shore reception per vessel (owned fleet) in cbm's	85.7	82.0	64.8	76.7
Food waste discharged to sea, in cbm's	469	472	388	440
Average amount of food waste discharged to sea, per vessel, in cbm's	4.5	5.5	5.1	5.3
Water consumption from Logistics services, in liters	58,392,400	38,856,368	53,817,587	-
Waste sent to landfills, generated from Logistics services, in tonnes	4,856	4,538	5,843	-

1 This data, originally disclosed as CO_2 , has been recalculated as C02e according to the GLEC framework and is being restated in this report.

KPI & Description	2021	2020	2019	2018
PEOPLE				
Diversity, equity, and inclusion				
Total number of employees	8,283	8,665	9,397	9,451
- Asia Pacific	1,157	916	1,405	1,452
- EMEA	1,798	1,815	2,044	1,636
- America	5,328	5,934	5,948	6,363
Gender balance, all employees, M:F	75 : 25[2]	-	-	-
Gender balance, office workers, M: F	61 : 39	59 : 41	60 : 40	58 : 42
Gender balance, production workers, M:F	82 : 18[2]	-	-	-
Gender balance of office workers in senior roles, M:F ratio	79 : 21	81 : 19	-	-
Number of females in senior roles	54	50	-	-
Earnings ratio, percentage Women:Men[2]				
- Sweden	101	-	-	-
- Norway	98	-	-	-
- Korea	90	-	-	-
- USA	87	-	-	-
Diversity score from employee engagement survey, (score 1-8)	7.9	7.6	-	-
Health, safety & wellbeing				
Work related fatalities	1	0	1	1
Number of marine casualties, percentage classified as very serious	0	0	-	-
Lost Time Incident Frequency, Shipping services[3]	0.88	0.99	0.73	0.73
Lost Time Incident Frequency, Logistics services[3]	15.15	13.99	15.79	17.99
a) Number of port state control detentions	0	0	-	-
b) Average number of deficiencies per vessel inspection, Shipping	0.73	1	-	-
Number of road accidents and incidents, road transport[4]	6	3	-	-
Safety Measurement System BASIC percentiles for				
1) unsafe driving	2	0	-	-
2) hours of service compliance	0	0	-	-
3) driver fitness	0	0	-	-
4) controlled substances/alcohol	0	0	-	-
5) vehicle maintenance	25	24	-	-
6) hazardous Materials Compliance; road transport[4]	-	-	-	-
Voluntary turnover rate of drivers, road transport, in %	18.27%	13.69%	-	-
Involuntary turnover rate of drivers, road transport, in %	0%	0%		
Annual retention rate of Shipping crew	97%	97%	95%	98%
Absenteeism, Logistics services (days away due to illness per hours worked)	2.35%	2.55%	3%	-

2 Newly added for Annual Report 2021
3 Per million man-hours
4 Please see SASB Road Transport standards for more details on this KPI.

KPI & Description	2021	2020	2019	2018
Training and development				
Office workers invited to take a performance dialogue	100%	100%	100%	100%
Human and labor rights				
Number and % of retired vessels recycled according to responsible recycling policy[5]	1; 100%	2; 100%	0	0
Principles of governance				
Ethical business conduct				
Number of cases which group companies were found in breach of international sanction laws and regulations	0	0	0	0
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International Corruption Perception Index	23	11	-	-
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	0	0	-	-
Governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, %	80	-	-	-
Incidents of corruption confirmed during the current year, related to this year	0	-	-	-
Incidents of corruption confirmed during the current year, but related to previous years	0	-	-	-
Security				
Number of incidents of theft, Logistics services	3	0	1	1
Number of security breaches on board company owned vessels	6	2	3	6
Number of substantiated breaches of privacy and data security[6]	0	0	4	1
Prosperity				
Quality				
Average unplanned off-hire across the entire owned fleet, in hours	38.9	33.0	20.7	21.2
Tax practices				
Number of tax incentives or special tax agreements with authorities	1	1	1	0

5 A vessel is considered recycled for this KPI, when the vessel recycling project begins.
6 The definition of breach for this KPI is “a security violation in which sensitive, protected or confidential data is copied, transmitted, viewed, stolen or used by an individual unauthorized to do so.” (Source: US DHHS)

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 line with the requirements specified by the EU Taxonomy reporting framework for 2021, we have focused on identifying which of our activities should be considered eligible. In 2022, we will focus on assessing the criteria for alignment, and on establishing systems for monitoring and reporting on KPIs. 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 "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.

	Revenue[1]		OPEX[2]		CAPEX[3]	
Economic activities, 2021	USDm	%	USDm	%	USDm	%
Taxonomy-eligible activities	**3,373**	**87%**	**2,594**	**85%**	**128**	**94%**
Sea and coastal freight water transport, vessels for port operations and auxiliary activities (6.10)	3,197	82%	2,455	80%	126	93%
Freight transport services by road (6.6)	177	5%	138	5%	2	1%
Taxonomy-non-eligible activities	**510**	**13%**	**461**	**15%**	**8**	**6%**
Other activities (e.g. terminal operations and technical services)	510	13%	461	15%	8	6%
Total	**3,884**	**100%**	**3,054**	**100%**	**136**	**100%**

1 Revenue is for the purpose of this reporting defined as identical to "Turnover", which is the term used in the EU Taxonomy
2 OPEX is defined as all operating expenses linked to the eligible economic activities
3 CAPEX is defined as all capital expenditure related to assets or processes that are associated with eligible economic activities, such as upgrades of vessels

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.

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

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

General disclosures

GRI §	Description	Source (page no.)
Organizational profile		
102-1	Name of the organization	Wallenius Wilhelmsen ASA
102-2	Activities, brands, products, and services	Wallenius Wilhelmsen in brief (p. 5)
102-3	Location of headquarters	Strandveien 20, 1366 Lysaker, Norway
102-4	Location of operations	Wallenius Wilhelmsen in brief (p. 5)
102-5	Ownership and legal form	Wallenius Wilhelmsen in brief (p. 5) Principles of governance (p. 40)
102-6	Markets served	Wallenius Wilhelmsen in brief (p. 5)
102-7	Scale of the organization	Wallenius Wilhelmsen in brief (p. 5)
102-8	Information on employees and other workers	Sustainability Performance Data (p. 198)
102-9	Supply chain	Prosperity (p. 89)
102-10	Significant changes to the organization and its supply chain	Highlights for 2021 (p. 25)
102-11	Precautionary Principle or approach	Please see Wallenius Wilhelmsen's environmental policy where we discuss our approach to tackling environmental challenges and how we take a precautionary approach
102-12	External initiatives	UN Global Compact, LEO Coalition, Getting to Zero Coalition, Ship Recycling Transparency Initiative
102-13	Membership of 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 Ship owners Association, Norwegian Sea Law Association, The Association of European Vehicle Logistics (ECG), American Association of Port Authorities, National Freight Transportation Association
Strategy		
102-14	Statement from senior decision-maker	Words from CEO (p. 17)
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Message from the board (p. 21)
Governance		
102-18	Governance structure	Wallenius Wilhelmsen in brief (p. 5) Principles of governance (p. 40)
Stakeholder engagement		
102-40	List of stakeholder groups	Employees, customers, shareholders, investors & financial community, industry peers, regulators and government, ports and port communities

GRI §	Description	Source (page no.)
102-41	Collective bargaining agreements	As stated in our Code of Conduct; Subject to the applicable laws and regulations, we cooperate with employee representatives with the aim to achieve balance between the interests of the company and interests of the employee. Total number of US Production Employees represented by a union = 335 or 18% Total number of US production workers are 1,885, of which 18& are represented by a union. These employees work at three (3) locations and are represented by four (4) separate Collective Bargaining Agreements.
102-42	Identifying and selecting stakeholders	Our reporting approach (p. 3)
102-43	Approach to stakeholder engagement	We carry out regular stakeholder engagement through multiple means including sector-specific initiatives and working groups. In 2021, 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 2021 related to our report preparation process.
102-44	Key topics and concerns raised	No specific new topics or concerns were identified related to the sustainability reporting in 2021.
Reporting practice		
102-45	Entities included in the consolidated financial statements	Wallenius Wilhelmsen in brief (p. 5) Principles of governance (p. 40)
102-46	Defining report content and topic Boundaries	Our Reporting Approach (p. 3)
102-47	List of material topics	Principles of governance (p. 43)
102-48	Restatements of information	No material restatements. See notes where applicable.
102-49	Changes in reporting	We have consolidated material topics into 4 pillars; People, Planet Prosperity and Principles of governance. The reporting scope and organizational boundaries remain unchanged.
102-50	Reporting period	January 01, 2021 - December 31, 2021
102-51	Date of most recent report	Annual Report 2020
102-52	Reporting cycle	Yearly
102-53	Contact point for questions regarding the report	Anette.Ronnov@walwil.com
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards Core
102-55	GRI content index	Wallenius Wilhelmsen GRI Index 2021 (this document)

Material topics

WWL topic / § no.	Description	Disclosure or Source (page number)	Omission	Reason for omission	Explanation for omission
People					
GRI 103 – Management approach					
103-1	Explanation of the material topic and its boundary	Our reporting approach (p. 3), People (p. 58)			
103-2	The management approach and its components	People (p. 58)			
103-3	Evaluation of the management approach	People (p. 58)			
GRI 403 – Occupational health and safety (2018)					
403-1	Occupational health and safety management system	People chapter, section on Health & Safety (p. 59)			
403-2	Hazard identification, risk assessment, and incident investigation	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. 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. Nonconformities, accidents and hazardous situations are reported to the Company, investigated and analyzed with the objective of improving safety and pollution prevention, including measures intended to prevent recurrence. At logistics services, the company a) 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 and 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 Safety-First program documentation and can stop actions they deem unsafe. The company's Ethics Hotline and Issues & Opportunities Register are tools for all employees and contractors to enter HSQ risks from their mobile devices. Please refer to the People-section for more information (p. 58)			
403-3	Occupational health services	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 in the Health and Safety chapter (p. 59)			
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 responsibles. Additionally, shift meetings follow a standardized format covering safety topics before every shift at all sites. Safety committee members play a vital role supporting the Safety 1st culture. Please refer to the People-section for more information (p. 58)			

WWL topic / § no.	Description	Disclosure or Source (page number)	Omission	Reason for omission	Explanation for omission
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. 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. Please refer to the People-section for more information (p. 58)			
403-6	Promotion of worker health	Logistics employees have access to two Company-sponsored services: - 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. 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. Please refer to the People-section for more information (p. 58)			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	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 to show our suppliers, customers and other partners how to work safely with heavy equipment. For shipping services, in compliance with ISM Code Chapter 12, 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. Management personnel responsible for the vessel or area involved is required to take timely corrective action on deficiencies found. See 'Health & Safety' in the People section for more information (p. 59)			

WWL topic / § no.	Description	Disclosure or Source (page number)	Omission	Reason for omission	Explanation for omission
GRI 403-9	Work-related injuries	People chapter, section on Health & Safety (p. 59)	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.	Data not available	
GRI 404 – Training and education					
404-3	Percentage of employees receiving regular performance and career development reviews	People (p. 58)			

Principles of governance

WWL topic / § no.	Description	Disclosure or Source (page number)	Omission	Reason for omission	Explanation for omission
GRI 103 – Management approach					
103-1	Explanation of the material topic and its boundary	Principles of governance (p. 40)			
103-2	The management approach and its components	Principles of governance (p. 40), Planet (p. 69), People (p. 58), Prosperity (p. 82)			
103-3	Evaluation of the management approach	Principles of governance (p. 40), Planet (p. 69), People (p. 58), Prosperity (p. 82)			
GRI 419 – Socioeconomic compliance					
419-1	Non-compliance with laws and regulations in the social and economic area (sanction laws and regulations)	Principles of governance (p. 40)			
GRI 207 – Tax					
207-1	Approach to tax	Prosperity, section on Tax practices (p. 90)	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.		
Wallenius Wilhelmsen own disclosure – security at sea					
WALWIL-7	Number of security breaches on vessels owned by WW	We had 6 security breaches on our own vessels.			
Wallenius Wilhelmsen own disclosure – data security					
WALWIL-8	Number of substantiated breaches of privacy and data security	We had zero privacy and data security incidents.			

WWL topic / § no.	Description	Disclosure or Source (page number)	Omission	Reason for omission	Explanation for omission
Planet					
GRI 103 – Management approach					
103-1	Explanation of the material topic and its boundary	Planet (p. 69)			
103-2	The management approach and its components	Planet (p. 69)			
103-3	Evaluation of the management approach	Planet (p. 69)			
GRI 306 – Effluents and waste					
306-2	Waste by type and disposal method	Planet (p. 69) Sustainability Performance Data (p. 198)	We do not currently report a breakdown by hazardous versus non-hazardous waste nor waste treatment method	Data not available	This is challenging due to the global nature of our operations and variable local waste and recycling practices.
306-3	Significant spills	Message from the board (p. 37) Sustainability Performance Data (p. 198)			
GRI 307 – Environmental compliance					
307-1	Non-compliance with environmental laws and regulations	Planet (p. 69)	Currently we do not report total value of fines, total number of non-monetary sanctions or the cases brought through dispute resolution mechanism	Data not available	Currently we do not collect individual data related to environmental laws and regulations. We will explore the feasibility of doing this in 2022.
GRI 103 – Management approach					
103-1	Explanation of the material topic and its boundary	Planet (p. 69)			
103-2	The management approach and its components	Planet (p. 69)			
103-3	Evaluation of the management approach	Planet (p. 69)			
GRI 305 – Emissions					
305-1	Direct (Scope 1) GHG emissions	Planet (p. 69)			
305-2	Energy indirect (Scope 2) GHG emissions	Planet (p. 69)			
305-4	Greenhouse gas emission intensity	Planet (p. 69)			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Planet (p. 69)	We do not report total NOx emissions	We have not established a system to calculate total NOx emissions	It is technically not possible to report on this, because we cannot measure it.
Prosperity					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	Prosperity (p. 82)			

WWL topic / § no.	Description	Disclosure or Source (page number)	Omission	Reason for omission	Explanation for omission
103-2	The management approach and its components	Prosperity (p. 82)			
103-3	Evaluation of the management approach	Prosperity (p. 82)			
Wallenius Wilhelmsen own disclosure- Quality of Service					
WALWIL-4	Unplanned off-hire	Prosperity (p. 86)			

SASB Index

Topic	Accounting metric	Unit of measure	Data 2021	SASB code
Greenhouse Gas Emissions	**CO_2 Emissions**			
	Gross global Scope 1 emissions: Financial control approach	Metric tonnes CO_2-e	**4,591,612**	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	**See Planet, PP. 70-77**	TR-MT-110a.2
	Energy consumed			
	Total energy consumed, shipping services	Gigajoules (GJ)	**59,976,267**	TR-MT-110a.3
		Percentage of energy from heavy fuel (%)	**17.78%**	
		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	**12.71**	TR-MT-110a.4
Air Quality	**Other emissions to air**			
	(1) NOx (excluding N2O)	Metric tonnes	**Data not available**	TR-MT-120a.1
	(2) SOx	Metric tonnes	**10,645**	
	(3) particulate matter	Metric tonnes	**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 (%)	**76.4%**	TR-MT-160a.2
	(2) treatment	Percentage (%)	**23.6%**	
	Spills and releases to the environment			
	(1) number	Number	**1**	TR-MT-160a.3
	(2) aggregate volume	Cubic meters (m^3)	**.4**	
Employee Health & Safety	**Lost time incident rate**			
	Lost time incident rate (LTIR)	Rate	**Shipping: 0.88** **Logistics: 15.15**	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	**23**	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	**.73 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. 49
	b.	Describe management's role in assessing and managing climate-related risks and opportunities.	Planet, pp. 70-77
Strategy	a.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Planet, pp. 75-76
	b.	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Planet, pp. 70-77
	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.	Risk exposures, p. 37 and Planet, pp. 70-77
	b.	Describe the organization's processes for managing climate-related risks.	Planet, pp. 70-77
	c.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk exposures , p. 37 and Planet, pp. 70-77
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, pp. 74;198
	b.	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Planet, "pp. 70-77; 198 for Scope 1 and Scope 2 emissions. ~2 000 000 tonnes CO_2e 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, pp. 70-77; 198

Responsibility statement

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, 2021.

We confirm, to the best of our knowledge, that as of December 31, 2021:

- 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 annual report meets the requirements of the Sustainability Accounting Standards Board's (SASB) Marine Transportation and Road Transportation as well as the GRI standards (Core Option) for sustainability reporting
- 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 22, 2022

The board of directors of Wallenius Wilhelmsen ASA

Name	Method	Signed at
JONAS KLEBERG	BANKID	2022-03-22 18:09 GMT+01
Lie, Marianne	BANKID_MOBILE	2022-03-22 17:57 GMT+01
Bjerke, Rune	BANKID_MOBILE	2022-03-22 17:39 GMT+01
Kerstin Margareta Alestig Johnson	BANKID	2022-03-22 17:38 GMT+01
Wist, Torbjørn Mogård	BANKID_MOBILE	2022-03-22 17:29 GMT+01
Anna Elsa Felländer	BANKID	2022-03-22 20:13 GMT+01
Wilhelmsen, Thomas	BANKID_MOBILE	2022-03-22 18:16 GMT+01

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External reference: 8699457EAC0547719799C741B599E346

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 in brief Message from the board Principles of governance Group financial statements: - note 2 - note 12	5-16 21-39 40-57 116-120 139-140
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	17-20 21-39 82-90
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	21-39
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	21-39 40-57 148-158
Section 3-3a, para. 7, cfr. Section 4-5	Information regarding the going concern assumption	Message from the board	21-39
Section 3-3a, para. 8	Proposal for the allocation of profit or settlement of loss	Message from the board	21-39
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	21-39 58-68
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	21-39 69-81
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	40-57
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	40-57
Section 3-3c, para. 1	Report on social responsibility	Message from the board People Planet Prosperity	21-39 58-68 69-81 82-90

Auditor's report

The auditor's report contains the auditor's opinion on the financial statements

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 2021, the income statement, statement of comprehensive income and cash flow statement 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 2021, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement 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 2021, 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 financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 laws and regulations 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

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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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 12 years from the election by the general meeting of the shareholders on 12 February 2010 for the accounting year 2010.

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 2020 audit, we focused on the impairment assessments of goodwill as well as the provision related to anti-trust investigations as these risks remain relevant. Since no indicators for impairment related to the vessels were identified, we did not focus on this matter to the same extent as we did for the 2020 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment Assessment for goodwill	
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). The net book value of goodwill as of 31 December 2021 is USD 230 million. In line with IFRS requirements, an impairment test for goodwill was performed at 31 December 2021 resulting in an impairment of USD 76 million that was recognized for the cash-generating unit Wallenius Wilhelmsen Ocean which is part of the Shipping services operating segment. The goodwill impairment assessments at 31 December 2021 involved significant management judgement in preparing cash flow forecasts for the applicable reporting segments and in assessing the discount rate. We focused on goodwill due to the significance of the amount in the balance sheet and the significant judgment applied by management in	We evaluated and challenged managements' impairment assessments and the process by which these were performed. We assessed managements' 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. The forecast for the future cash flows were based on a detailed budgeting process. As evidence of reliability of Groups' forecasting process, we challenged management on several of the assumptions used in the impairment model, especially the discount rate, the long-term growth rate and capital expenditure. Through our testing and discussion, we were able to conclude that management's assumptions were reasonable. In order to challenge each of the assumptions in the forecast, we held discussions with management to corroborate our testing. We reviewed managements' authorized budgets and forecasting. 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 analysis to key assumptions applied. These indicated some headroom

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assessing the potential need for impairment.	for all key assumptions for the segments except for the CGU Wallenius Wilhelmsen Ocean where an impairment was recognized. We also verified the mathematical accuracy of the model. We found that the model was calculating net present values as intended. 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. We considered the appropriateness of the related disclosures in note 1, 8 and 11 to the financial statements for the Group to the requirements of the applicable financial reporting framework, IFRS, including IAS 36 – Impairment of assets and found the disclosures to be adequate.
Provision related to anti-trust investigations We refer note 1 (Significant accounting judgements, estimates and assumptions) and note 18 (Provisions and contingencies). The provision for anti-trust investigations and civil claims amounts to USD 44 million as of 31 December 2021 and is both material and involves significant judgement by management. We focused on this area due to the relative size of the amounts and the significant judgement used in arriving at their best estimate for anti-trust provision.	We obtained a breakdown of the provision. We assessed managements' accounting policy against IFRS and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 37 – Provisions, contingent liabilities and contingent assets, were met. We obtained explanations from management, general counsel and external counsel for the amounts provided for provisions related to anti-trust investigations as well as the possibility for civil claims. We tested the reliability of the estimate made by management with reference to the provision made as of 31 December 2017, 2018, 2019 and 2020 and the rulings and settlements during the four years to 31 December 2021. The calculation of a provision is inherently uncertain. Changes to the assumptions used could result in different amounts compared to those calculated by management. We considered that the above assessments made by management were within a reasonable range. In reading the note disclosures, we concluded that the note appropriately describes the risks involved and judgments made by management.

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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 appears 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 legal 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

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Independent Auditor's Report - Wallenius Wilhelmsen ASA

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 or 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 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

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Independent Auditor's Report - Wallenius Wilhelmsen ASA

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 Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 549300NBN0URT3RA3Y54-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

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, 22 March 2022
PricewaterhouseCoopers AS

Bjørn Lund
State Authorised Public Accountant

(This document is signed electronically)

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Securely signed with Brevio

Revisjonsberetning Wallenius Wilhelmsen ASA (2)

Signers:

Name	*Method*	*Date*
Lund, Bjørn	BANKID_MOBILE	2022-03-22 22:49

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