



WALLENIUS WILHELMSSEN
LOGISTICS

Wallenius Wilhelmsen Logistics

Delivering a
Sustainable
Future

Environmental Sustainability Report

2012

Delivering Value



Highlights

1. In 2012, WWL achieved a 2% reduction in relative CO₂ emissions (grams per tonne km), compared to 2011.
2. 186,500 tonnes of sulphur emissions savings over 12 years as a result of WWL's global low sulphur fuel policy.
3. Launch of WWL's proactive four stream approach for sulphur regulation compliance.

Charting new waters

At Wallenius Wilhelmsen Logistics, we believe that the best way to reduce environmental risk and cost is to be an environmental frontrunner. To remain true to this course, our daily activities are guided by a 5-part strategic environmental framework:

- We focus on high impact changes.
- We hold ourselves accountable and transparent in our environmental commitments.
- We exceed our responsibilities for environmental performance.
- We invest in future technologies.
- We cultivate partnership with stakeholders to develop sustainable solutions.

Committed to the U.N. Global Compact

We are committed to the notion that a sustainable supply chain means minimal environmental impacts and risks, and that progress and accountability require that we declare our objectives and measure our performance. This report details our results over the past year, and declares our commitment to the ten principles of the U.N. Global Compact.

Stepping up to sustainability

With the long foreseen stepping up of global ECA regulations limiting the sulphur emissions from commercial vessels, much of the 350 million tons of ordinary bunker consumed every year by the shipping industry will have to be either replaced with other fuels or used in conjunction with abatement systems.

The potential solutions available are still evolving, which presents uncertainty and risk to the industry. We naturally seek to minimize these impacts. By exploring a number of solutions we make sure that in the future we have access to adequate amounts of fuel or other solutions to be compliant with the regulations.

There will be no one solution for the future; technologies develop and mature in a fluid way, availability and prices of fuels will fluctuate, regulatory limits will differ around the world, and our fleet will always contain several generations of vessels. Therefore, to ensure that we can always find the most cost effective solution for our customers, WWL is working along four different streams and leveraging our 9-year experience using low-sulphur bunker across the globe to find the most sustainable compliance solution. While this work will help us identify the most cost effective route to compliance, it does not address the commercial risk that exists from today's generally weak enforcement.

Without a meaningful level of enforcement of regulations, including significant disincentives, the unscrupulous operator will get away with using cheaper, dirty fuel, and gain an advantage over more honourable competitors in the process. In this regard the authorities, as well as ship operators, have their work cut out for them.



Arild B. Iversen, CEO
Wallenius Wilhelmsen Logistics

Delivering Results

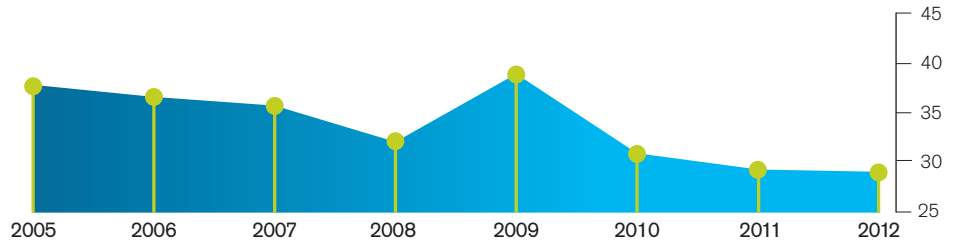
As an environmental frontrunner, we believe in setting goals, tracking performance and delivering results. Reducing emissions from our ocean fleet is the single greatest way to improve our environmental performance today. To achieve this we operate our vessels with low sulphur fuel at sea, and invest in advanced technology that improves the fuel efficiency and emissions performance of our fleet.

We also believe in accountability. We use state of the art systems to measure the performance of our fleet, and publicly report the externally verified results.

CO₂ Emissions in grams/tonne km

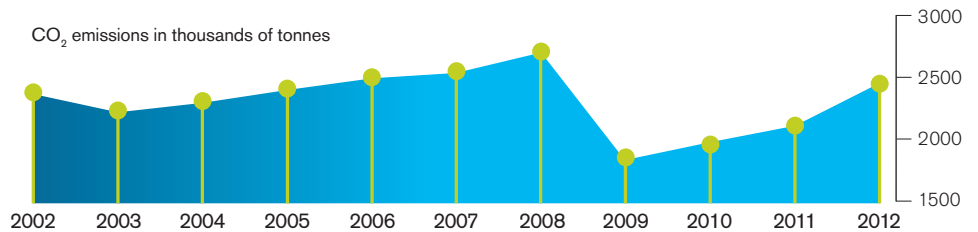
WWL's objective is to reduce our relative CO₂ emissions 30% by 2015 compared to 2005.

In 2012, relative CO₂ emissions were reduced by 2% compared to 2011 as a result of improved utilization, energy efficiency and new buildings entering the fleet.



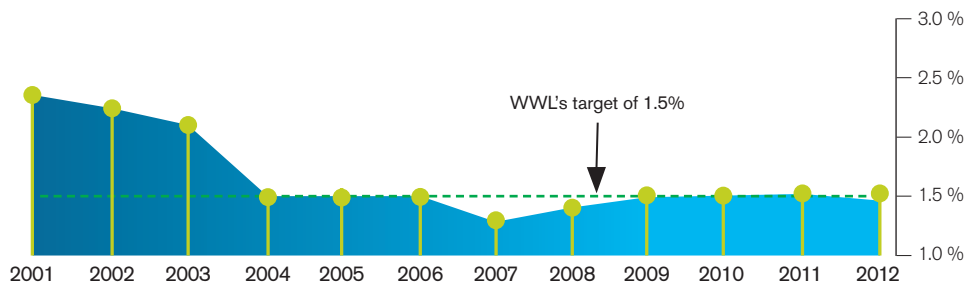
CO₂ Emissions in total tonne

Total tonnes of CO₂ emissions increased by 13% based on increased business volume in 2012 versus 2011.



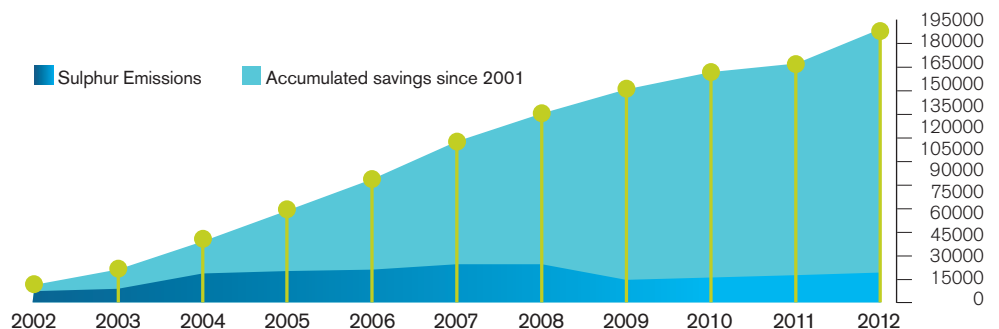
Average Global Sulphur Content

For the 9th year in a row, we have maintained our 1.5% global fleet average sulphur policy.



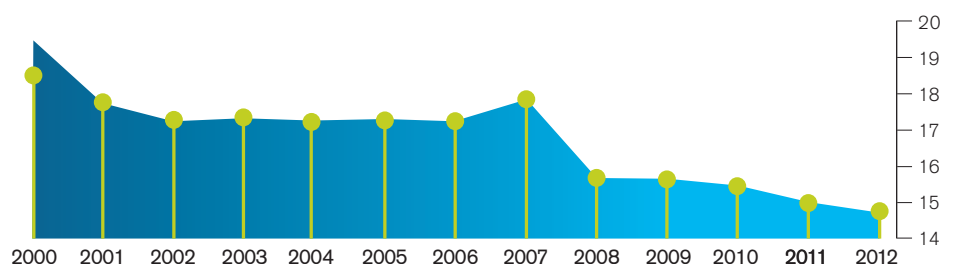
Sulphur Emissions Savings Compared to industry average sulphur in fuel

Our 1.5% global low sulphur fuel policy has saved 186,500 tonnes of sulphur from being emitted over the last 12 years.



NO_x Emissions in grams/kilowatt hour

Average NO_x emissions in g/kWh were reduced by 2% as a result of the rejuvenation of the fleet. Newer vessels with more modern engines emit less NO_x than older vessels.



Sulphur Regulations A four-stream approach

<0.5% Bunker Oil

Determine if a viable supply of <0.5% bunker oil can become available

WWL believes that <0.5% low sulphur bunker oil could become a viable long-term compliance solution. As an upstream solution, the sulphur is taken care of at source, where it is more easily managed. Upstream solutions also virtually guarantee compliance.

Distillates

Examine medium to long-term pricing and availability

Another route to compliance would be to switch to a distillate fuel, such as Marine Gas Oil (MGO).

Using distillate requires some onboard adjustments but these are relatively minor. The bigger issue concerns the medium to long term pricing and availability of this type of fuel.



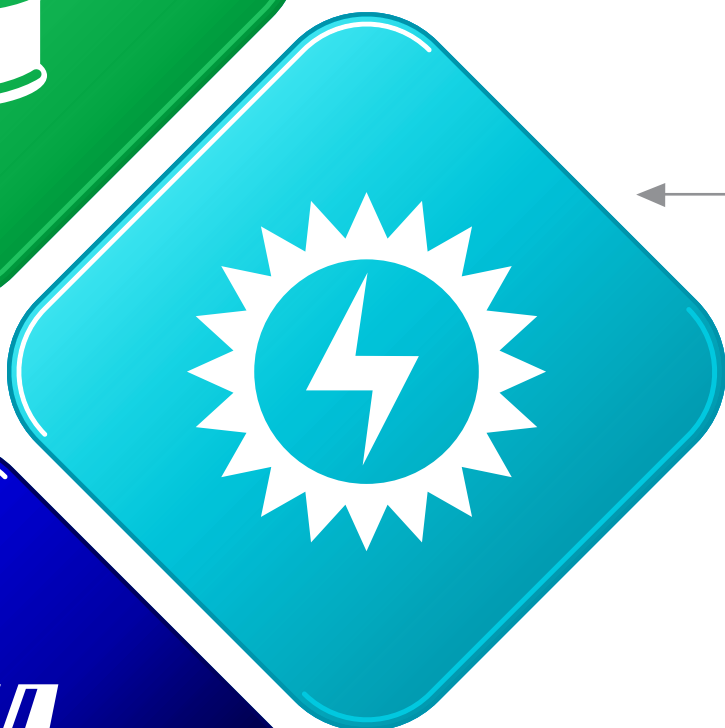
- Global sulphur regulations pose a significant cost and compliance challenge to the industry. WWL is exploring several avenues in order to find the most sustainable solutions for our customers.
- Pricing and availability of low sulphur fuels or alternative energy sources is difficult to predict. A broad approach, evaluating several options, will help us to mitigate the

risks arising from volatile costs as well as supply uncertainty.

- Technology in these areas is evolving at various paces, and working on several fronts in parallel will enable us to deploy solutions as they mature.
- The WWL fleet will always contain different generations of vessels, with varying capabilities for implementing

solutions from the four different streams. We need to look at what the right "mix" of solutions should be.

- There are several other environmental risks and regulations that need to be managed in coordination with the sulphur issue. We need to ensure we are not creating a new problem through our solution.



Other Energy Sources

Decouple from bunker fuels

Alternative energy sources will be explored through research and development projects. WWL is working together with our owners to explore the possibilities presented by alternatives such as LNG, biodiesel, solar power and others.

The objective is to develop a potential competitive advantage for WWL in terms of price stability, availability and the possibility of decoupling from fossil fuels in the future.

Exhaust Gas Cleaning Systems

Install and run pilot project to gain early experience

Work with stakeholders in global operating environment to evaluate risks and costs

Scrubbers (abatement systems) are a technical approach to compliance. They work by removing sulphur from the vessel's exhaust gasses. There is no operational experience with the size and type of installation required for our type of vessels. So in line with our continuous effort to explore new technology, we are conducting a pilot project over 2012-2014 to evaluate the design, technical, operational, safety, environmental and regulatory matters related to scrubber installations.

Delivering at Sea

Energy Efficiency Competition

Under the direction of the Energy Efficiency Working Group, the competition encourages all superintendents, trade vessel operators, seafarers and land based personnel on new building site offices to submit their ideas on how a vessel can save energy and reduce fuel consumption.

This year the competition attracted 36 persons/teams to submit 43 entries in total.

Grand Prize Winners

- MV Tysla: Optimizing the output of the steam turbo generator.

- MV Isolde & MV Toscana: Installing motions sensors on light fixtures in accommodation and in cargo holds.
- MV Isolde: Natural air supply to main engine turbocharger.



Since its creation in 2008, WWL's Orcelle Award has supported clean-tech innovators seeking to make shipping and logistics more sustainable. Since 2011, WWL extended the reach of the initiative through its partnership with the Ocean Exchange™ – an organisation dedicated to promoting cross-industry environmental innovation.

The Ocean Exchange™ unites organisations worldwide to distribute and adopt solutions

that positively impact oceans and coasts.

Each year, the Ocean Exchange hosts the Solutions Exchange, held over two days in September in Savannah, Georgia, USA. This annual event is a forum for dialogue amongst private, public, entrepreneurial and scientific groups focusing on innovative ideas and solutions for cleaning and protecting the ocean.

The Solution Exchange delegates also select the worthy winners of the \$100,000 Gulfstream Navigator Award and the \$100,000 Orcelle Award from among some of the world's most promising sustainable maritime innovations.

Orcelle Award: Nonox Winners

The Orcelle Award is given each year to an innovator working to develop commercially viable maritime solutions for a zero-emission future. In 2012 the delegates at the Ocean Exchange, bestowed the award on Nonox's emulsion combustion systems, submitted by Erik Cottell and Wes Pence.

Fossil fuel emissions contribute to global warming and are a root cause of many health problems. These emissions can

be reduced by improving the combustion process through the use of water-in-oil emulsified fuel.

The Nonox emulsion combustion unit (ECU) is a complete emulsion fuel system. It produces an on-the-spot, water-in-oil emulsion fuel that reduces NOx, black carbon/soot and other air pollutants, without the use of additives.

The team has done an impressive job in developing this technology. We hope that the Orcelle Award will make it possible for them to bring this product to market, and look forward to supporting Nonox on this journey.



The Nonox Emulsion Combustion System is an effective solution that can reduce the emission of harmful substances to the air, both at sea and on land.

Christopher Connor, Deputy CEO and CCO of Wallenius Wilhelmsen Logistics congratulates the winners.

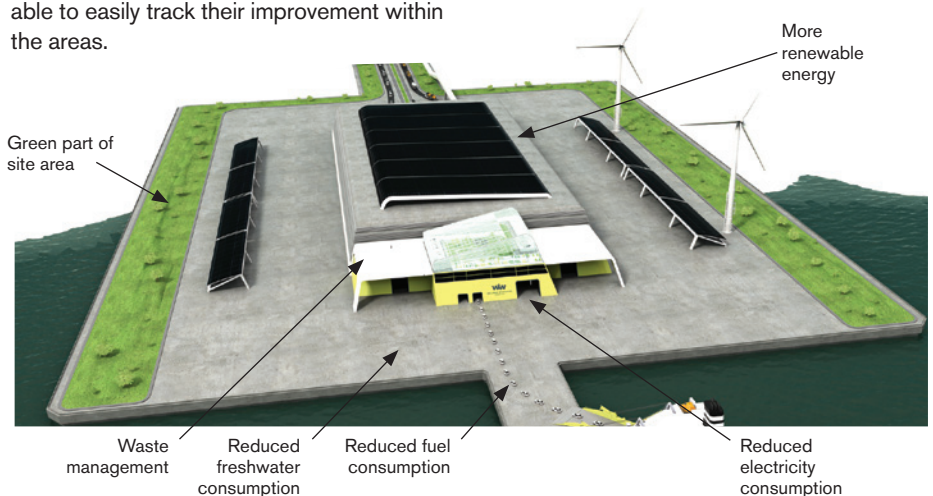
Delivering on Land

Castor Green

The Castor Green Standard is a tangible and measurable tool allowing WWL operated land based sites to move closer to the Castor Green 2020 vision. The Castor Green Standard operates with a scale (green, greener, greenest, castor green) based upon the four castor green areas:

- Green space for employees
- Energy Consumption
 - Electricity – kilowatt hours (kWh)
 - Fuel Consumption – gigajoule (GJ)
 - Energy Consumption covered by renewable sources
- Water consumption
 - Reduction of water consumption
 - Water consumption covered by rain
- Waste – waste to landfill reduction

Each area is allocated a set amount of points, based either on percentage improvement from the 2012 baseline, or number of best practices implemented. The scoring allows sites to track where they are on the Castor Green scale whilst being able to easily track their improvement within the areas.



WWL Way of Working

Best Practices are at the foundation of the Castor Green Standard. A best practice is a practical implementation that improves one of the areas in the Castor Green Standard. WWL has a portfolio of best practices covering all areas, the majority derived from successful implementations by employees at WWL sites across the world.

Each best practice can be considered as a manual for implementation that will have a positive environmental impact on the site and includes:

- Description of best practice and area of improvement
- Scope
- Impacts (positive and negative)
- Cost and ROI
- References
- Top Tips!
- Images
- Contact information for the site / people responsible for that best practice

The Castor Green Standard operates with a reward programme in which sites receive recognition when they:

- Move one area (green space, energy, water or waste) to the next level on the Castor Green Scale.
- Move the whole site to the next level of the Castor Green Scale

Delivering Innovative Solutions

About WWL

5.1 million units transported 2012; 1.9 million by sea and 3.2 million inland

12 terminals worldwide handled 2 million units

58 technical services sites processed 5.7 million automotive and rolling equipment units

61 modern car carriers and RoRo vessels servicing 10 major trades

5700 employees worldwide

Owned by Wallenius Lines of Sweden and Wilh. Wilhelmsen of Norway

Main Offices

Global Headquarters, Lysaker, Norway

Region Europe, Stockholm, Sweden

Region Americas, Woodcliff Lake, NJ, USA

Region Asia, Tokyo, Japan

Region Oceania, Sydney, Australia

Recognition

John Deere: WWL awarded 'Partner' status in Deere's Achievement Excellence program.

Caterpillar in-plant business in Chennai recognized by CAT as best in class.

M/V Tønsberg awarded the "Ship of the Year" by the Japanese Society of Naval Architects and Ocean Engineers

Project Cargo Award; Lloyds List Australian Shipping and Maritime Industry Award

"Best Service Logistics Supplier 2012" for CNH Europe.

More information

For additional information about WWL's environmental policies and framework, contact Roger Strevens, Vice President Environment, by email: roger.strevens@2wglobal.com.



Information integrity

Wallenius Wilhelmsen Logistics believes that this report accurately represents our company's environmental activities beginning January 1, 2012, and ending December 31, 2012.

Information verification

Det Norske Veritas AS (DNV) has conducted a limited assurance third-party verification of the direct greenhouse gas (GHG) emissions and the grams CO2 per tonne kilometer performance from WWL's Ocean Transportation in 2012.

During the verification, nothing has come to our attention that causes us to believe that the GHG emissions set out in the WWL Ocean Transportation GHG Inventory for 2012 and published in the WWL's 2012 Environmental Sustainability Report are not fairly stated.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.



To stay updated on WWL Environment work, follow us on Facebook and Twitter.