

Sustainable business growth creates lasting value

 Environmental and Social Responsibility Report 2007



WALLENIUS WILHELMSSEN
LOGISTICS

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About this report

Scope

This report covers Wallenius Wilhelmsen Logistics' environmental and social responsibility activities, beginning January 1, 2007, and ending December 31, 2007. It portrays how we rely on our company values to guide our business conduct and demonstrates our commitment to being a responsible corporate citizen.

GRI guidelines

Wallenius Wilhelmsen Logistics uses the voluntary guidelines for sustainability reporting established by the Global Reporting Initiative (GRI) as a basis for reporting. Some key performance indicators are fully reported, others partially reported. For more information, visit www.globalreporting.org

United Nations Global Compact

Wallenius Wilhelmsen Logistics completed its first full year of activity working to uphold the Global Compact's 10 universal principles in the areas of human rights, labour standards, environment and anti-corruption (see page 14). As a Global Compact signatory, we actively contribute to finding viable solutions to the challenges of globalisation. This report is an accounting of our progress.

Verification

Data in this report is currently subject to internal verification. Wallenius Wilhelmsen Logistics recognises the importance of independent verification of data. However, we were also interested in publishing this report in a timely manner. We therefore have included information based on data currently available.

Third-party opinion

Upon Wallenius Wilhelmsen Logistics' request, WWF analysed the Environmental and Social Responsibility Report 2006 and made recommendations for improvement. Several of these recommendations have been incorporated into this year's report.

Questions or feedback?

For more information or to express views on Wallenius Wilhelmsen Logistics' Environmental and Social Responsibility Report 2007, contact Melanie Moore, Global Head of Environment, by email: melanie.moore@2wglobal.com.

Greater wealth lies in a more sustainable future

From the CEO

During 2007, the global transport business for the automotive, agricultural and construction equipment industries experienced yet another challenging year. Higher oil prices strongly influenced our operations worldwide. Newbuilding prices increased as did the development costs for our terminals. Emerging markets continue to grow. And concern for climate change and its effect on our world took centre stage.

In light of these challenges, sustainable growth is more important than ever. To be a global force for positive change, Wallenius Wilhelmsen Logistics is committed to conducting business in a socially and environmentally responsible manner. This requires entrusting our talented employees to create value and contribute to economic and social development while preserving the world's natural resources for future generations.

It is a tough balancing act, and we rely on our company values to help us in our endeavours, which promotes a sense of workplace community. Our values – customer centred, teaming and collaboration, innovation, empowerment and stewardship – serve as the pillars of the Wallenius Wilhelmsen

Logistics Code of Conduct* This year we finalised that Code, setting forth more formal guidelines for what we consider good corporate behaviour and fair business practices. Every employee is expected to follow these guidelines.

Living by the Code as an integral part of our daily routine comes naturally because we've had years of practice working according to our company values. This is evident from the many examples of the good works accomplished both individually and collectively by Wallenius Wilhelmsen Logistics employees. Our Code of Conduct lends additional weight to our continued support of the 10 United Nations Global Compact principles.

2007 is only the second year of full reporting on our company's sustainability activities. We are still in the process of establishing a viable baseline against which future performance can be measured. Once established, this will help us continuously improve our performance with regard to corporate social responsibility.

Is making business more sustainable worth the effort? At Wallenius Wilhelmsen Logistics, we think it is essential to our future.



Arild Borgund Iversen

Arild Borgund Iversen
President and CEO

* Read more about the Code of Conduct on page 44.

Note: Wallenius Wilhelmsen Logistics is owned by Wallenius Lines of Sweden and Wih. Wilhelmsen of Norway. The Wallenius Wilhelmsen Logistics fleet consists mainly of vessels owned and operated by the two owners plus chartered vessels on both a long- and short-term basis.

A global force for positive change

Making our operations more sustainable requires broad solutions as well as those tailored to specific business conditions, community needs and individual career goals. On one hand, we look at new emission-reducing technologies that can be applied across the entire fleet of ocean-going vessels that we operate; on the other, we take small steps forward, addressing distinct circumstances with care.

In keeping with our values-based business philosophy, Wallenius Wilhelmsen Logistics will continue to pursue environmental and social sustainability on a global scale.

Creating sustainable value

Through living and working by our company values, we create greater value for the next generation. This year's report focuses on the following five company values, which cultivate a spirit of sustainability and challenge each member of Wallenius Wilhelmsen Logistics to contribute to a better workplace, a better community and, indeed, a better world.

- Customer Centred – Understand and Deliver
- Teaming and Collaboration – Share and Contribute
- Innovation – Challenge and Improve
- Empowerment – Engage and Take Responsibility
- Stewardship – Care and Respect

Top 2007 achievements

- Acquisition of a 25% ownership stake in Armacup Maritime Services Ltd.
- Use of fuel with record low-sulphur content (1.3%) on all vessels
- Investment in terminals in South Korea and China
- Opening of Vehicle Processing Centres in Baltimore, Maryland, US, and Guangzhou, China, and a High & Heavy Technical Facility in Port Kembla, Australia
- 500% workforce growth in Mexico
- Successful pilot of the People Performance concept
- Establishment of the Talent Management Programme
- Winner of the Thor Heyerdahl International Maritime Environmental Award
- Winner of three *World Business Green Business Awards*
- Winner of three logistics performance awards from the Ford Motor Company
- Groundwork laid to establish the Orcelle Fund

Acting ahead of legislation*

Wallenius Wilhelmsen Logistics	Area	International Maritime Organization
2000	Banning the use of tin-based paint on ship hulls	2008
2003	Ballast water treatment	2012
2004 Used globally	Low-sulphur fuel	2007 Used only in SECAs
2005	Biodegradable oil	No international regulations in place
2005	Green Passport	No international regulations in place
5 parts per million (ppm)	Bilge water treatment	15 ppm

* Wallenius Wilhelmsen Logistics strives to stay ahead of environmental legislation. Our operational practices often exceed compliance with local, regional and international standards.



We at Wallenius Wilhelmsen Logistics believe that the power to improve the world starts in our own backyard. This report describes our key issues and our work to make a positive and substantial impact.



Through living and working by our company values, Wallenius Wilhelmsen Logistics creates greater value for the next generation.

From factory to dealer



Wallenius Wilhelmsen Logistics is one of the world's leading independent global providers of outbound vehicle logistics services for manufacturers of automotive and rolling equipment.

As part of the global community, Wallenius Wilhelmsen Logistics is committed to sustainable business. Our approach is simple.

We create value for our customers in the form of reduced lead times, improved service quality and the right costs, and at the same time, we do what's right for our planet and the people we share it with.

We endeavour to exercise care – from the moment cars and equipment leave the factory to their arrival at dealerships around the globe.

Throughout the journey we provide services that support customers with a totally integrated finished vehicle distribution system. These include ocean transportation, supply chain management, terminal services, technical services and inland distribution.

Wiser use of resources brings more value to us all.



Wallenius Wilhelmsen Logistics provides our customers with shorter lead times, higher quality of service and lower overall costs, adding competitive power and agility to their business.

Our services at a glance

With more than 140 years of shipping experience, we pride ourselves on a proven track record of quality, reliability, innovation and personal service.



Wallenius Wilhelmsen Logistics offers transport and logistics solutions to automotive and rolling equipment manufacturers around the world.

Our services provide people with personal transportation and communities with buses and railcars for the public transport sector; power generation equipment that brings energy to homes; and tractors and other agricultural machinery that help produce food.

Ocean transportation

As one of the world's leading PCTC (Pure Car/Truck Carriers) and RoRo (Roll-on/Roll-off) carriers, Wallenius Wilhelmsen Logistics safely carries about 2.3 million vehicles, rolling equipment and static cargo each year to destinations around the world.

With more than 140 years of shipping experience, we pride ourselves on a proven track record of quality, reliability, innovation and personal service.

We operate 60 PCTC and RoRo vessels that frequent 20 different trade routes and make calls at ports on five continents. We also offer transshipment and short-sea shipping.

Supply chain management

Supply chain management encompasses managing ocean and inland processes and suppliers from factory to dealer and includes the following three components:

Process management. Planning, executing and monitoring operational activities and events, including network optimisation, from factory to dealer.

Visibility and reporting. Management of order information to report cargo status and location, measure process and supplier efficiency, and control activity and event exceptions.

Supplier management. Planning, coordinating and monitoring suppliers and vendors responsible for processes from factory to dealer.

Terminal services

To optimise cargo movement through the port to its final destination, we offer the following services, which may vary depending on the terminal:

- Receiving and delivery
- Cargo handling services
- Storage
- Loading and discharge
- Port services
- Forwarding
- Terminal technical services

To ensure control over vital processes, Wallenius Wilhelmsen Logistics operates its own terminals, or those it partly owns, in strategic locations throughout Europe, the United States and in China and South Korea.

Technical services

Wallenius Wilhelmsen Logistics specialises in processing and make-ready services for automotive, agricultural, construction, trucking and other rolling equipment – both directly upon leaving the factory and upon entry into the market.

Comprehensive technical services are offered at 30 facilities worldwide to prepare vehicles and rolling equipment, whether new or used, in accordance with quality standards for the marketplace. Core services include the following:

- Accessory fittings
- Repairs, including panel, paint and mechanical repairs
- Storage management
- Vehicle preparation
- Receipt and dispatch
 - Plant
 - Port and railhead
 - Distribution centre



The inauguration of our new Baltimore facilities.

Inland distribution

To ensure safe and timely transportation from factory to final destination, Wallenius Wilhelmsen Logistics specialises in the long-distance carriage of automotive, agricultural, construction and other rolling equipment.

Through our global network of experienced personnel, inland distribution entities and dedicated suppliers, Wallenius Wilhelmsen Logistics manages overland transportation of more than 2 million vehicles and other equipment each year.

Our port distribution services provide seamless ocean and overland transportation, while our inland network services provide customers with a more comprehensive range of outbound vehicle logistics services.

“Wallenius Wilhelmsen Logistics and the Port of Baltimore are building economic development and creating jobs together through this long-term partnership.”

John D. Porcari, Maryland Secretary of Transportation

This is our world, our business

With operations throughout the Americas, Asia, Europe and Oceania, Wallenius Wilhelmsen Logistics' business spans the globe. Working in 80 countries, 3,260 employees generated more than \$ 2.3 billion in revenues in 2007.

Each year, Wallenius Wilhelmsen Logistics transports automotive vehicles, rolling equipment and static

cargo. In 2007, we transported 4.3 million vehicles: 2.3 million by sea and 2 million by land. We also provided broad range of technical services for more than 3 million units at 30 vehicle processing centres in the Americas, Europe and Asia.

Our worldwide presence calls for accountability on many fronts. Our stakeholders have high expectations

regarding the way in which Wallenius Wilhelmsen Logistics shoulders its environmental, social and economic responsibilities. We work closely with our stakeholders to bring our business operations in line with their expectations, external requirements and our internal policies.



Auto



Rolling equipment



Static cargo

Our stakeholders
Customers
Suppliers
Employees
Port authorities
Terminal management
Local communities
Local and international regulators
Non-governmental organisations
Non-profit organisations
Financial institutions
Media

Key figures 2007		
Revenues		\$ 2.3 billion
Ocean transportation and supply chain management	\$ 1.9 billion	
Terminal services, technical services and inland distribution	\$ 0.4 billion	
No. of employees at year end		3,260
Countries of operation		80

“Responsible and transparent corporate behaviour brings clear benefits for logistics companies in terms of reputation, perceived brand value and gaining stakeholder trust. This in turn attracts quality investors, employees and customers.”

– Julian Bray, Editor, *Lloyds' List*



Always reaching for a higher level of customer satisfaction is what drives our business forward. We aim to create value for customers and stakeholders by ensuring high-quality service. By striving to balance global competitiveness with sustainable growth, we also create long-term value for the communities we serve.



2007 achievements and challenges ahead



2007 marked a year of achievements and challenges. But, by far, the challenges were outweighed by our successes.

Achievements

Ocean services

Acquired a 25% stake in Armacup Maritime Services, which specialises in transporting cars from Japan to New Zealand.

Three newbuildings delivered

MV Faust
MV Fidelio
MV Tarifa

1.3% sulphur content

The average sulphur content of fuel oil used by our global fleet – after three consecutive years of attaining our goal to use fuel with less than 1.5% sulphur content. The global industry average for sulphur content is 2.7%.

Ballast water treatment systems

Ballast water treatment systems ordered for installation in 2008 and 2009 as retrofits and on board newbuildings.

Operational Excellence

Global initiative to raise performance at our terminals launched in Baltimore, Maryland, US, and then in Zeebrugge, Belgium.

Two new terminals

- Acquired a 15% ownership stake in the new RoRo terminal at the Port of Tianjin, China.
- Invested in a new terminal complex in Pyeongtaek, South Korea.
- Expanded the Kotka, Finland, port facilities.

Technical Services

- Opened new expanded Vehicle Processing Centre facilities in Baltimore, Maryland, US.
- Opened a new facility in East Liberty, Ohio, US.
- Opened a temporary facility in Guangzhou, China.
- Groundbreaking for new High & Heavy Vehicle Processing Centre in Zeebrugge, Belgium.
- Relocated St. Mary's facility to new Port Kembla High & Heavy facility near Sydney, Australia.
- Assumed responsibilities for Nissan Mexico Technical Services and Distribution, including plant vehicle processing management at Aguascalientes.

New markets

- Opened a new representative office in Mumbai, India.
- Continued focus on China.

30% fuel reduction

10 US-based Vehicle Processing Centres reduced fuel consumption by 30% while processing 12% more units than in 2006.

New inland distribution

Established a new joint venture for inland distribution in Guangzhou, China.

People Performance

Launched a new concept to boost performance by rewarding values-based behaviour.

Talent Management Programme

Established review boards to identify and cultivate in-house talent.

Environmental awards

- Won the Thor Heyerdahl International Maritime Environmental Award
- Won two Lloyd's List Clean Seas Awards
- Won three World Business Green Business Awards

Logistics awards

Received three logistics performance awards from the Ford Motor Company.

Challenges ahead

Vessel capacity shortage

Increased volumes and rapid industrialisation are putting pressure on shipping companies. Wallenius Wilhelmsen Logistics is addressing capacity shortage through an aggressive new shipbuilding programme and a vessel elongation programme for existing vessels.

Changing market trends

The fragmentation of trade patterns will affect vessel capacity and trade routes. We are therefore also investing in terminals, technical service facilities and inland distribution services to help

provide the infrastructure to support shifts in market demand.

Economic slowdown

The financial turmoil that started in the US will affect the global economy. Wallenius Wilhelmsen Logistics is relying on buoyant markets to offset weaker US demand.

Rising fuel costs

The steady climb of bunker prices requires strict efficiency measures to rationalise operations. Rationalisation and smart vessel design will help reduce fuel consumption. Wallenius

Wilhelmsen Logistics intends to continue purchasing environmentally friendly low-sulphur fuel despite the sharp increase in fuel prices.

Health and environmental impact

The shipping industry has been widely criticised for health and environmental impacts. Wallenius Wilhelmsen Logistics is making every effort to set higher standards for the industry by striking the right balance between social responsibility, environmental care and commercial necessity.

Making the world a better place



“The importance of early action is increasingly recognised – particularly in today’s globally integrated world where the ability to compete is more and more linked to a company’s capacity to innovate and demonstrate viable solutions for increasing energy efficiency and reducing carbon emissions.”

– Georg Kell, Executive Director, UN Global Compact, *Caring for Climate: Tomorrow’s Leadership Today*, 2007 Global Compact Leaders Summit

Business sustainability

Sustainability goes hand in hand with Wallenius Wilhelmsen Logistics’ values-based approach to doing business. We believe that sustainable development, ethical business behaviour, a thriving workplace and respect for the individual are important elements for success.

As part of the global business community, Wallenius Wilhelmsen Logistics recognises that what we do affects economic development and growth worldwide. We work closely with our customers, business partners, stakeholders and employees to foster sustainable growth.

At the same time, we do our part to help build stronger local communities, to minimise our environmental footprint and to be responsive to our customers’ and employees’ health and wellness needs.

UN Global Compact

Accountability is a critical element of participation in the Global Compact corporate responsibility initiative. As a Global Compact signatory, Wallenius Wilhelmsen Logistics adheres to the 10 Global Compact principles and continues to seek ways to improve both business practices and reporting transparency.

To learn more about best practices, we joined the Global Compact Nordic Network in 2007 to exchange information and experiences with more than 100 companies dedicated to the Global Compact principles.

Global Compact recognised our 2006 report as a Notable Communications on Progress (COP) and gave it special recognition on the Global Compact website. Executive Director Georg Kell stated, “We found your COP to be of outstanding quality and believe it can serve as an illustrative and inspirational example for other Global Compact participants.”

10 Global Compact principles		
Area	Principle	Our support for these principles
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.	See pages 44–45 and Wallenius Wilhelmsen Logistics’ Code of Conduct
Labour standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; and 6. the elimination of discrimination in respect of employment and occupation.	See pages 44–45 and Wallenius Wilhelmsen Logistics’ Code of Conduct
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.	See pages 18–41 and Wallenius Wilhelmsen Logistics’ Environmental Policy and Code of Conduct
Anti-corruption	10. Businesses should work against all forms of corruption, including extortion and bribery.	See Wallenius Wilhelmsen Logistics’ Code of Conduct



Responsible corporate citizenship means harnessing the power of our global business to benefit the environment, communities, customers, partners and employees. We do business differently every day to ensure that we make a significant positive impact on the world in which we live.



Honoured for our achievements

➤ We at Wallenius Wilhelmsen Logistics regard hard work as an enriching experience rewarded by the knowledge we gain along the way. We are honoured by the organisations that recognise this work, and we pledge to continue to excel.



Wallenius Lines CEO and WWL Chair Lone Fønss Schröder and Wilh. Wilhelmsen CEO Ingar Skaug accepted the 2007 Thor Heyerdahl Maritime Environmental Award.



Kim Davis, WWL Corporate Account Manager for Ford, was named the "Ford Logistics Person of the Year" in recognition of her dedicated service.

"Wallenius Wilhelmsen Logistics works by a thorough, innovative and proactive environmental policy, far ahead of international standards and regulations."

– Elisabeth Grieg, Chair of the Thor Heyerdahl Award Committee

Thor Heyerdahl Award

June 12, 2007, was a momentous day for Wallenius Wilhelmsen Logistics. On that day, the company received the prestigious Thor Heyerdahl International Maritime Environmental Award 2007 for its commitment to improving environmental standards in the shipping industry. Considered by some as the maritime industry's Nobel Prize, the award challenges the international shipping community to protect the global environment.

The selection committee stated, "Wallenius Wilhelmsen Logistics has a high environmental standard and is currently a leader in developing more eco-friendly shipping." Our proactive environmental record, exceptional technical innovation and impressive reduction of sulphur oxide emissions were key factors. The company received \$100,000, which will be used to support research into the development of renewable energy sources for maritime applications.

World Business Green Business Awards

Three times Wallenius Wilhelmsen Logistics took the stage to accept *World Business* magazine's Green Business Awards for its environmentally sustainable business strategy and practical execution.

As the only transport, logistics or maritime company among the recipients, Wallenius Wilhelmsen Logistics was honoured for "Best Leadership Driving Change," for inspiring and realising change; "Best Use of Technology to Support Environmental Excellence," for innovative energy-efficient technology; and "Most Innovative Green Business Model," for its solid environmental business model.

World Business, working with its academic partner INSEAD business school, sponsors these awards to identify the world's best eco-companies and champion their work.

Clean Seas Awards

Lloyd's List presented Wallenius Wilhelmsen Logistics with two awards in 2007 – the Clean Seas Award 2007 in London for reducing maritime pollution and the Asia Clean Seas Award 2007 in Hong Kong for effective environmental planning and implementation.

Port of Long Beach Green Flag Award

To improve air quality close to shore, Wallenius Wilhelmsen Logistics voluntarily reduces vessel speed to 12 knots within a 20-nautical-mile zone. In 2007, our company reached 90% compliance and received Certificates of Recognition from the California State Senate, State Assembly and Legislature; the City of Long Beach; and California representatives to the US Congress.

Ford Motor Company Logistics Awards

For the first time ever, Ford Motor Company awarded three top logistics honours to a single company, Wallenius Wilhelmsen Logistics. Ford's Logistics Person of the Year Award went to Wallenius Wilhelmsen Logistics' Corporate Account Manager Kim Davis for outstanding logistics, transportation and supply chain management contributions on Ford's behalf.

The American car manufacturer also honoured our Brunswick Vehicle Processing Centre with its Ford Driving Vehicle Quality Award for the highest levels of port modification service quality. In addition, our Jacksonville Vehicle Processing Centre received the Ford Team Dedication Award for its flawless launch of vehicle modification services and shipments to Puerto Rico and the Middle East.

"Kim's enthusiasm and commitment to quality and results impress everyone who has the good fortune to work with her. She sets the bar high and inspires everyone around her to achieve excellence."

– Denny Carpenter, International BU Vehicle Logistics Department Manager, Ford

Environmental care: Stewardship now

Unequivocal. That is the word used by the International Panel on Climate Change to describe evidence that humans are the cause of global warming in its Fourth Assessment Report, "Climate Change 2007."

There is no doubt that we, both individually and collectively, have had some hand in contributing to the carbon dioxide and other heat-trapping greenhouse gases that have put our planet in peril. What's critical now is to take action to stem emission-causing activities.

Reducing shipping emissions has been high on the Wallenius Wilhelmsen Logistics agenda since the establishment of our company. We now operate all vessels with low-sulphur fuel at sea and use marine diesel oil with lesser sulphur content for auxiliary engines while at berth. Thanks to newbuildings and retrofits with more fuel-efficient design and more eco-friendly equipment, we are well prepared for the tougher shipping emissions regulations that lie ahead.

Environmental stewardship is one of the cornerstones of Wallenius Wilhelmsen Logistics. Careful and responsible management of both natural and human resources is essential to sustainable business, especially as we expand our efforts across a broader operational front.

I am heartened by the progress we have made so far, and I am aware of the many challenges ahead. I am confident we will act boldly as we tackle these challenges and continue to take steps towards a sustainable future.



Melanie Moore
Global Head of Environment, WWL

FAUST

Clean solutions worth the energy

“In developing PureBallast together with Wallenius Water, we’ve been careful to look at both local and global requirements. Though the transport of invasive species in ballast water is a worldwide issue, it is individual ships that must carry the solution.”

– Peter Carlberg, General Manager, Alfa Laval Marine and Diesel

Low-sulphur fuel policy

During 2007, our company operated all vessels using fuel with an average sulphur content of 1.3% on all global trade routes. Currently, international regulations generally only require the use of fuel with 4.5% sulphur content, except in Sulphur Emission Control Areas (SECAs), where they require 1.5%. Over the past seven years, our low-sulphur fuel policy has reduced global sulphur emissions by 98,500 tonnes.

To be able to continue to uphold our pledge to make shipping more sustainable, Wallenius Wilhelmsen Logistics has sought strategic partnerships with fuel oil suppliers to ensure access to adequate supplies of high-quality low-sulphur fuel. Despite the rising price of bunker fuel, Wallenius Wilhelmsen Logistics’ owners regard the extra investment in low-sulphur fuel

as an important contribution to the future well-being of the planet.

Cooperation with WWF

September 2007 marked Wallenius Wilhelmsen Logistics’ third anniversary as the sole corporate sponsor of WWF’s High Seas Conservation Programme. Our support has enabled WWF, the global conservation organisation, to address critical high seas issues including the need for better governance of the high seas; banning the use of tributyltin, a substance harmful to marine life, in anti-fouling paints; and actions to protect the Mediterranean bluefin tuna from extinction. At the end of 2007, we renewed our sponsorship for another three years.

Ballast water

Ballast water is one of the greatest threats to the world marine environment



Wallenius Wilhelmsen Logistics works with fuel suppliers, non-governmental organisations, technology innovators and waste management companies to achieve our overarching environmental goals and improve our environmental performance.

due to its ability to introduce invasive marine species to non-native ecosystems.

In 2003, to tackle the ballast water challenge, Wallenius Wilhelmsen Logistics installed a prototype of an innovative new treatment system on the car carrier MV Don Quijote. This was an important step in the struggle to stop invasive species from travelling over the oceans.

In 2007, a more advanced system, PureBallast, was installed on MV Aida, one of the vessels in the Wallenius Wilhelmsen Logistics fleet. Proven to safely remove all live organisms from ship ballast water before discharge overboard, PureBallast is now distinguished as the world’s first IMO-approved ballast water treatment system.

In December 2007, Wallenius Marine signed a contract for 10 PureBallast systems for retrofit on four of its newest vessels and three existing vessels during 2008 as well as on another three during 2009 when more stringent IMO ballast water requirements take effect. PureBallast is the result of a joint venture between Wallenius Marine subsidiary Wallenius Water AB and Alfa Laval.

Waste management project

The world’s fleet of large vessels generates 4 million cubic metres of solid waste each year. Yet no international standards exist for solid waste disposal once the vessels are docked at marine terminals.

After conducting a waste management feasibility study in 2007, one of our owners now plans to provide waste handling services in ports. Plans are now under way to spearhead efforts

to equip vessels with compactors to handle sorted waste and organise waste collection stations at marine terminals in Central Europe.

To ensure success, Wilhelmsen Maritime Services is exploring partnership with two of the world’s largest waste management companies and preparing to lobby for local, regional and international waste management legislation.

Baltic SeaBreeze

Between January 2005 and December 2007, Wallenius Wilhelmsen Logistics provided support for Baltic SeaBreeze, a three-year project aimed at reducing marine pollution in the Baltic Sea region. The project focused on activities and special programmes to change the attitudes and behaviour of Baltic Sea stakeholders, including fishermen, seamen, leisure craft owners, marinas and national authorities.

Over the past seven years, we have reduced global sulphur emissions by 98,500 tonnes, which is more than the amount of SOx emissions released by the city of London over a similar period.

The Orcelle Fund for green initiatives

Established in 2007, the Orcelle Fund is the philanthropic arm of Wallenius Wilhelmsen Logistics that supports the development of alternative energy initiatives aimed at making shipping more sustainable.



Over the years, Wallenius Wilhelmsen Logistics has established a leadership role within the global transport and logistics industry, thanks to its forward-thinking environmental policy and programmes.

During 2007, the company laid the groundwork for the establishment in 2008 of the Orcelle Fund, a grant-awarding body that will provide seed capital to high-risk development projects for alternative maritime energy sources and energy-efficient technology.

Vision and mission

The Orcelle Fund seeks to bring innovative ideas for maritime renewable energy sources to the global forefront and to develop the energy-efficient technologies that hold the promise of future commercial viability.

History

The Fund builds upon the vision and values of the E/S Orcelle, Wallenius Wilhelmsen Logistics' visionary concept car carrier with a "zero emissions" capability and no ballast water on board.

Unveiled at the World Expo 2005 in Japan, the E/S Orcelle was designed for the year 2025 using only renewable energy sources, including the sun, wind and waves as well as fuel cell technology, to meet all propulsion and onboard power requirements.

Applications

Individuals may apply for grants from the Fund. Applications will be accepted beginning in 2008 for funding to support project work during fiscal year 2009.

Priority will be given to research and development projects directed at developing alternative energy sources for marine application or improving the energy efficiency of existing sources for commercial vessels.

Grants will be awarded by the Fund's board of directors, which consists of representatives from Wallenius Wilhelmsen Logistics and its owners. For more information, visit our environmental pages at www.2wglobal.com.

Financial support

The Orcelle Fund is funded by the award money that Wallenius Wilhelmsen Logistics received as the 2007 recipient of the Thor Heyerdahl International Maritime Environmental Award. Orcelle Fund board members are investigating the feasibility of broadening the Fund's financial base.



Greener values through sound environmental policy



As a gesture towards reducing global emissions from air travel, the WWL regional environmental team meets via telephone conference rather than in person.



Wallenius Wilhelmsen Logistics works to minimise the environmental impact of its operations by improving efficiency and investing in innovative technology at local, regional, national and international levels.

Our environmental objectives

Our stated policy aims to meet and, where possible, stay ahead of international regulations. A complete summary of our company's environmental objectives may be found at www.2wglobal.com. Updating these environmental objectives is a priority for 2008.

These objectives include the following:

- Reduction of fuel consumption/energy per transported unit (fuel used/cubic metre).
- Reduction of fuel consumption (g/tonne km) by 10% by end of 2009.
- Reduction of CO₂ emissions per transported unit (g/tonne km) by 10% by end of 2009.
- Reduction of NO_x emissions by 25% per transported unit (g/tonne km) by end of 2008.
- Maintenance of the level of sulphur content in bunker fuel at 1.5% throughout 2008.
- Reduction of separated bilge water to the limit of 5 parts per million by end of 2008.
- Minimisation of the impact of released ballast water through the continued use of the ballast water exchange method, where applicable, and through proactively monitoring future directives on ballast water equipment.
- Acquisition of Green Passports or similar for all newbuildings and existing ships by the end of 2010.
- Replacement of existing hydraulic oil on existing ships with biodegradable oil, and use of biodegradable hydraulic oil on all newbuildings.

ISO 14001:2004

Wallenius Wilhelmsen Logistics' commercial shipping operations meet ISO 14001:2004. We are now working on expanding ISO 14001:2004 certification to the terminals and Vehicle Processing Centres that Wallenius Wilhelmsen Logistics owns and operates.

Environmental organisation

At Wallenius Wilhelmsen Logistics, individuals responsible for our environmental programme are active at all levels within our organisation.

Central offices. The Environmental Committees at our central offices in Lysaker, Norway, and Stockholm, Sweden, are responsible for raising environmental awareness and identifying initiatives to support sound environmental practices in the workplace as well as encouraging activism outside the workplace. The committees consist of cross-functional teams of employees and meet several times a year.

Regional champions. Four Wallenius Wilhelmsen Logistics employees serve as ambassadors who manage environmental activities in their respective regions – the Americas, Asia, Europe and Oceania. As a gesture towards reducing global emissions from air travel, the regional environmental team meets via telephone conference rather than in person.

Employees and suppliers. Wallenius Wilhelmsen Logistics requires all employees to learn more about our environmental policies and programmes using a computer-based environmental self-training programme to familiarise themselves with our environmental work. We also advise persons working for, or on behalf of, our organisation to learn more about our environmental policies and programmes.



Individuals responsible for our environmental programme are active at all levels within our organisation.

“The challenges facing the finished vehicle logistics providers in their aim to become ‘greener’ is reducing emissions through intelligent transport planning. I predict that in the years ahead environmental management systems will become mandatory for the tendering of new logistics contracts.”

– Maxine Elkin, Editor, *Automotive Logistics*

Ocean transportation from port to port



Combustion of fuel on board vessels contributes to global warming, environmental degradation and detrimental health effects. Wallenius Wilhelmsen Logistics therefore monitors all atmospheric emissions from the vessels we operate and constantly works to reduce fuel consumption. Reducing fuel consumption reduces the emissions of carbon dioxide, sulphur oxides, nitrogen oxides and particulate matter.

Reducing fuel consumption
Between 2001 and 2007, Wallenius Wilhelmsen Logistics reduced the average fuel consumption per transported unit by 16.5%. Since 2004, we have monitored the average fuel consumption of the vessels that we operate in tonnes per nautical mile. Compared to 2006, we reduced fuel consumption per transported unit by 5.7% and average fuel consumption by 2%.

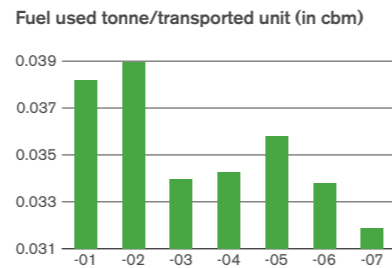
Reducing carbon dioxide emissions
Reducing the carbon dioxide (CO₂) emissions from fuel consumption helps mitigate the effects of climate change. From 2001 to 2007, Wallenius Wilhelmsen Logistics reduced CO₂ emissions from the operation of its vessels by 16.5%. The reduction of CO₂ emissions in grams per tonne kilometre between 2004 and 2007 was 12%.

Reducing sulphur oxide emissions
Reducing the sulphur content of bunker oil reduces the emissions of SO_x gases and particles. By using bunker fuel with an average sulphur content of 1.3% instead of fuel containing the global average of 2.7%, Wallenius Wilhelmsen Logistics effectively prevented 98,500 tonnes of sulphur dioxide from being released into the atmosphere from 2001 to 2007. Reduction of SO_x emissions in 2007 indicates a 15% improvement over 2006 figures.

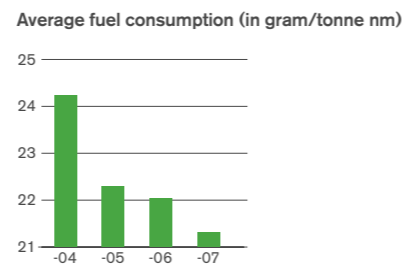
Reducing nitrogen oxide emissions
Emissions of nitrogen oxides (NO_x) were reduced by 17.9% between 1999 and 2007. This was primarily achieved through the installation of slide valves and other devices that reduce temperature during combustion.

Testing of WetPac systems on board four vessels during 2007 indicates a reduction of NO_x emissions by up to 55%. WetPac systems capture NO_x emissions from the auxiliary engine's airstream before air is released into the atmosphere. An additional 13 systems will be installed during 2008.

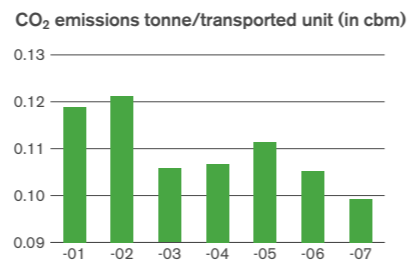
Other measures
Green Passports. During 2007, two additional vessels received documentation that ensures the ships meet IMO Guidelines on Ship Recycling. This brings the total number of Green



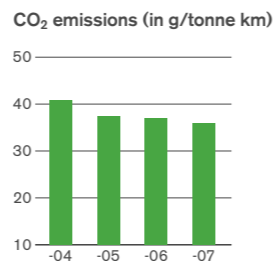
Total reduction of 16.5% between 2001 and 2007 and 5.7% from 2006.



Total reduction of 12% between 2004 and 2007 and 2% from 2006.



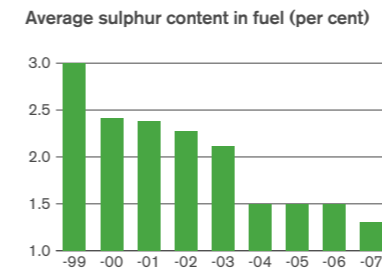
Total reduction of 16.5% between 2001 and 2007 and a reduction of 5.7% from 2006.



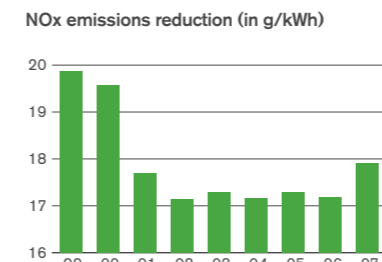
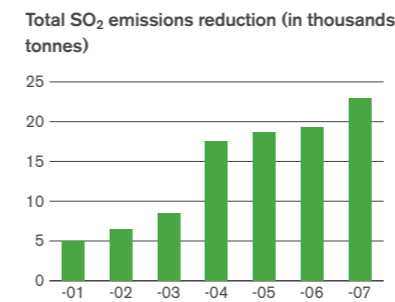
Total reduction of 12% between 2004 and 2007 and a reduction of 3.3% from 2006.



By reducing fuel consumption by 16.5% over a seven-year period, Wallenius Wilhelmsen Logistics has significantly reduced the total amount of greenhouse gas emissions that result from our operations.



* This figure for fuel used on board our global fleet is below the IMO requirement for sulphur content of fuel in SECAs.



Total reduction of 17.9% between 1999 and 2007; the total reduction measured in grams per tonne kilometre for the same period is 12%.

Passport holders in our fleet to six. By year end 2010, we will ensure that all vessels that we operate hold Green Passports or similar documentation.

Ballast water. One PureBallast treatment system is fully operational on board the MV Aida. Additional systems are on order for installation on board 10 vessels during 2008 and 2009. This includes an upgrade for the pilot system tested on board the MV Don Quijote, retrofits to existing systems and new systems for newbuildings.

Bilge water. Seventy-two per cent of the fleet now meets the target of 5 ppm (parts per million) of oil in separated bilge water. This represents a 5% increase over the number of vessels meeting the standard in 2006.

Biodegradable oils. Eight vessels now use biodegradable oil in hydraulic systems, up 50% from 2006. Twenty-six vessels now use biodegradable oil in the stern tubes, up from 14 in 2006. Biodegradable oil will now be used for

all newbuildings and as replacement oil for existing vessels.

Cooling agents. By year end 2007, a 55% reduction in the use of cooling agents was achieved. This exceeded the target set in 2004 to reduce the use of cooling agents on board by 25% by year end 2009. Work to reduce leakage continues, and coolant leakage monitors will be installed on some vessels.

Anti-fouling paints. Wallenius Wilhelmsen Logistics advocates the use of environmentally friendly silicone paint instead of toxic anti-fouling paint to coat ship hulls. Since 2000, we have been using tin-free, biocide-free paints to protect ship hulls as well as marine life. We continue to work closely with hull paint producers to develop high-quality, long-lasting, eco-friendly alternatives.

Chemicals and detergents. All vessels now use chemical substances from an approved chemical list.

Wallenius Wilhelmsen Logistics fleet			
Vessel type	Number*	Flags	Number
PCTC	29	Sweden	14
PCTC elongated	5	Norway	13
LCTC	2	Singapore	10
RoRo	13	United Kingdom	6
		Bahamas	3
		Panama	3
Average age – Years	14		
Average sulphur content in fuel – %	1.3		
Average fuel consumption – tonnes/day	58		
Average speed – knots	18		
Pollution prevention	**		
Detention	***		

PCTC – Pure Car/Truck Carrier; LCTC – Large Car/Truck Carrier; RoRo – Roll-on/Roll-off vessel.
 * Note: The vessels included here are those that are owned by Wallenius Lines and Wilh. Wilhelmsen. During 2007, Wallenius Wilhelmsen Logistics also had an additional 12 vessels on long-term charters. Any vessel chartered for a year or more is included in our company's low-sulphur fuel policy. All chartered vessel owners will be requested to complete the company's environmental questionnaire and provide information on the vessel's environmental status.
 ** Three minor oil spills were registered and did not cause any damage to the environment. The spills were due to leakage of stern ramp hydraulic hoses. The first spill was satisfactorily contained on the paved asphalt area of the pier and cleaned up with no oil seepage to the water. The two other spills were cleaned using the ships' oil spillage equipment to the satisfaction of local authorities.
 *** One vessel was detained due to an inoperative man-overboard signal.

Ocean transportation thinking greener



To reduce emissions into the air and the sea, MV Faust uses diesel-based oil and will be fitted with the eco-friendly PureBallast ballast water treatment system.

“Routing decisions involve various factors that must be taken into consideration. SMHI services have been useful in helping me make critical routing decisions that contribute to both safer and more environmentally friendly operations.”

– Bengt Grandin, Captain, MV Elektra

The world's largest car carriers

Ushering in a new era that combines fuel efficiency and eco-friendly design with the ultimate in cargo capacity are two new Wallenius Wilhelmsen Logistics LCTCs (Large Car/Truck carriers): MV Fidelio and MV Faust. These LCTCs are Green Passport holders, which attest to adherence to IMO Guidelines on Ship Recycling.

These LCTCs have the largest cargo capacity in the world – 8000 car-equivalent units – for 230-metre vessels. Notable features on board include a bridge with all-around vision, high-efficiency cargo access, an IMO-approved ballast water treatment system and state-of-the-art communications systems.

Future vessels

Our owners have ordered four of the world's largest and more environmentally sound RoRo vessels. A new hull design reduces fuel oil consumption and exhaust gas emissions. Another technology enables the energy derived from exhaust gases to operate the entire ship's energy needs at sea. IMO-approved ballast water treatment systems reduce the ecosystem imbalance posed by potentially invasive species.

Cleaner fuel cell technology

During 2007, preparations were made to install a 20-kW solid oxide fuel cell (SOFC) module on board a vessel operated by Wallenius Wilhelmsen Logistics. When installed, the module will provide auxiliary power fuelled by renewable methanol. The METHAPU pilot programme is part of an EU-sponsored project that may pave the way for the use of fuel cell technology for ship engines. The project is the collaborative effort of Det Norske Veritas, Lloyd's Register, University of Genoa, Wallenius Marine and Wärtsilä.

Sustainable propulsion

In December 2007, Wilh. Wilhelmsen kicked off four propulsion projects that aim to support the development of sustainable solutions for the shipping industry. Wilh. Wilhelmsen is working with partners Det Norske Veritas and Shell as well as Wallenius Wilhelmsen Logistics and Wallenius Marine.

- *Industry leaders.* Establish an industry consortium dedicated to viable, cost-efficient propulsion solutions.
- *Future PCTC conversion.* Develop measures to retrofit PCTCs with energy-efficient, emission-reducing technology within 5 to 10 years.
- *Mark VI.* Develop measures to introduce next-generation vessels with energy-efficient, emission-reducing technology and no ballast water.
- *Life cycle analysis.* Evaluate new technologies to reduce energy use and emissions across the entire marine fuel-supply chain.

Weather routing

Our owners are gradually implementing new Swedish Meteorological and Hydrological Institute (SMHI) weather routing services on all vessels. This system increases crew and cargo safety, on-time arrivals and fuel savings.

Improved communication with shore-based management enables ship captains to alter course or reduce speed if bad weather cannot be avoided.

SMHI weather routing services provide weather forecasts with routing advice for a 1- to 10-day period.



To meet challenges today and tomorrow, we continue to lead the shipping industry in deploying new design and technology to improve environmental performance. We have our eyes on a more fuel-efficient future.



Supply chain management in the office



At Wallenius Wilhelmsen Logistics offices around the world, employees are taking steps to reduce the impact of their activities.

Our offices are the centres of activity for much of our operations, including all five of our business areas. We have identified these key performance indicators in relation to the operations of our offices: direct energy consumption (reported in the chart), energy efficiency, paper consumption, and hazardous and non-hazardous waste.

Energy efficiency
Wallenius Wilhelmsen Logistics encourages energy efficiency at our

offices. Most offices currently practice simple ways to be more energy efficient, including:

- switching to more energy-efficient lightbulbs
- turning off lights and computers when leaving the office
- switching off computer monitors when on lunch break or away at a meeting
- controlling indoor climate – especially in Asia and Oceania where hot outdoor temperatures require indoor air-conditioning for proper work conditions

Those offices that do not have these measures in place are urged to foster awareness of energy efficiency and its benefits among employees.

In Region Americas, energy consumption in 2007 increased by 50% over 2006 figures. We attribute the increase to incomplete data collected during our first year of reporting in 2006. We believe the comparison of 2007 and 2008 figures in our next report will more accurately reflect the changes in energy



Wallenius Wilhelmsen Logistics has identified five key performance indicators in relation to the operations of our offices. These help us measure our progress towards improving our environmental performance.

consumption. We are, however, working to raise awareness of energy conservation among employees worldwide.

Paper consumption

Reducing paper consumption is an ongoing company-wide environmental activity. Despite concerted efforts to reduce the amount of paper used worldwide, consumption rose across the board in all regions. We continue to encourage paper-saving measures such as double-sided printing and advocate measures to achieve a higher percentage of paper recycling. To raise awareness of the need to save paper, Region Oceania monitors and measures paper usage and shares these statistics with employees. Additional green measures, such as replacing paper or plastic coffee cups with ceramic mugs, are also commonplace within our company.

Non-hazardous waste

Our offices do not produce any hazardous waste. Non-hazardous waste is disposed of according to local laws and regulations. Data on non-hazardous waste is limited, and we are aware that the collection of data is imperative in order to fully measure our performance in this area.

Recycling stations are available in our offices, and printers, toners, cartridges, metal and batteries are recycled. Our central office in Oslo, Norway, donates outdated information technology-related equipment, such as office and home computers, to Fair Allocation of Infotech Resources (FAIR). FAIR is an international non-governmental organisation that supplies information and communications technology resources to schools in developing countries. Region Oceania also donated 40 computers to various charitable organisations.

Company cars

Wallenius Wilhelmsen Logistics encourages the purchase and use of greener company cars. Since 2005, Region Americas has had a provision in place for the replacement of company cars, stating that company cars must be replaced with greener vehicles that are smaller and/or more fuel-efficient. Region Europe has a similar green car policy in place. Wallenius Wilhelmsen Logistics is investigating the implications of implementing a similar provision for replacement cars on a global basis.



Sydney office receptionist Claire Mullane initiated a cartridge recycling system for the Sydney and Melbourne offices.

Cartridge recycling program

Recycling toner cartridges from office copy machines took a creative turn at our Melbourne and Sydney offices. Cartridges collected are donated to the Australian-based company Close the Loop Limited, a leading global recycler of imaging consumables. Instead of sending the cartridges to landfills where they would remain for at least 200 years, Close the Loop recycles the cartridges to manufacture eWood, timber made of recycled plastics that is used for fencing, garden edging, outdoor furniture, sound barriers and other applications.

Region	No. of offices	Direct energy consumption (in GJ)	Paper consumption (in kilos)	% of paper recycled
Australia	2	Not available	4,584	45
Europe	11	6,567	26,753	85
Asia	11	1,277	9,916	43
Americas*	1	6,597	11,272	100

* For 2007, these figures only reflect operations in the Woodcliff Lake, New Jersey, office.

Terminal services between land and sea

To reduce indirect CO₂ emissions, WWL is gradually replacing the vehicles and equipment that our company owns with units that have a higher environmental standard.



Wallenius Wilhelmsen Logistics is working to make operations more sustainable at all ocean terminals that our company owns and operates.

Wallenius Wilhelmsen Logistics owns, or partly owns, and operates shipping terminals in the following locations:

- Baltimore, Maryland, US
- Brunswick, Georgia, US
- Port Hueneme, California, US
- Liverpool, UK
- Southampton, UK
- Zeebrugge, Belgium
- Kotka, Finland
- Tianjin, China
- Pyeongtaek, South Korea

We have identified the following key performance indicators in relation to the operations of our terminals: direct energy consumption, water use, impact on biodiversity, indirect CO₂ emissions, oil spills and energy efficiency. However, for reporting purposes, only the four major terminals in Baltimore, Maryland, US; Southampton, UK; Zeebrugge, Belgium; and Kotka, Finland, are included here.

Direct energy consumption

Total direct energy consumption of the terminals is directly related to the size and operations of the buildings and warehouse facilities; incremental measures have been taken to reduce consumption. Between dawn and sunset, terminal lights are switched off.

Water use

Wallenius Wilhelmsen Logistics terminals are not intensive users of water. Consumption involves water

used for washing down ship decks, vehicles and equipment. Availability of data on water use for 2007 is limited, and sanitary and domestic water use by employees is not included.

Impact on biodiversity

The operations of our terminals impact biodiversity in different ways. Here is a brief accounting for each terminal.

Baltimore. Operations have an impact on biodiversity in the Chesapeake Bay, a 64,000-square-mile watershed deemed a national treasure for its vast tidal wetlands, islands and rich ecosystem. We are actively engaged with the Maryland Port Administration in its efforts to reduce pollutant runoff into the bay. By implementing more effective storm water management, we are working to reduce the amount of runoff from our operations.

Southampton. One of the major deep-water ports in Britain for vehicle import and export, this UK terminal has no significant impact on biodiversity along the surrounding coast. The Oceanography Institute in Southampton monitors the water near the dock at regular intervals to detect any negative impact of port operations on the marine environment.

Zeebrugge. Operations at this Belgian port have minimal impact on biodiversity. Mussels are harvested from the quay front to discourage seagulls from feeding in the area and contaminating

the terminal and cars with debris and bird droppings. In addition, an audio device has been installed to keep birds away from the open-air storage areas.

Kotka. No significant impact on biodiversity has been recorded as a result of our operations.

Indirect CO₂ emissions

Carbon dioxide emissions at the terminals are not currently measured. Trucks delivering cargo to and collecting from the terminals are the chief cause of emissions, and their operations fall outside our influence. The movements of vehicles within the terminal compound also contribute to atmospheric emissions. Wallenius Wilhelmsen Logistics is gradually replacing the vehicles and equipment that our company owns with units that have a higher environmental standard.

Oil spills

Incidental oil spills are limited to minor spills of hydraulic oil from trucks picking up or delivering cargo. The terminals have local procedures in place to deal with cleanup and reporting of such incidents.

Energy efficiency

Wallenius Wilhelmsen Logistics is working to reduce energy consumption through various initiatives. At the Baltimore terminal, the turnaround time for trucks is monitored and initiatives have been taken to reduce turnaround time, which indirectly contributes to reducing energy consumption. Such measures are also being taken at other terminals. In addition to using bio-diesel and encouraging the use of bikes rather than cars in the terminals, the use of electric terminal vehicles is being tested.

Terminals						
Sites	Direct energy consumption (GJ)	Water usage (cbm)	Impact on biodiversity	Indirect CO ₂ emissions	Oil spills	Energy efficiency
Baltimore	7,039	738	See above	See above	Incidental	See above
Southampton	378	70	"	"	"	"
Zeebrugge	1,136	0	"	"	"	"
Kotka	Not available	Not available*	"	"	"	"

* Reported as normal usage

Technical services preparing for the market



Manager Neville Patterson at our Port Kembla, NSW Australia, site where rainwater is collected and filtered for reuse.

Relocation of Technical Centre from St. Mary's to Port Kembla, NSW Australia

Wallenius Wilhelmsen Logistics High & Heavy (H&H) Technical Services Facility building in Port Kembla, some 90 kilometres south of Sydney, offers full pre-delivery inspection (PDI) services for H&H machinery and equipment. Each year, 3500 units pass through the facility for processing before moving onward to dealers.

"The big advantage of the new facility is that it is specific to H&H equipment. By being so close to the wharf, we gain greater efficiency and increased turnaround and delivery times," says Tony Paragalli, WWL Vice President Logistics Oceania.

The new site is eco-friendly and water self-sufficient. Two special tanks can store 1.2 million litres of rainwater for reuse, providing at least 60% of the depot's water requirements.

The site also offers improved security, sealed storage areas, undercover areas for unpacking containers, gantry cranes and larger, heated paint booths that speed the paint drying process and the ability to perform "direct-off-the-wharf" work.

Wallenius Wilhelmsen Logistics operates 29 technical service facilities around the world. Some facilities are owned or leased by our company, and others are in-plant facilities that we operate at customer sites. During 2007, our company opened four new facilities in Zeebrugge, Belgium; Baltimore, Maryland, US; Guangzhou, China; and Port Kembla, NSW Australia.

For reporting purposes, a total of 20 facilities in the US and Canada, Europe (Germany), Oceania (Australia) and Asia (Thailand) are included. Facilities not included are in the Republic of South Africa, newly opened facilities and in-plant facilities, where reporting is the responsibility of the original equipment manufacturer.

Due to the nature of the work at our centres, various products, including hazardous chemical substances, are used to prepare vehicles for the marketplace. We ensure that safety, health and environmental measures are taken into consideration during the entire product life cycle from purchase to use to disposal.

The key performance indicators below have been identified in relation to the operations of our centres. Data is limited and reflects those facilities that had reporting systems in place during 2007.

Direct energy consumption

Total direct energy consumption at Wallenius Wilhelmsen Logistics technical centres amounted to 573,061 gigajoules in 2007. We are exploring various ways to reduce energy

consumption at the centres through various means, such as more energy-efficient lighting and tooling.

Water usage

Total water consumption for the technical service centres amounted to 59,978 cubic metres for 2007, with the facilities in the US and Australia responsible for major usage. Wallenius Wilhelmsen Logistics is aware of the need to conserve water, one of the world's most precious resources.

Using recycled water is one measure we employ to help conserve water, which is especially critical for operations in Australia due to its national water shortage. To meet demand and avoid shortages, our Port Kembla, Australia, site collects rainwater in two special tanks that can store 1.2 million litres of water, which is filtered for reuse. Similar tanks and equipment are installed at our Brisbane facility.

Waste disposal

At all sites, Wallenius Wilhelmsen Logistics uses the best available method for the disposal of hazardous and non-hazardous wastes or contracts a supplier to provide the same services. During 2007, the total amount of waste from the technical service centres that reported figures amounted to 1509.3 tonnes, of which 48.3 tonnes was hazardous waste, such as oil, paint and other chemicals, and 1461 tonnes was non-hazardous waste.

In the US, 20% of non-hazardous waste is recycled and 80% is sent to landfills. In Australia, our facilities hold certificates



Wallenius Wilhelmsen Logistics aims to prepare vehicles, machinery and equipment for the marketplace in the most environmentally friendly and sustainable manner.



WWL is working to certify additional technical services facilities according to ISO standards. Two facilities in Mexico received certification for ISO 9001:2000 in 2007.

of approval for waste management from the Environment Protection Authority. In Germany, our facilities employ the European Union waste code system to dispose of non-hazardous waste, excluding sludge.

Upstream we take measures to ensure the use of environmentally friendly

products, such as biodegradable cleaning chemicals, for all processes at our technical service centres to reduce hazardous waste. Downstream we ensure the separation and proper disposal of hazardous material and the recycling of metal, stretch wrap, corrugated cardboard and timber packaging.

ISO certification

During 2007, two of our facilities in Mexico – in Chicalote and Monterrey – received certification that their quality management systems meet ISO 9001:2000. Additional facilities are preparing for certification according to ISO 14001:2004 standards in 2008.

Technical services							
Region	Number of sites	Direct energy consumption (GJ)	Water usage (cbm)	Impact from activity (tonnes)	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)	Oil spills
US and Canada	12	554,567	35,947	11.6*	4.0	1,297	None
Thailand	2	Not available	1,292	Not available	Not available	Not available	None
Australia	4	11,453	13,514	Not available	3.0	7.5	None
Germany	3	7,041	9,225	Not available	41.3	156.5	None

* This figure represents emissions of volatile organic compounds and hazardous air pollutants caused by daily operations.

Inland distribution moving to the point of sale



To reduce the environmental impact of our operations, we use fuel-efficient driving techniques, more efficient routes to reduce the transported distance and new rail schemes.

The transportation of vehicles and other equipment from manufacturing facilities to end users affects the environment. As an integrated part of the logistics chain, Wallenius Wilhelmsen Logistics currently provides inland distribution services in North America, Europe, China, Thailand, Australia and New Zealand. These services are primarily offered through the use of dedicated subcontractors, who are evaluated for environmental performance based on our company standards.

In Europe and Thailand, some of the distribution is arranged using specialised vehicle transporters owned and operated by Wallenius Wilhelmsen Logistics.

We continuously strive to reduce the environmental impact of our inland distribution services. Reducing fuel consumption and reducing emissions when using our own transporters are two major goals in this respect.

Reducing fuel consumption
During 2007, Wallenius Wilhelmsen Logistics was responsible for driving the 105 heavy trucks in the European fleet a total of 13.0 million kilometres and 11 heavy trucks in the Thai fleet a total of 1.7 million kilometres. The total fuel consumption for the European fleet is 2.3 million litres of diesel fuel and 2.5 million litres of biofuel; the average fuel consumption rating per 100 kilometres

is 37.2 litres. The total fuel consumption for the Thai fleet is 0.5 million litres of diesel fuel; the average fuel consumption rating per 100 kilometres is 31.1 litres.

Various measures have been put into place to help reduce fuel consumption for our European fleet. For instance, the fleet uses Michelin A2 Energy tyres, which contribute to a 6% reduction in overall fuel consumption while contributing to good driving performance and excellent mileage. In addition, all drivers are required to attend a special education course that introduces fuel-efficient driving techniques to minimise fuel consumption and environmental impact.



Wallenius Wilhelmsen Logistics continuously strives to reduce the environmental impact of inland transportation, both when using its own transporters and when managing subcontractors.

Reducing emissions

Wallenius Wilhelmsen Logistics' efforts to reduce fuel consumption have a direct correlation to emissions reduction. Upgrading the fleet with engines that meet more stringent emissions standards is another environmental initiative being undertaken.

Of the 105 trucks in our European fleet, only 2 have Euro2 engines (down from 9 in 2006), 44 have Euro3 engines (down from 56 in 2006), and 59 have Euro5 engines (up 32 from 2006). The average age of the trucks is 2.4 years.

In Europe, all trucks equipped with engines that met Euro4 standards have been replaced with engines that meet Euro5 standards; this enables the use of bio-diesel fuel and further reduces nitrogen oxide emissions. The remaining Euro2 and Euro3 engines will be phased out as trucks are replaced or modified. Wallenius Wilhelmsen Logistics is also aware of the Euro6 standards, which call for further reductions in nitrogen oxide emissions by 2014.

All trucks in Thailand are equipped with engines that meet Thai national regulations. The average age of a truck in that fleet is 4 years.

Other initiatives

Network structure and choice of transport mode also have an impact on the environment. As a provider of integrated logistics solutions for Nissan and other customers in North America, Wallenius Wilhelmsen Logistics in 2007 has supported the reconfiguration of routes in order to minimise transported distances. During 2007, agreements have also been reached covering three new rail schemes between Mexico and the US, and two more are being prepared for 2008.



Reducing fuel consumption and emissions when using our own transporters help minimize the environmental impact of our inland distribution services.

Inland Distribution

Country	Total number of trucks	Average age of fleet (years)	Engine types	Average fuel consumption (litre/100km)	Total fuel consumption (million litres)	Distance driven (million km)	Direct energy consumption (GJ)
Europe	105	2.4	2 Euro2 44 Euro3 59 Euro5	37.2	2.3 diesel 2.5 biofuel	13.0	176,191
Thailand	11	4	Thai national regulation	31.1	0.5 diesel	1.7	20,183
China			Operation performed exclusively through use of subcontractors				
North America			"				
Australia and New Zealand			"				

Worth preserving the high seas



“Companies like WWL are extremely valuable in the current struggle to gain the critical mass required to create a sustainable global market.”

– Rasmus Hansson, CEO of WWF Norway

Antarctic Seas takes the throne at Buckingham Palace

The Throne Room at Buckingham Palace was the dramatic venue for the October 2007 launch of WWF’s Antarctic and Southern Ocean Initiative, “Protecting Antarctic Seas.” Here WWF called for the creation of marine protected areas (MPAs) covering at least 10% of the Southern Ocean by 2012.

To determine the locations of the proposed MPAs, WWF collaborated with scientists working with the Commission for the Conservation of Antarctic Marine Living Resources to map the oceans’ rich biodiversity. WWF hopes that setting up MPAs in areas identified as being important for marine biodiversity will help sustain a healthier marine environment as the oceans are subjected to the pressures of climate change.

The event, hosted by HRH Prince Philip, as well as the study identifying the proposed MPAs, were enabled partially through Wallenius Wilhelmsen Logistics’ support of WWF’s High Seas Conservation Programme.



Wallenius Wilhelmsen Logistics asked WWF Norway’s CEO Rasmus Hansson to shed some light on how our corporate sponsorship of WWF’s High Seas Conservation Programme makes a difference.

What has WWF been able to accomplish to protect the high seas?

Quite a lot. WWF has been able to strengthen our marine work in general and our shipping-related work in particular. For instance, WWF has made the melting of polar ice caps and the effects a priority, and is working on several fronts to establish international regulations to protect the Arctic marine environment.

WWF Norway alone also has a long list of achievements, such as the establishment of temporary petroleum-free areas and a mandatory trade route off the northern coast of Norway, which can be attributed to Wallenius Wilhelmsen Logistics’ support.

How would you characterise your dealings with Wallenius Wilhelmsen Logistics?

Our work together has been mutually beneficial, thanks to close and valuable

dialogue with people at Wallenius Wilhelmsen Logistics. I know Wallenius Wilhelmsen Logistics has made environmental excellence an integral part of their corporate culture to an extent that other companies have not yet achieved. But I also believe WWF could contribute more to our relationship by offering more in the way of environmental education and training to Wallenius Wilhelmsen Logistics staff.

So you believe that to make our world more sustainable, it is necessary to raise environmental consciousness and get more people to change their behaviour?

Absolutely, more companies and more people need to act more responsibly. There are environmental costs for every business transaction and for every action we as individuals take. Companies like Wallenius Wilhelmsen Logistics are extremely valuable in the current struggle to gain the critical mass required to create a sustainable global market.

Not all companies have the courage to lead by example. That’s where companies like Wallenius Wilhelmsen Logistics are more important than they realise.

WWF’s High Seas Conservation Programme

Objective	2007 Highlights
Explore legislative solutions	<ul style="list-style-type: none"> • Recommendations for mandatory international regulations of shipping activity in polar areas to counter the environmental effects of increased shipping activity in the Arctic as a consequence of climate change. • Participation in a conference aimed at influencing the negotiation of the UN General Assembly Oceans Resolution to more effectively control users of the high seas. • Consultation on the UN Fish Stocks Agreement to support broad ratification of the agreement to ensure long-term conservation and sustainable use of migratory fish stocks. • Issue of bycatch on the high seas addressed through the recommendations from the Working Group on Bycatch.
Establish good governance	<ul style="list-style-type: none"> • Participation in the IMO Marine Environment Protection Committee meeting in July and in working groups for Ballast Water, Air Pollution from Ships, Special Areas and Particularly Sensitive Sea Areas. • Ratification of an international convention banning the use of toxic ship hull paint, after 10 years of lobbying by WWF and Wallenius Wilhelmsen Logistics. • FAO’s Committee on Fisheries agreed to start work on a legally binding international port state control agreement for fishing vessels. • Agreement to end high seas bottom trawling in the South Pacific by some 20 countries, including the majority of the world’s high seas fishing nations.
Establish protected areas	<ul style="list-style-type: none"> • Recommendations for establishment of marine protected areas in the Antarctic and Southern Oceans.

For more information about WWF’s High Seas Conservation Programme, visit www.panda.org.



As the sole corporate sponsor of WWF’s High Seas Conservation Programme, Wallenius Wilhelmsen Logistics is working to protect these vast expanses of ocean as well as the species and habitats they support.



After more than 15 years of lobbying by WWF and WWL, shipping states within the UN’s International Maritime Organization ratified legislation that bans the use of anti-fouling tin-based paints on ship hulls.

In essence, they prove two things. First, that environmental consciousness makes sense from a business point of view, which sends a strong message to politicians who claim otherwise. And second, they set a groundbreaking example so that other companies will dare to follow.

You hint that other companies are following Wallenius Wilhelmsen Logistics’ lead. Can you elaborate?

I see other ocean carriers now moving forward with their environmental programmes although they are not yet as comprehensive as Wallenius

Wilhelmsen Logistics’ programme. I know that the Norwegian Shipping Association has adopted environmental strategies that are quite ambitious. They have set full sustainability and zero emissions as long-term goals for the Norwegian shipping industry. I believe that Wallenius Wilhelmsen Logistics can pride itself on having been an important factor in getting the Norwegian shipping industry to raise its environmental standards even higher.

Sustainability training

Several employees from our central offices participated in WWF training programmes, including the One Planet Leaders and WWF Norway’s Sustainability Programmes. In addition, Wallenius Wilhelmsen Logistics evaluated WWF’s voluntary Climate Savers programme, which calls on companies to reduce CO₂ emissions through greater energy efficiency measures throughout their business processes.

Globally aware, locally active

Who: Our Woodcliff Lake employees
What: Clearing trash from the local watershed
Where: Woodcliff Lake, New Jersey

Who: Our Panama office and the Smithsonian Tropical Research Institute
What: Mangrove outreach programme
Where: The Caribbean coast of Panama

Who: Employees at our central office
What: Recycling information resources
Where: Lysaker, Norway

Who: Our ocean operations team in China
What: Environmental workshops
Where: Shanghai, Guangzhou and Tianjin

Who: Our Australia and US offices
What: Sponsorship of a solar race car
Where: Melbourne and Woodcliff Lake

Around the world, Wallenius Wilhelmsen Logistics supports local environmental programmes based on its global environmental policy and strategies. Reports from the Americas, Asia, Europe and Oceania illustrate the wealth of grassroots initiatives and commitment.



North America New Jersey river cleanup

A sunny afternoon in May found 16 Wallenius Wilhelmsen Logistics employees joining forces with local environmental organisation, Hackensack Riverkeeper, to clean up the rivers around Woodcliff Lake, New Jersey.

Volunteers set out by foot to clear litter and other debris from the banks of local rivers and by canoe to lift trash directly out of the water. Two hours later, they delivered seven trash bags full of litter, six old tyres, a discarded mountain bike and a rusty plumbing fixture to the disposal site.

Besides providing physical muscle for the event, Wallenius Wilhelmsen Logistics also made a monetary donation to Hackensack Riverkeeper to support its efforts in protecting the local watershed.

"Although our company supports global environmental issues on a broad scale, we also have a responsibility at the local level to demonstrate solid commitment to our communities," says Melanie Moore, formerly Regional Environmental Ambassador for Region Americas.



Central America Caribbean ecosystem education programme

Schoolchildren, university students and other residents of Manzanillo, Panama, are learning why preserving the fragile mangrove ecosystems in their community is important, thanks to Wallenius Wilhelmsen Logistics' support of the Smithsonian Tropical Research Institute's Galeta Point Marine Laboratory.

"Panama Canal development is upsetting the delicate balance in the Caribbean coast mangrove ecosystems," says Operations Manager Mary Carmen de Mendoza. "Our local community and big business alike need to understand the role the mangrove ecosystem plays in sustaining local fishermen, preventing flooding in the region and ensuring the survival of plant and animal species."

Sponsorship of environmental outreach programmes, community tours and educational supplements to local newspapers are among the activities made possible by Wallenius Wilhelmsen Logistics' financial contributions.



Europe Bridging the global digital divide

Wallenius Wilhelmsen Logistics has an environmental policy to reduce, recycle and reuse. A solid example of this policy in action is the company's donations of information and communications technology (ICT) equipment due for retirement to Fair Allocation of Infotech Resources (FAIR).

FAIR is an international Oslo-based non-governmental organisation that promotes environmental care through the reuse of outdated ICT equipment. At the same time, it also provides humanitarian assistance to schools and hospitals in developing countries to help bridge the digital gap.

"Far greater value is created by the schools and hospitals that receive our equipment from FAIR than we can imagine," says Kari Oeren, Senior IS&T Contract Manager and member of the Lysaker, Norway, central office Environmental Committee.



Asia Eco-friendly knowledge sharing

Wallenius Wilhelmsen Logistics regards knowledge sharing as critical to sustainable growth and equally important to fulfilling our environmental commitments as sound environmental practices.

To promote operational excellence and environmental care at three major ports in China, Wallenius Wilhelmsen Logistics hosted workshops for port authorities and terminal management teams at the Ports of Shanghai, Guangzhou and Tianjin. High on the agenda: achieving performance excellence, enhancing operations quality and practising sound environmental management.

"China is faced with the challenge of striking a balance between economic growth and environmental protection," says Captain Roman Rossa, Head of Ocean Operations, Wallenius Wilhelmsen Logistics China. Our company has useful experience to share in that arena."

Wallenius Wilhelmsen Logistics' environmental programmes were well received, thanks to presentations in both Chinese and English.



Oceania Transporting a solar race car

To compete in the 2007 Panasonic World Solar Challenge, known as the ultimate solar challenge in sustainable energy, teams around the world build solar-powered cars and brave the 3,000-kilometre course through the Australian Outback, from Darwin to Adelaide.

Wallenius Wilhelmsen Logistics provided door-to-door transport for the Continuum, the University of Michigan's race entry. Our Melbourne and Woodcliff Lake teams arranged inland transport, customs, quarantine clearance and ocean transportation of the Continuum from Ann Arbor, Michigan, to Darwin and back again.

"As a silver sponsor, we support the development of alternative energy for transportation," says Clare Schultz, Customer Care Manager, who coordinated logistics from our Melbourne office along with Amanda Gray and Woodcliff Lake's Dan Cipolli.

The Continuum finished seventh place in the 20th running of the race.

Social responsibility: People create greater value

The greater the respect we have for each other and our work, the stronger our business. Thanks to the diverse talents of our people, Wallenius Wilhelmsen Logistics creates greater value for our customers, our communities and our company. We strive to create a workplace culture that goes beyond work and supports continuous learning.

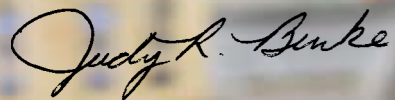
Our company culture is defined by mutual respect, diversity and open dialogue. We work together with a clear understanding of the future direction of our company and decisive leadership.

Five core values shape everything we do: customer centred, teaming and collaboration, innovation, empowerment and stewardship. These company values are the foundation upon which all employees actively define their roles and measure their success. Upholding these values makes us stronger both as individuals and as a company.

During 2007, we introduced values-based improvements to two of our performance management programmes. The first we call "People Performance – Even Stronger." It challenges employees to align personal and professional goals with company values to raise individual performance as well as the overall performance of our organisation. People Performance makes it clear that these goals must be achieved by upholding our company values.

The second is our Talent Management Programme, which recognises that all of our employees are critical to our success. This program mandates an annual review of all personnel, existing capabilities and future needs. The Talent Review Board also identifies succession candidates and individuals who demonstrate exceptional on-the-job performance and practice our company values. Harnessing the potential of our people undoubtedly maximises business performance and positions our company for the future.

Finally, we operate in a business environment that is constantly evolving. We recognise therefore that our approach to caring for our "people resources" must constantly evolve. It is only in this way that we can ensure meaningful contribution to the success of our customers and our company as well as to the growth of individuals at our company and society at large.



Judy Burke
Head of Global Human Resources, WWL



Well-anchored values at our workplace



Preventing harassment

To foster quality and excellence in the workplace, Wallenius Wilhelmsen Logistics Japan together with two Tokyo-based employee services companies conducted four seminars focused on the prevention of harassment in the workplace.

We believe that establishing a common understanding of behaviour that is both acceptable and unacceptable in today's work environment is key to supporting excellence and top-quality results.

"Behaviour in the workplace here in Japan, like many other parts of the world, continues to evolve based on societal changes and laws governing that workplace," says Richard Heintzelman, president of WWL Region Asia. "It is our obligation as an employer and as a company with strong values, to address on a continuing basis the key elements of what contributes to and supports an effective and motivated team."

Wallenius Wilhelmsen Logistics has always sought to be a values-driven organisation. Our five core values continue to direct our company's growth and underpin the way we do business.

- **Customer centred.** We constantly strive to do our best to serve the interests of our customers and deliver value to their businesses.
- **Teaming and Collaboration.** We work cohesively with colleagues, customers and partners around the world, sharing thoughts, emotions and resources in constructive ways.
- **Innovation.** We aim to develop and use our capabilities to find better ways to do business, improve the way we work and produce more value.
- **Empowerment.** We encourage everyone to develop confidence in their own capacities and to exercise decision-making abilities in meaningful ways to effect positive change.
- **Stewardship.** We make every effort to use resources with integrity and efficiency and to respect and treat others fairly.

By integrating these values into the workplace, our work becomes much more than just a job. Motivated and engaged employees personify these values and bring their best to bear for the benefit of Wallenius Wilhelmsen Logistics. This sets us apart from other companies.

Labour practices

In the countries in which we work, Wallenius Wilhelmsen Logistics complies with all applicable laws and regulations regarding working hours,

protection of health and safety, equal opportunity, compensation, freedom of association, human rights and forced, exploitative and child labour.

Code of Conduct

As a Global Compact member, Wallenius Wilhelmsen Logistics is determined to incorporate business integrity throughout its operations. In 2007 we finalised a Code of Conduct, which will be implemented company-wide during 2008.

Wallenius Wilhelmsen Logistics' Code of Conduct, however, is not entirely new. The Code embodies our company values and summarises the local and global policies to which we have adhered for years. It describes the expectations we have of all employees in all countries in which we operate.

In addition to our policies on labour, workforce diversity, occupational health and safety and human rights, the Code provides guidelines for Wallenius Wilhelmsen Logistics and its employees regarding employee relations, business practices, fair competition and protection of company information.

Compliance with laws

The basic principle underlying the Code of Conduct is that Wallenius Wilhelmsen Logistics complies with laws of each country in which our company does business. It is a personal responsibility of each employee to be familiar with applicable laws and comply with them. If employees are unsure whether a transaction or course of conduct complies with applicable laws, they can contact their supervisor or any member of the company's global legal team.

"We all have a personal responsibility to live up to the expectations set in the Code of Conduct. By acting responsibly, we support our company's reputation as a good corporate citizen and its position as a leader in our industry."

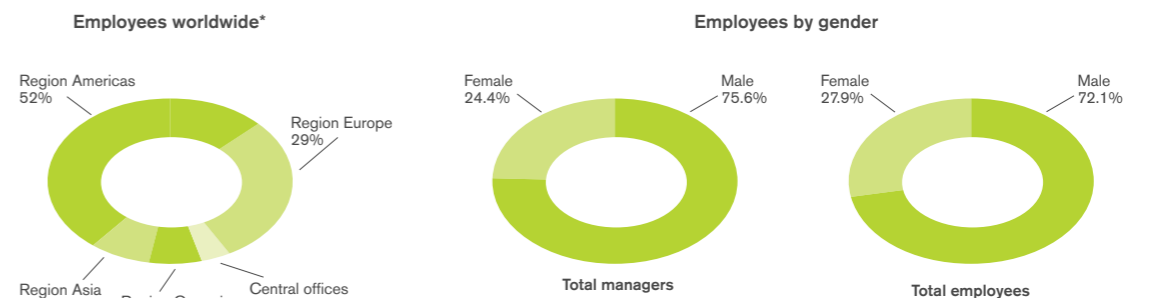
– Annica Setterberg, Head of Global Legal, WWL



Wallenius Wilhelmsen Logistics regards the diversity of our workforce as an invaluable source of experience and creativity that makes us more competitive.



Teaming and collaboration is one of our five company values. We work with colleagues, customers and partners around the world to share ideas and resources in constructive ways.



* These figures include employees of WWL Vehicles Service Americas, who were not included in the figures reported in 2006.

Living our values contributes to sustainability

Who: 50 customer care team members
What: Focusing on excellence
Where: Region Europe

Who: Our offices in Japan and the UK
What: Door-to-door delivery of UK's fastest six-car trains
Where: Kudamatsu, Japan, to Ashford, UK

Who: Rocky Luna
What: Using the sun's heat to melt car window frost
Where: Lafayette, Indiana

Who: Pilot Group
What: Putting performance to the test
Where: Globally

Who: Environment, Health & Safety Team
What: Reducing fuel consumption by 30%
Where: US-based Vehicle Processing Centres

We aim to provide a collaborative workplace environment characterised by mutual respect, inclusiveness, creativity and innovation.

An active, open values-based culture makes Wallenius Wilhelmsen Logistics an attractive employer for highly talented people and strengthens our position as a trustworthy and reliable partner and responsible global corporate citizen.



Customer-centered Excelling at customer care

Wallenius Wilhelmsen Logistics strives to deliver customer care that goes beyond the ordinary. In 2007, the "Excellence in Customer Care" training programme was introduced to our customer care team in Europe. The programme reinforces basic shipping concepts as well as addresses core customer care topics, such as budget and forecasts, cargo allocation and sales support.

"Strengthening customer relationships is achieved by constantly raising our service levels and ensuring optimal exchange of information both internally and externally," explains Delphine Echenique, Global Head of Customer Service.

"Sharing knowledge is a critical part of the programme," says Anna Högberg, Head of Competence Development, Region Europe. "Our 50-strong customer care team now has a better understanding of how they can contribute to customer success."

Teaming and collaboration Delivering Hitachi trains to London and Southeastern Railways

Teamwork is behind the mint-condition delivery of the UK's fastest six-car trains from the Hitachi factory door to the UK railway system.

To provide Hitachi with global support, Peter Lavelle from our UK office worked with colleagues in Japan prior to loading; his Tokyo counterpart Michiya Seki worked with British colleagues to follow through with offloading and delivery.

Hitachi engineers worked with our Tokyo operations team to design custom rubber tyre bogies that ensure safe loading, transport and discharge of the trains.

"Sharing information with our UK colleagues contributed to an optimal solution for Hitachi," says Hiroyuki Matsuda, Wallenius Wilhelmsen Logistics General Manager, NCC Japan Commercial.

"Wallenius Wilhelmsen Logistics was able to deliver what we required. We're very pleased," says Syd Scrace, Project Engineering Manager, Rail Group, Hitachi Europe Ltd.

Innovation Harnessing the power of the sun

Reorienting the Wallenius Wilhelmsen Logistics Vehicle Services Americas' parking lot in Lafayette, Indiana, along an east-to-west axis is a simple idea that saves time and money and reduces environmental impact.

"Flipping the parking lot striping 180 degrees to face the rising sun is a simple measure that helps speed up automotive processing," explains Rocky Luna, Vice President, Inland Distribution & Procurement, WWL Vehicle Services Americas Inc.

Car front windows – instead of rear windows – now face due east. During cold winter months, the rising sun helps melt frost from the windows so that cars waiting to be processed can be driven directly into the vehicle processing centre once the workday begins.

"It's a small measure that makes our work more efficient," adds Luna. "We process around 750 vehicles a day, so over the long run the time and energy saved on each vehicle certainly add up."

Empowerment Promoting performance

Empowering people to take more control over their personal and professional development is the idea behind "People Performance–Even Stronger," a company initiative to improve performance management.

"People in different job functions and different regions tested the concept," explains Harald Folkedahl, Head of Global Change Management and Alignment. "They embraced new performance management tools and welcomed ongoing dialogue with their managers."

People Performance employs the best of our existing performance management framework, but places greater emphasis on business goals, values and leadership. The programme is scheduled for company-wide implementation during 2008.

"I see People Performance as a big change and a big challenge," says Karolina Kjellgren, a Stockholm-based pilot group member. "It will help people understand how achieving individual goals by using our company values will contribute to our company's success."

Stewardship Saving the environment by saving fuel

In 2007, Region Americas set an ambitious inland environmental objective: reduce fuel consumption of the equipment operated at US-based Vehicle Processing Centres by 10%.

Led by Thom Crossno, the Region's Environment, Health & Safety (EHS) Team successfully coordinated efforts to reduce fuel consumption at 10 sites across the US. In fact, the team surpassed its objective by achieving a 30% reduction while processing 12% more units than in 2006.

"We thought we'd stretch to reach a 10% reduction, but found a 30% reduction was easily attainable," beams Crossno, Corporate EHS Manager for Quality and Technical Services at WWL Vehicle Services Americas, who is passionate about his work. "Simple measures, such as turning off equipment when not in use, reduce our carbon footprint and contribute to savings."

A culture of continuous learning

Continuous learning is integral to our company culture and part of our everyday lives. Wallenius Wilhelmsen Logistics supports the growth of our employees by empowering them to take control of their own development through on-the-job training, joint projects, cross-functional collaboration and knowledge sharing. Some highlights from a few learning initiatives that shape our workplace follow.

Talent management

Everyone at Wallenius Wilhelmsen Logistics has talent. Developing and ensuring that talent stays within the company, however, requires hard work. In 2007, we introduced our formal global Talent Management Programme, which provides equal opportunity for all employees to develop their talents.

“Managing talent within our organisation gives our company competitive advantage,” explains Yngve Ulsrod, Head of Human Resources, Region Europe. “As the top talent in Europe, these individuals have the opportunity to take on roles as regional leaders or experts in their respective fields and to compete for business-critical positions globally.”

The programme builds on existing competence development activities, including leadership development, business-specific training and our People Performance process.

People and leadership development

We provide a wealth of opportunities to ensure employee competence, including employee training in values, communications skills and team development, in all regions. For example, in 2007, Region Americas

launched an awareness campaign to engage employees in our five values, five products and our shared history. Region Europe successfully completed “Excellence in customer care,” a specialised programme for the customer service organisation.

Grooming the managers of today into the leaders of tomorrow is the broad objective of the Wallenius Wilhelmsen Logistics leadership development programmes. To ensure ongoing leadership succession, leadership training is conducted globally.

In June, 24 of our leaders with global impact graduated from our 12-month Global Leadership Development Programme. Working with IMD Business School, the programme focuses on enhancing the skills required to be an effective global leader and addresses topics such as strategic management and change, organisational excellence, global mindset, cultural challenge and managing complex global organisations.

Leadership development programmes provide management training in our regions as well. The focus is on developing leaders through personal development, practical leadership tools and sound working methods. Region Oceania, for example, introduced a broader-tiered programme for enhancing management skills for managers and negotiation skills for non-managers. Similar programs were also held in Region Asia. Another example is Region Americas’ leadership internship programme, which helps site managers enhance the specialised skills needed to manage our production teams.

People Performance

We believe that our People Performance process is fundamental to continued business success. During 2007, we developed and successfully piloted “People Performance – Even Stronger,” our new framework for improving management of individual performance by focusing on goals as well as values and leadership. We also want to stimulate continuous development by putting more focus on individual development goals.

People Performance builds on the formal Performance Dialogues between our managers and their direct reports and establishes a clearer link between company values and performance with focus on regular, structured feedback. At the core is the idea that it’s not only *what* you achieve that matters but *how* you achieve it. People Performance will be introduced throughout our company in 2008.

Global traineeship

Nine talented individuals are participating in our 2007/08 Global Traineeship Program, a program aimed at attracting and retaining young people for future management careers. In keeping with the company’s globalisation strategy, trainees are transferred across locations and businesses to gain varied work experience and then placed in challenging positions within the company.

“Competence combined with motivation is what will differentiate us from the competition. If a person wants to grow with us, there are many opportunities.”

– Gro Gotteberg, Vice President, Global Competence Development, WWL



We encourage personal and professional growth based on the belief that developing people’s competence and motivation benefits both our company and the individual.



At the core of our People Performance concept is the idea that it is not only *what* you achieve that matters but *how* you achieve it.

Giving back to the community

Who: Nassry Zamora
What: Daylong Hispanic Youth Leadership Workshop
Where: Woodcliff Lake, NJ

Who: Employees in our Australia offices
What: Business Clean Up Day
Where: Brisbane, Melbourne and Sydney

From inspiring Hispanic youth to providing support for people with burn injuries, we believe a culture of giving helps bring about positive change in our society.



Americas Supporting aspirations of Hispanic youth

Si, habla español, are words that can take you far. This message came as good news to 24 high school and college students who participated in a daylong Hispanic Youth Workshop held at our New Jersey office.

"Having a personal vision of the future was a key theme for the day," says workshop leader Nassry Zamora, Vice President for Human Resources, Wallenius Wilhelmsen Logistics America. "Vision and values supported by solid communications skills are critical for both personal and professional success."

The workshop stressed academic achievement, character building and leadership skills. Real-life inspiration for the bilingual students came from Nassry Zamora, winner of the National Society of Hispanic MBA's award for contributions to the community, and Wallenius Wilhelmsen Logistics accounts payable representative Elias Velarde who hails from Peru.



Oceania Clean up Australia Day

On a bright Tuesday in February, Wallenius Wilhelmsen Logistics participated in the Business Clean Up Day 2007, which is part of Clean Up Australia Day, the largest annual environmental campaign in the country.

The Brisbane, Melbourne and Sydney offices organised three teams of people to clean up sites in each of the three cities. People from all divisions and all levels were involved. In all, 34 people devoted two to three hours of their workday to cleaning up four sites: the area around Brisbane's old Maritime Wharf, Melbourne's Elwood Beach and Westgate Park, and Balls Head Reserve in Sydney.

"Everyone pitched in and the results paid off," says Angela Maher, Marketing Communications Manager for Organisational Development, Oceania. "Clean up Australia is a great way to have fun working together on an environmental initiative as a team and making a difference in our local community."



Wallenius Wilhelmsen Logistics has always been committed to the welfare of the communities in which we operate. We actively support local community organisations through volunteering and charitable giving.

Who: Wallenius Wilhelmsen Logistics China
What: Supporting orphans and the elderly
Where: Beijing, China

Who: 12 women from our Southampton office
What: Race for Life
Where: Southampton, UK

Who: Our New Zealand office
What: Camp for kids with burn injuries
Where: Auckland, New Zealand



Asia Assisting those without family

With Beijing's population topping 17.4 million, it is easy to forget about a few orphans with developmental issues and senior citizens without family to provide care to those who live at the Miyun Welfare Centre, 90 kilometres from the city centre. That's not true of the Wallenius Wilhelmsen Logistics Beijing office.

Upon learning of the centre's need for assistance, colleagues in our Beijing office donated clothing and toys in addition to the funding provided by Wallenius Wilhelmsen Logistics China to purchase cribs, beds, paint, and other essentials.

Charitable giving didn't stop there. Employees spent a weekend of their free time putting a fresh coat of paint on the walls and setting up the new cribs and beds.



Europe Raising money for cancer

The gun sounded and 12 women from Wallenius Wilhelmsen Logistics Southampton toed the starting line for the Race for Life 2007, the UK's largest women-only fundraising event sponsored by Cancer Research UK.

Our dedicated dozen walked, jogged or ran five kilometres, collecting £3,300 to contribute to the £40 million plus raised by 665,000 fellow racers and cancer research supporters.

"Most of us participated either in memory of those we have lost to cancer or in celebration of those who have survived," explains Lyn Halfpenny, Head of Human Resources and Administration, Wallenius Wilhelmsen Logistics UK. "We were racing for the future with the hope that our contribution, however small, could make a difference in helping people beat cancer."



Oceania Helping burn survivors

Children who suffer severe burns often feel marked for life. However, nine burn survivors were marked for fun at the annual children's camp of the Burn Support Group Charitable Trust.

Every year, Wallenius Wilhelmsen Logistics New Zealand is a regular supporter and makes a financial contribution to this voluntary organisation based at Auckland's Middlemore Hospital. The Trust provides support for people who have suffered burn injuries as well as for their families during and after hospitalisation, and it helps with their transition back to normal and satisfying lives within the community.

"Any contribution to making life easier for children and adults with burn injuries is worthwhile," says Angela Maher, Marketing Communications Manager, Oceania.

Strengthening partnerships

Who: Toyota Motors Europe
What: Harbour and vessel tour
Where: Zeebrugge, Belgium

Who: John Deere
What: Mississippi River Cleanup
Where: Moline, Illinois

Whether helping to boost our customers' bottom line or contributing to the common good, we work in close partnership with our customers and other stakeholders.

"We are pleased that a shipping line with such strong environmental credentials as WWL has established its operation in Port Kembla. WWL's commitment to use of cleaner fuels, development of ballast water treatment systems and its vision for green-powered shipping complements the sustainability initiatives of our port community. We look forward to working with WWL to achieve further progress towards sustainability at Port Kembla in the future."

– Dom Figliomeni, CEO, Port Kembla Port Corporation, NSW Australia



Europe Zeebrugge tour for Chernobyl children

Amid the bustle at the Port of Zeebrugge stood 48 children from Chernobyl accompanied by their Belgian foster parents. Many of these children are treated for cancer and other ailments resulting from radiation exposure that still affects the Ukraine city devastated by a nuclear accident 22 years ago.

Here they were treated to a private tour of Belgium's largest port, thanks to a Toyota Motors Europe initiative supported by Wallenius Wilhelmsen Logistics. Climbing aboard the MV Madame Butterfly to view the harbour from the bridge, exploring the main deck and receiving toy cars and trucks as keepsakes of their visit were tour highlights.

"On behalf of Toyota, I would like to express our sincere appreciation to the Wallenius Wilhelmsen Logistics team for making the visit of our Chernobyl guests something to remember," says Koen Vandersteegen, Regional Manager, Vehicle Logistics Group, Toyota Motors Europe.



Americas Teaming up for clean up

Putting more muscle behind our partnership with John Deere took a literal turn when the equipment manufacturer asked Wallenius Wilhelmsen Logistics to join them in the Living Lands and Waters' Xstream Cleanup.

Response was enthusiastic as 15 Wallenius Wilhelmsen Logistics employees stood alongside 25 John Deere staff to haul away more than 2,000 tyres and other debris from Mississippi River sites near Deere headquarters in Moline, Illinois.

"Our company has many things in common with John Deere – our industry-leading positions, our passion for our respective businesses and our drive for complete customer satisfaction," says Doug Peterson, Wallenius Wilhelmsen Logistics Corporate Account Manager for Deere & Company. "We have now taken this a step further to share our passion for environmental responsibility."

Shouldering our economic responsibility

In an increasingly competitive global market, we continue to focus on improving operational efficiency and performance through more efficient use of resources.



Economic responsibility can be defined as our duty to produce transportation and logistics services while providing jobs with fair wages and still earning a profit for our owners.

At Wallenius Wilhelmsen Logistics, we strive to contribute to the economic well-being of and have a positive impact on our stakeholders and the societies in which we operate. Our economic performance has direct and indirect impacts on all of our stakeholders, including customers, partners, employees, suppliers, local governments, non-profit organisations and the communities in which we operate.

To our customers and partners around the world, our economic responsibility entails delivering the most cost-effective transportation and logistics solutions to help them remain competi-

tive. To our employees, our economic responsibility lies in fair wages to maintain decent standards of living; to our suppliers, in fair pay for their financial success.

Our economic responsibility also extends beyond the immediate sphere of operations to the communities in which we work. We contribute generously, both in-kind and monetarily, to charitable and environmental organisations on local, regional, national and international levels.

In an increasingly competitive global market, we continue to focus on

improving operational efficiency and performance through more efficient use of resources. This helps enhance our overall performance and enable us to ensure sustainable development.

As a privately held company whose shares are not traded on the stock market, Wallenius Wilhelmsen Logistics is not required to disclose its finances. However, this report provides a fair presentation of the economic resources that our company allocates to environmental and social responsibility initiatives in accordance with our commitment to the UN Global Compact.

We are part of a strong group

Ownership chart



Glossary

Anti-fouling paints

Used to treat the underwater hull of a vessel to prevent fouling, which reduces vessel speed and increases fuel consumption and emissions. Also known as bottom or hull paints.

Ballast water

Water used to provide stability to a vessel. Causes biodiversity problems when non-indigenous marine organisms are released into new ecosystems.

Ballast water exchange (BWE)

Method of exchanging ballast water on the high seas.

Bilge water

Water contaminated with oil and chemicals, and accumulated in the bilge of a ship.

Biocides

Substances, such as organotin tributyltin (TBT) compounds, that are destructive to many different organisms.

Carbon dioxide (CO₂)

Naturally occurring gas that also forms when fossil fuels are burned. Contributes to global warming.

Cooling agents

General term for substances used in refrigerating plants, such as chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), and hydrofluorocarbons (HFCs).

Environmental management system (EMS)

A management tool for structuring and assuring a company's environmental work.

Fuel cell

An electrochemical energy conversion device that uses hydrogen and oxygen to generate electricity. Its only by-products are water and heat.

Heavy Fuel Oil (HFO)

Fuel that remains after refining crude oil. Has high sulphur levels and its combustion therefore produces harmful sulphur oxide emissions.

International Maritime Organization (IMO)

United Nations agency responsible for improving maritime safety and preventing pollution by ships.

ISO 9001:2000

Global standard for quality management systems developed by the International Organization for Standardization.

ISO 14001:2004

Global standards for environmental management systems developed by the International Organization for Standardization.

Low-sulphur fuel

Alternative fuel with lower sulphur content than heavy fuel oil. Reduces emissions of sulphur dioxide to the air.

Nitrogen oxides (NOx)

General term for NO, N₂O and NO₂ formed at combustion. Cause health problems, acidification, eutrophication and damage to the ozone layer.

SECA - Sulphur Emission Control Areas

Particularly sensitive sea areas where vessels must use fuel with maximum sulphur content of 1.5%.

Sulphur dioxide (SO₂)

Sulphur in the fuel oxidises to form SO₂ when the fuel is combusted. This leads to acidification.

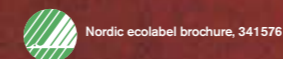
WWF

The global conservation organization.

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From factory to dealer

Wallenius Wilhelmsen Logistics (WWL) is a leading independent provider of global factory-to-dealer transport solutions for the automotive, agricultural and construction equipment industries. The company also specialises in handling complex project cargoes such as railcars, power generators, mining equipment and yachts. WWL's sophisticated supply chain management services

ensure an efficient integration of ocean transportation, inland distribution, terminal handling and a large comprehensive range of specialised technical services.

WWL employs 3,300 people and deploys more than 60 modern eco-friendly car carriers and RoRo vessels, servicing 20 trade routes to five continents. WWL transports 4.3 million

vehicles annually: 2.3 million by sea and 2 million by land. Annual throughput of close to 30 vehicle processing centres is 3 million units. The company has a strong environmental focus and is an industry leader in developing innovative solutions to reduce the impact of its operations on the environment. WWL is owned by Wallenius Lines of Sweden and Wilh. Wilhelmsen of Norway.

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