

Wallenius Wilhelmsen Logistics

Seeing good
works through



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A global perspective

on good citizenship

From the CEO

2006 was a remarkable year for Wallenius Wilhelmsen Logistics. It was the first full year of operation under a new name, which put clear focus on our abilities to provide complete logistics solutions – from factory to dealer. It was the year distinguished for delivering our best performance ever. And 2006 is the year for which we are publishing our first Environmental and Social Responsibility Report.

At Wallenius Wilhelmsen Logistics, we believe in taking responsibility for the broader effects of our operations on the communities in which we work and on the world in general. We are passionate about the integrity and health of our company as well as those of the global community. As proof of our commitment to sustainable development, we signed the United Nations Global Compact in 2006.

Three moments come to mind that embody the spirit of Wallenius Wilhelmsen Logistics and define our company as one that is truly dedicated to good corporate citizenship.

The first is the broad recognition we received as the recipient of Ford Motor Company's Recognition of Achievement Award for Corporate Responsibility, one of the auto-maker's highest honours in its World Excellence Awards programme. This acknowledgement signals our contribution to the greater common good.

The second is the environmental awareness workshop that took place at our Woodcliff Lake, New Jersey,

office (see page 34). Some 65 people took part in a half-day programme tied to our corporate sponsorship of WWF's High Seas Conservation Programme. We are proud of our involvement with and continued support of this worthy cause.

And the third is our sponsorship of Danish healthcare company Novo Nordisk's 'Changing Diabetes Bus World Tour' (see page 53). By providing ocean transportation services to move this large communications vehicle around the world, we feel that we are doing our part to raise awareness about this widespread disease.

These three moments attest to our belief in seeing good works through. Wallenius Wilhelmsen Logistics is committed to adhering to responsible business practices and investing in our people, the communities in which they work and the world in which we live. By doing so, we demonstrate our commitment to people, the planet and prosperity.

This report describes our policies and performance in key areas and explains the measures we are taking to integrate environmental and corporate responsibility into all aspects of our business. We are constantly reassessing our performance and seeking new ways to contribute actively to our global and local communities.



Arild Borgund Iversen
President and CEO

Executive summary

Acting responsibly

Wallenius Wilhelmsen Logistics made solid progress in 2006 toward our goal of becoming the world's leading independent supplier of outbound vehicle logistics services. However, we believe that all companies have a responsibility to consider the broader effects of their operations on their customers, employees and suppliers as well as on the communities in which they do business and on the world in general.

As a provider of logistics services for automotive and rolling equipment manufacturers worldwide, Wallenius Wilhelmsen Logistics plays an important role in the lives of people around the world and the global economy. Our company ensures delivery of cars that provide personal transport solutions, buses and railcars that make public transportation possible, power generation equipment that brings energy to communities, construction equipment that shapes cities and roads and agricultural machinery that helps produce food.

We firmly believe in enhancing the quality of life for all. To that end, Wallenius Wilhelmsen Logistics provides customers with the most reliable, cost-effective means of moving products to the point of sale in the most environmentally and socially conscious manner possible.

This year, we are publishing our first Environmental and Social Responsibility Report to communicate the actions that we, as a signatory of the U.N. Global Compact, have taken in support of this global corporate responsibility initiative (see page 11). We realise that we have much to learn and much more to accomplish. But we are undeterred by the challenges that lie ahead. We are committed to being a company that consistently

and universally works for the greater common good while providing sound solutions for our customers.

A common framework

This report uses the voluntary guidelines established by the Global Reporting Initiative (GRI), an independent, non-profit organisation affiliated with the U.N. Environmental Programme. Recognised as the global standard for sustainability reporting, the GRI guidelines provide a common framework for sustainability reporting based on key performance indicators (KPIs). These measure an organisation's performance in the areas of its economy, environmental care, social responsibility and labour practices and human rights. The guidelines help determine relevant content and performance metrics and are currently in use by 1,000 organisations worldwide. For more information, please refer to www.globalreporting.org.

Scope of report

Through collaboration with URS Corporation, Wallenius Wilhelmsen Logistics identified several KPIs that are relevant to our operations as a provider of global logistics services. This year's report includes information based on these KPIs and establishes the baseline against which we will measure future progress.

Our system for collecting and reporting social, environmental and economic performance data today does not encompass all of our operations. As we increasingly establish reporting systems to cover more of our operations, we will gradually expand the scope of reporting to include all major areas of activity. However, high levels of engagement are already evident throughout our company as demonstrated by the wealth of local and regional initiatives.

Verification

In April 2006, we engaged URS Nordic AB, a subsidiary of URS Corporation, to carry out an independent review of industry best practices and standards, identification of relevant key performance indicators, and development of a viable sustainability management system based on the GRI's reporting framework. The statement of support appears on page 58.

Data in this report is subject to internal verification processes. 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. Once our reporting mechanisms are fully operational, we intend to consider external verification of future reporting.

Information integrity

Wallenius Wilhelmsen Logistics believes that this report accurately represents our company's environmental and social responsibility activities beginning January 1, 2006, and ending December 31, 2006.

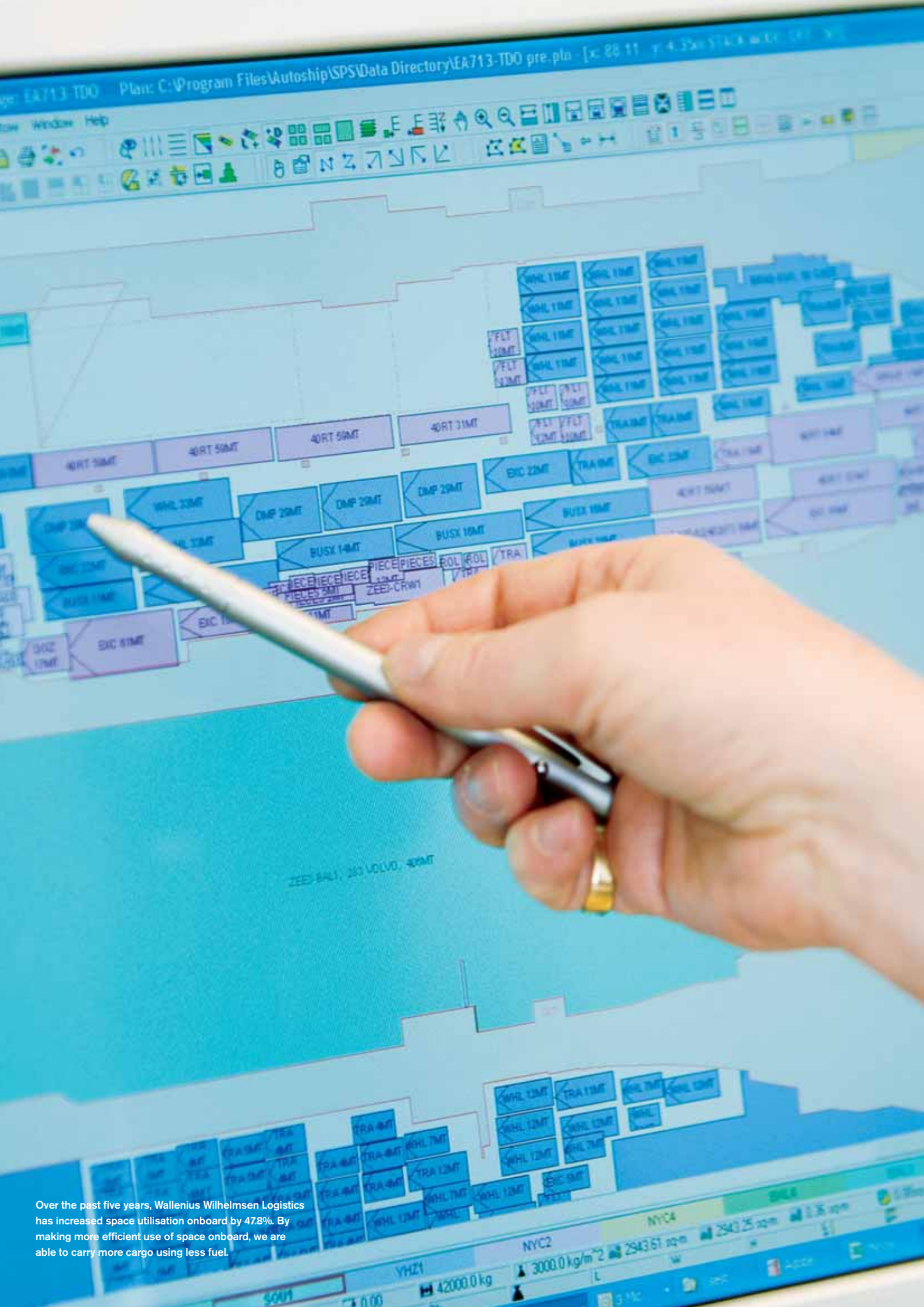
Sustainability information

For further information and views about Wallenius Wilhelmsen Logistics' sustainability work, contact Lena Blomqvist, Vice President, Environment, by email: lena.blomqvist@2wglobal.com.

To us, sustainability means the capacity to operate our business to meet current global needs without compromising the ability of society at large to meet its needs in the future.



As a provider of logistics services for automotive and rolling equipment manufacturers worldwide, Wallenius Wilhelmsen Logistics plays an important role in the lives of people around the world and the global economy.



Over the past five years, Wallenius Wilhelmsen Logistics has increased space utilisation onboard by 47.8%. By making more efficient use of space onboard, we are able to carry more cargo using less fuel.

Achievements and challenges

Achievements

ISO 14001 re-certification	Re-certification of our company's commercial shipping operations according to the updated ISO 14001:2004 standards.
ISO 9001:2000 and ISO 14001:2004	Certification of nine WWL Vehicle Services Americas technical services centres in 10 months.
Low-sulphur fuel	Maintained sulphur content levels at 1.5% for the entire fleet for the third consecutive year.
Vehicle space utilisation	Up 7.5% from 2005 and 47.8% from 2002. The increases indicate more efficient use of space on board our vessels. This results from port rationalisation, schedule rationalisation and feeder/on-carriage solutions to handle growing product volumes using limited available space.
Ford Corporate Responsibility Award	Recipient of the 2005 Recognition of Achievement Award for Corporate Responsibility from Ford Motor Company, which bestowed the award in 2006.
Volvo Ocean Race 2005–2006	Official shipping sponsor providing ocean transportation and logistics support for all race equipment and supplies. Also sponsor of the Ocean Watch Environmental prize, which recognises race crews for their environmental observations.
Global environmental ambassadors	Appointed four environmental ambassadors, one in each region, with the mission of increasing environmental awareness among employees.

Challenges

Increasing demand	As product demand rises, so too does the risk that delivering products from the point of manufacture to the point of purchase will contribute to climate change. Wallenius Wilhelmsen Logistics continues to rationalise operations to meet demand without further increasing the impact of our operations on the environment.
Tight global tonnage	All vessel operators are short of capacity, and the increased demand means that shipyards are full. Wallenius Wilhelmsen Logistics is addressing these challenges through our owners' vessel elongation and newbuilding programmes to increase capacity while minimising environmental impact through smart vessel design.
Supplier compliance	During 2006, we encouraged our key suppliers to adhere to the same high standards of corporate responsibility that we do. However, we realise that we must devote more effort to fostering adherence to high standards for social and environmental responsibility among our suppliers and will develop programmes to support supplier efforts in meeting these standards.
Escalating fuel prices	Rising fuel costs call for additional measures to ensure efficient operations. Wallenius Wilhelmsen Logistics continues to rationalise operations in order to continue to purchase environmentally friendly low-sulphur bunker fuel, even though it costs significantly more than regular heavy fuel oil.
Fuel quality	Although the oil industry is increasing production of low-sulphur fuel oil to meet demand, Wallenius Wilhelmsen Logistics remains vigilant with regard to deterioration in fuel quality. We practise fuel quality monitoring and take fuel samples whenever possible during the bunkering process in order to identify and remedy poor-quality fuel.

Wallenius Wilhelmsen Logistics

At a glance

Wallenius Wilhelmsen Logistics is one of the world's leading independent global providers of outbound logistics services for finished vehicle manufacturers. Our service range consists of supply chain management, ocean transportation, terminal services, technical services and inland distribution. Our operations span the Americas, Asia, Africa, Europe and Oceania.

Ocean transportation

As one of the world's leading providers of intercontinental RoRo (roll-on/roll-off) transportation, Wallenius Wilhelmsen Logistics safely moves 1.5 million vehicles each year to most destinations around the globe on time and on budget.

Supply chain management

Wallenius Wilhelmsen Logistics offers a complete range of outbound vehicle logistics services to optimise the supply chain – from factory to dealer, from factory to port of departure or from port of arrival to dealer.

Terminal services

At marine terminals worldwide, Wallenius Wilhelmsen Logistics offers services to streamline cargo distribu-

tion, handling and processing in order to speed onward transportation. We also provide storage services.

Technical services

To prepare new or used vehicles for final sale, Wallenius Wilhelmsen Logistics offers comprehensive technical services, such as pre-delivery inspection, vehicle modification and maintenance, at accredited service centres around the globe.

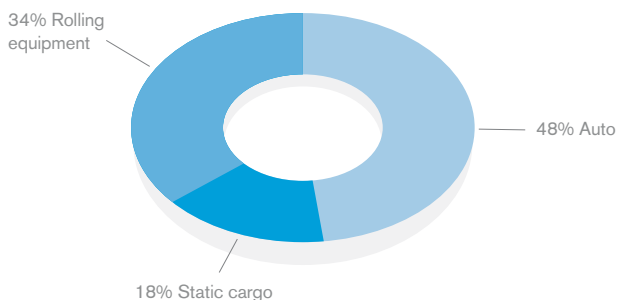
Inland distribution

To move vehicles to the point of sale, our extensive inland transportation network includes distribution services by road, rail, barge and short-sea shipping. Every year, we transport more than three million vehicles to and from factories and ports to dealers.

Key figures 2006

Key figures 2006	
Revenues	
Ocean transportation and supply chain management	\$ 1.6 billion
Terminal services, technical services and inland distribution	\$ 0.9 billion
No. of employees at year end	Approx. 3,200

Main customer segments



Wallenius Wilhelmsen Logistics offers a complete range of outbound vehicle logistics services to optimise the supply chain from factory to dealer.



The world

and our place in it



At Wallenius Wilhelmsen Logistics, we strive to exercise care throughout all aspects of operations.

Being a responsible corporate citizen means taking steps to improve the things that we can control and taking a stance on the broader global issues that we can influence.

At Wallenius Wilhelmsen Logistics, we strive to exercise care throughout all aspects of operations and to promote sustainable business by doing so. We also promote sustainable development on a broader scale by supporting initiatives that foster economic development without depleting natural resources, harming the environment or contributing to social inequalities.

Working for a better world

In December 2006, Wallenius Wilhelmsen Logistics became a signatory of the U.N. Global Compact, and joined nearly 3,000 businesses in 100 countries that participate in the world's largest voluntary corporate responsibility initiative. The Global Compact brings companies together with U.N. agencies, labour and civil society to support universal environmental and social principles.

Through the power of collective action, the Global Compact seeks to promote responsible corporate citizenship so that businesses can be part of the solution to the challenges of globalisation.

Wallenius Wilhelmsen Logistics considers these principles to be a natural extension of our company values and Code of Conduct (see page 45). Through our participation in the Global Compact, we are learning where our company can continue to strengthen its practices.

The ten principles

The Global Compact defines 10 universal principles and asks companies to embrace, support and enact within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

For more information, please refer to www.unglobalcompact.org.



“Business practices rooted in universal values can bring social and economic gains.”

Ban Ki-Moon, Secretary-General of the United Nations

Recognition for our good work

Ford Corporate Responsibility Award

On May 3, 2006, the Ford Motor Company honoured Wallenius Wilhelmsen Logistics for its overall sustainability leadership by bestowing the global logistics company with Ford's 2005 Recognition of Achievement Award for Corporate Responsibility. The award is given to Ford suppliers who impact customer satisfaction by providing significant contributions in the key areas including overall sustainability leadership, environmental and social responsibility and corporate conduct and ethics.

As part of the World Excellence Awards, Ford's highest supplier honours, the automaker acknowledged

Wallenius Wilhelmsen Logistics as a valued partner for the past 30 years and as a leading provider of outbound logistics services for the finished vehicle industry. Our company was recognised for its exemplary performance, innovation, environmentally friendly vessel design and good works in the community.

Only 60 of Ford's global suppliers, mostly manufacturing companies, were presented with World Excellence Awards during the May 2006 award ceremony. Wallenius Wilhelmsen Logistics was the only logistics company to receive the award, and one of two suppliers to be recognised for achievements in the area of corporate responsibility.

Supplier Excellence Silver Award

Wallenius Wilhelmsen Logistics won the 2006 Supplier Excellence Silver Award from Ford Motor Company in Australia. The award acknowledged our contribution in providing greater flexibility to meet changing customer demand and reducing the automaker's logistics costs.

"Our World Excellence Award-winning suppliers are integral in our ability to address the needs of our customers today and tomorrow."

Tony Brown, Senior Vice President,
Global Purchasing, Ford Motor Company



Doing good is part of our daily work. This dedication to high standards resulted in several prestigious annual awards recognising Wallenius Wilhelmsen Logistics for environmental performance, social responsibility and sensitivity to customer needs.

Clean Seas Award

Lloyd's List, one of the world's most authoritative shipping and logistics publications, awarded its prestigious Clean Seas Award 2007 to Wallenius Wilhelmsen Logistics for our environmental efforts during 2006.

The award honours 'a recognisable contribution to the fight towards reducing the pollution of our oceans from maritime sources'.

Wallenius Wilhelmsen Logistics was distinguished for our efforts to cut sulphur dioxide emissions over a five-year period. In 2004 Wallenius Wilhelmsen Logistics became the first major shipping company in the world to use low-sulphur fuel globally.

It is the second year that our company won the award outright, acknowledging our environmental leadership in the maritime field. The Clean Seas Award 2006 recognised our work in envisaging a zero-emission concept car carrier powered by renewable energy and fuel cell technology.

Environment Award

IFW (International Freighting Weekly), Europe's leading weekly transport and logistics publication, bestowed its 2006 Environment Award to Wallenius Wilhelmsen Logistics for 'a defined environmental policy that is not merely a bolt-on, but central to its competitive commercial performance'.

Quest for Quality Award

Readers of the widely-respected U.S. logistics magazine *Logistics Management* voted Wallenius Wilhelmsen Logistics as the overall ocean carrier winner in the publication's annual 'Quest for Quality' competition for delivering the fastest, most reliable service at the right price.



As the recipient of *IFW's* 2006 Environment Award, Wallenius Wilhelmsen Logistics was recognised for 'a defined environmental policy that is not merely a bolt-on, but central to its competitive commercial performance'.

Environmental care

Where actions speak louder than words

ENVIRONMENT

What we do is far more important than what we say. We believe that the world will pay much more attention to what Wallenius Wilhelmsen Logistics is doing for the environment than what we say we will do. We live up to our word, and we uphold our commitments. In this section you'll see how we incorporate environmental good practices into our operations.

About our environmental work

Raising awareness of environmental issues has been an important item on our company's agenda. This year, we worked to increase awareness both inside our company and outside of it.

We were successful on both counts, thanks to publishing more environmental news on our company intranet, appointing regional environmental ambassadors to encourage more local activities, continuing our sponsorship of WWF's High Seas Conservation Programme and providing a forum for international journalists to learn more about what the marine industry is doing with regard to environmental issues.

We also did our part to reduce our company's carbon dioxide footprint and encourage individuals and other stakeholders to do the same. This section contains an account of the measures we are taking to minimise emissions to air and discharges to water as well as to exercise environmental care throughout our operations.

By continually raising company standards for environmental care, I believe that we can and do make a difference.



Lena Blomqvist
Vice President, Environment
Corporate Affairs



MENTAL STATION

Broadening the scope of influence

Low-sulphur fuel

Since 2004, Wallenius Wilhelmsen Logistics has operated our global fleet using fuel that has only 1.5% sulphur content, well below global standards. While low-sulphur fuel costs more than regular bunker oil, we sincerely believe that the investment is worthwhile. By using low-sulphur fuel, we reduced our company's contribution to sulphur oxide emissions by 75,000 tonnes over the past five years. This is equivalent to the amount of sulphur dioxide emitted by the city of London with its seven million inhabitants over a five-year period.

Wallenius Wilhelmsen Logistics has global trade routes, and is therefore dependent on the worldwide availability of quality low-sulphur fuel oil. However, sufficient quantities of low-sulphur fuel have proven to be limited. Low-sulphur fuel has been easily accessible in Europe and, to some extent, in Singapore and on the U.S. East Coast. However, it is becoming increasingly difficult to secure an

adequate supply to operate Wallenius Wilhelmsen Logistics vessels. This is due to growing demand as more shipping companies are now buying low-sulphur fuel to meet new International Maritime Organization (IMO) regulations for sulphur dioxide emissions that took effect in 2006 for certain particularly sensitive sea areas.

During 2007, IMO and European Union (E.U.) regulations will require the use of low-sulphur fuels in additional areas. Therefore, the availability of low-sulphur fuel oil must increase. Wallenius Wilhelmsen Logistics actively encourages fuel oil suppliers to produce sufficient quantities for our use as well as the use of other ship owners.

Ballast water treatment

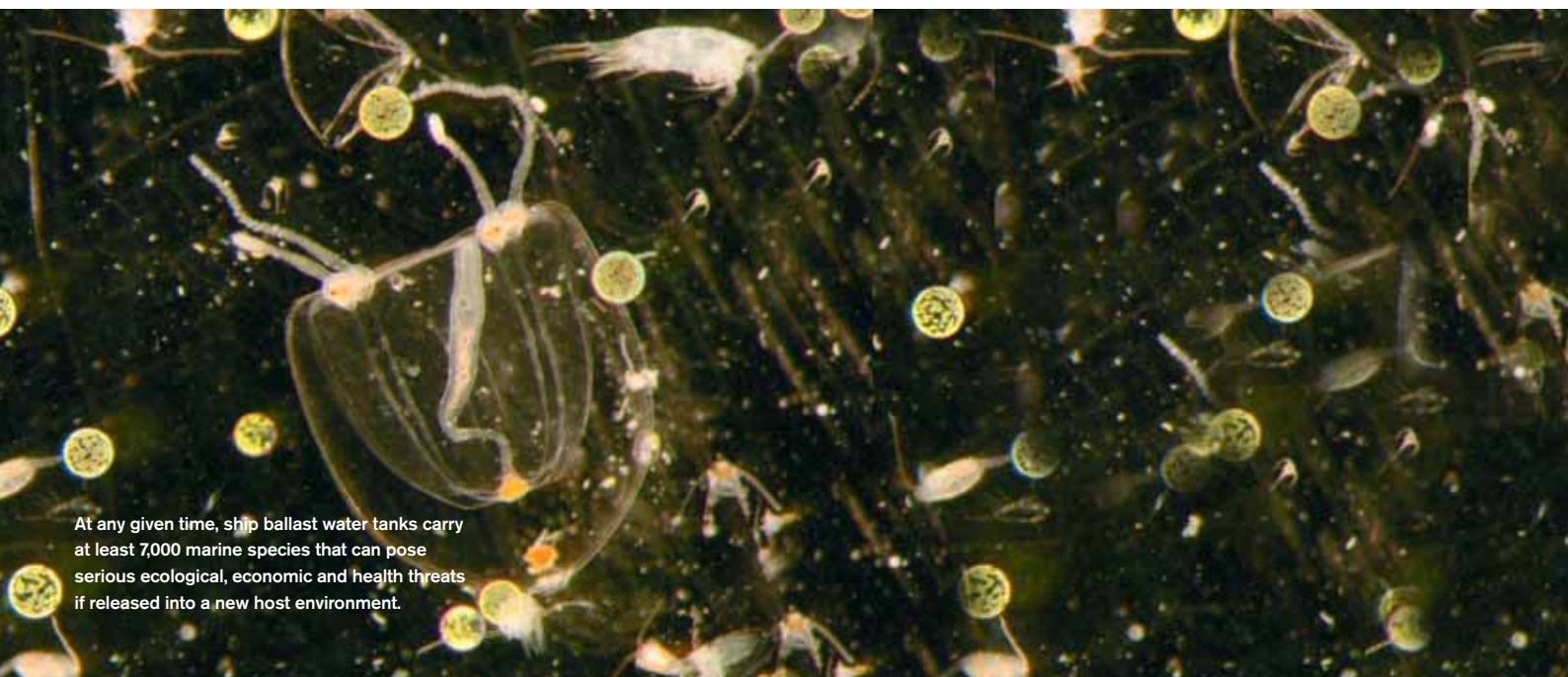
The IMO has identified ship ballast water as one of the four major threats to the world's oceans. Each year, the world's fleet carries an estimated three to five billion tonnes of ballast water to provide balance and stability.



PureBallast is a chemical-free system for removing potentially invasive species from ship ballast water.

At any given time, ship ballast water tanks carry at least 7,000 marine species that can pose serious ecological, economical and health threats if released untreated into a new host environment.

Since 2003, Wallenius Wilhelmsen Logistics has been testing a full-scale prototype of a new ballast water treatment system called PureBallast aboard the *MV Don Quijote*. Developed by Wallenius Water AB in cooperation with Alfa Laval, PureBallast is a chemical-free system for removing potentially invasive species from ship ballast water.



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Based on the favourable results, the PureBallast system is now installed on the *MV Aida* and there are plans to install the system on future new-buildings. PureBallast became commercially available in December 2006, well before the new IMO regulations on ballast water treatment take effect in 2009. The product is owned by AlfaWall, which is a joint venture between Wallenius Water and Alfa Laval, and is sold and distributed through Alfa Laval's global organisation.

High seas conservation

Wallenius Wilhelmsen Logistics has been actively involved in high seas conservation through its sponsorship of WWF's High Seas Conservation Programme. Because the high seas do not fall under the legal jurisdiction of any nation state, they remain largely unregulated. Through its collaboration with WWF, our company is helping establish an international legal framework and increase awareness of the need for high seas conservation.

By funding WWF's contribution to a High Seas Task Force report on illegal fishing, Wallenius Wilhelmsen Logistics helped fisheries ministers and non-governmental organisations address the global problem of over-fishing, also identified by the IMO as one of the four major threats to the world's oceans. In March 2006, the task force published a 116-page report entitled 'Closing the Net: Stopping Illegal Fishing on the High Seas', which details nine practical initiatives to curb illegal fishing.

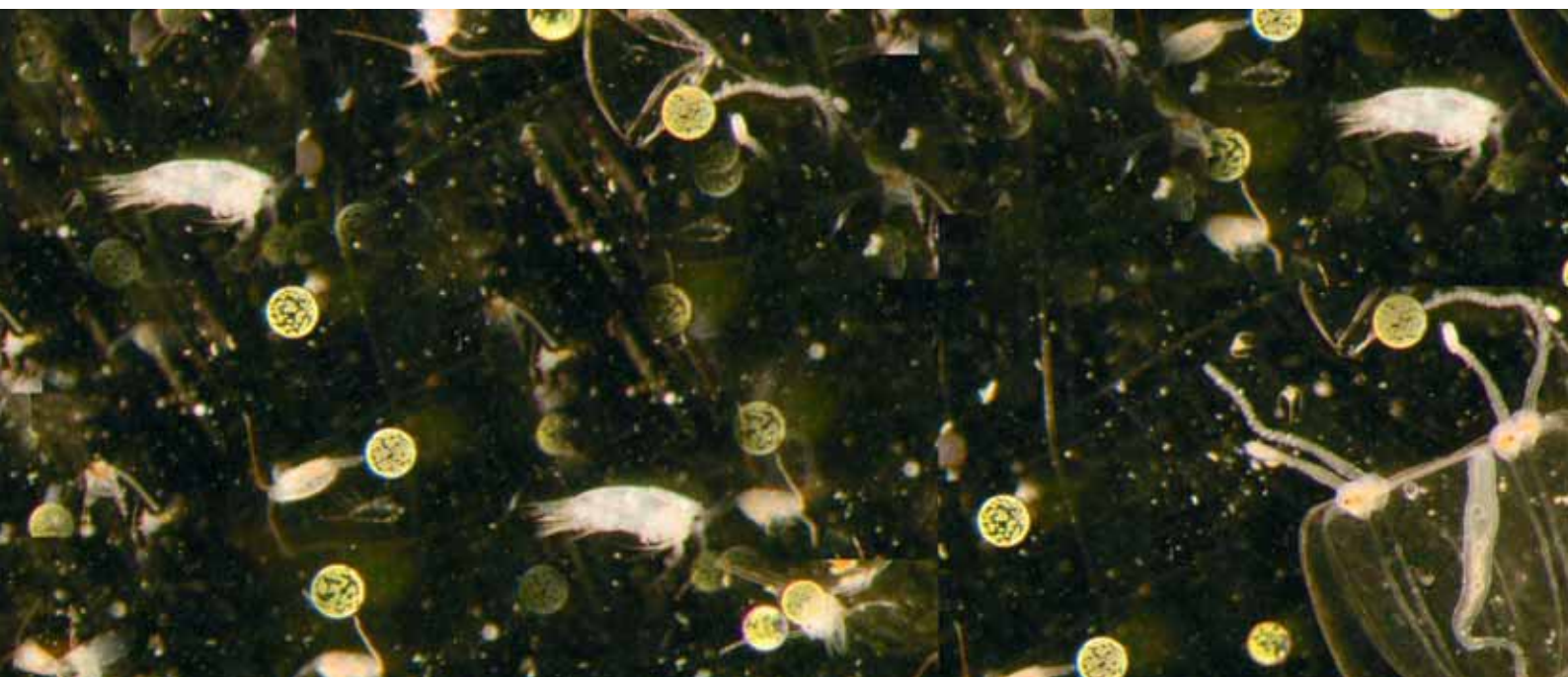
Investigating alternative energy sources

Wallenius Wilhelmsen Logistics and our owners share the belief that the future of the shipping industry lies in the utilisation of the alternative energy sources. To that end, Wallenius Marine is involved in an EU-funded project together with marine engine manufacturer Wärtsilä, Lloyd's Register, Det Norske Veritas (DNV) and the University of Genoa.

The three-phase renewable energy project aims to develop the use of fuel cell technology to provide an auxiliary power system for marine vessels. Much of the energy production on board requires the use of fossil fuel auxiliary engines. Shifting production to fuel cell technology will provide a cleaner energy source.

The first phase resulted in a decision to use solid oxide fuel cells to generate electricity using methanol fuel. Phase two will address validation issues, using a laboratory- and factory-tested 20 kW prototype installed aboard a Wallenius Marine car carrier. Phase three will test the safety and reliability of a larger 250 kW unit.

Although our company has traditionally demonstrated strong environmental values within its ocean transportation business segment, we are gradually expanding our efforts to include other business segments and working to influence our supplier relationships.



Environmental policy

Our environmental objectives

Our stated policy aims not only to meet international regulations but where possible to stay that critical step ahead of them. A complete summary of our company's environmental objectives may be found at www.2wglobal.com/environment. These objectives include:

- Reduction of fuel consumption/energy per transported unit (fuel used/cubic metre).
- Reduction of fuel consumption by 10% by end of 2009. Measured in grams/tonne km.
- Reduction of CO₂ emissions per transported unit (grams/tonne km) by 10% by end of 2009.
- Reduction of NO_x emissions by 25% per transported unit (grams/tonne km) by end of 2008.
- Maintain the level of sulphur content in bunker fuel at 1.5% throughout 2007.
- Reduction of separated bilge water to the limit of 5 parts per million by end of 2008.
- Minimising the impact of released ballast water through the continued use of the Ballast Water Exchange method, where applicable, and proactively monitoring future directives on ballast water equipment.
- All newbuildings and existing ships will have a Green Passport or similar by the end of 2010 (see page 30).
- 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 is committed to complying with both national and international environmental legislation and other requirements. In September 2006, external auditors Det Norske Veritas (DNV) approved Wallenius Wilhelmsen Logistics for

ISO 14001:2004 certification for the commercial operations of our worldwide shipping services. ISO stands for the International Organization for Standardization, a network of national standards institutes recognised for establishing global standards. Wallenius Wilhelmsen Logistics first received approval for ISO certification in 2003.

In October 2006, nine of our U.S. technical services centres were approved for ISO 9001:2000 and ISO 14001:2004 certification (see page 27).

Environmental organisation

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

Head offices. The Environmental Committee at our head office in Lysaker, Norway, supports our company's environmental work by identifying initiatives: to increase awareness related to the protection of the environment; to influence processes and systems in order to reduce consumption of consumables such as paper, plastic and electricity; and to consider the effects of corporate policy for company cars, travel and other areas on the environment.

The committee consists of six employees from various divisions, and meets four to six times a year. As of April 2007, an Environmental Committee at our Stockholm head office will be operational.

Regional ambassadors. To engage employees in environmental activities at the regional and local levels, Wallenius Wilhelmsen Logistics has appointed four environmental



Our environmental ambassadors at their meeting in October 2006.

ambassadors to manage related concerns in the Americas, Asia, Europe and Oceania. The regional team met for the first time during 2006 to discuss issues and plan for the upcoming year. The group also attended an International Marine Awareness Course arranged by ProSea, an independent, non-profit educational foundation.

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

As a major supplier of transportation and logistics services, Wallenius Wilhelmsen Logistics has a responsibility to decrease the environmental impact of our activities. Wallenius Wilhelmsen Logistics works hard to minimise the environmental impact of our operations by improving efficiency and investing in innovative technology at the local, regional, national and international levels.



Wallenius Wilhelmsen Logistics truly cares about the environment and requires all employees to learn more about our environmental policy and programme.

Ocean transportation

from port to port

Combustion of fuel onboard vessels contributes not only to global climate change, but also to acid rain, ground- and sea-level ozone and eutrophication – the over-enrichment with nutrients of our lakes, rivers and nearby coastal waters. The combustion of fossil fuels also influences nearby coastal areas, where it impacts the environment and human health.

For these reasons, Wallenius Wilhelmsen Logistics monitors all atmospheric emissions from our vessels and is constantly working to reduce fuel consumption and thereby reduce emissions. Our company has pollution prevention programmes in place to reduce emissions of sulphur dioxide, nitrogen oxides and carbon dioxide for all of the vessels that we operate. Wallenius Wilhelmsen Logistics operates pure car and truck carriers (PCTCs) and RoRo vessels.

The average age of the vessels is 14 years and the average speed is 17 knots. During 2006, one PCTC was detained for 43 hours due to a malfunctioning radio receiver.

Reducing CO₂ emissions

Reducing the carbon dioxide emissions that result from fuel consumption will help mitigate the effects of climate change. Between 2001 and 2006, Wallenius Wilhelmsen Logistics reduced carbon dioxide emissions in tonnes per transported unit from the operation of its vessels by 11.5%. The reduction of carbon dioxide emissions in grams per tonne kilometre between 2004 and 2006 was 11.4%.

Reducing fuel consumption

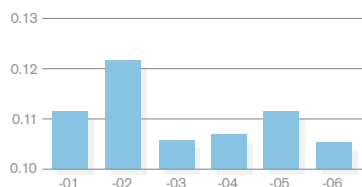
Between 2001 and 2006, Wallenius Wilhelmsen Logistics reduced the average fuel consumption per transported unit by 11.5%. Since

2004, we have also monitored the average fuel consumption of the vessels that we operate in tonnes per day and the average fuel use in grams per tonne kilometre. Between 2004 and 2006, we reduced fuel consumption on both counts by 2.9% and 11.4%, respectively.

Reducing SO_x emissions

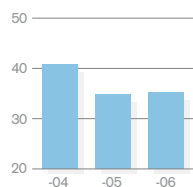
Reducing the sulphur content of bunker oil is essential for reducing emissions of SO_x gases and particles. Throughout 2006, Wallenius Wilhelmsen Logistics maintained its target – achieved in 2004 – of only using fuel with a maximum sulphur content of 1.5% instead of the global average of 2.7%. In addition, while at berth, most vessels run their auxiliary engines (power generators) on marine diesel oil (MDO), which contains significantly less sulphur than heavy fuel oil (HFO).

CO₂ emissions in tonnes per transported unit (cbm)



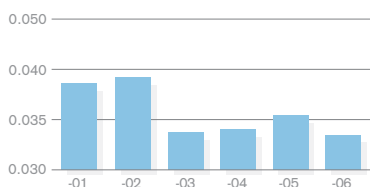
Total reduction of 11.5% between 2001 and 2006.

CO₂ emissions (in grams/tonne km)



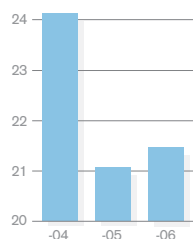
Total reduction of 11.4% between 2004 and 2006.

Fuel used in tonnes per transported unit (cbm)



Total reduction of 11.5% between 2001 and 2006.

Average fuel used (in grams/tonne km)



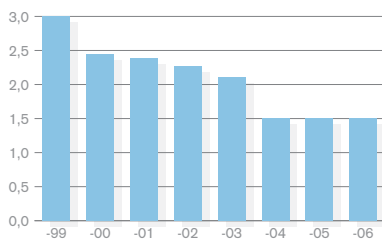
Total reduction of 11.4% between 2004 and 2006.



All newbuildings are designed to carry more vehicles and equipment using less fuel, thereby reducing emissions.

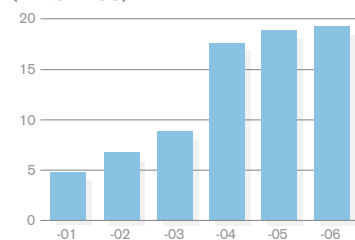
Wallenius Wilhelmsen Logistics reduced carbon dioxide emissions resulting from the operation of our vessels by 11.5% in tonnes per transported unit over a six-year period and by 11.4% in grams per tonne kilometre over a three-year period.

Average sulphur content in fuel



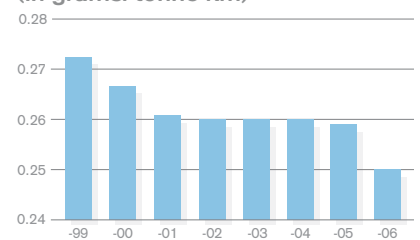
Total sulphur content in fuel: 1.5%.

SO₂ emissions reduction (in tonnes)



Total reduction of 74% between 2001 and 2006.

NO_x emissions reduction (in grams/tonne km)



Total reduction of 8.4% between 1999 and 2006.

Reducing NO_x emissions

Emissions of nitrogen oxides (NO_x) were reduced by 8.4% between 1999 and 2006. Reductions have been achieved through the installation of sliding-type fuel injection valves on a total of 18 vessels, four of which were refitted during 2006.

In addition, our owners refitted one of our vessels with a WetPac system, formerly known as CASS, which is short for Combustion Air Saturation System. The system captures NO_x emissions from the auxiliary engine's airstream before air is released into the atmosphere, and is expected to

contribute to a 20% reduction of NO_x emissions. The WetPac system will be installed on a total of 17 vessels over the course of the next two years.

Other measures

Bilge water: 67% of the vessels meet the 5 ppm standard. This represents a 6% increase over the number of vessels meeting the standard in 2005.

Chemicals: Most vessels use an approved list of chemicals. The remaining vessels will gradually replace chemicals on board with more environmentally friendly variants.

Biodegradable oils: Four vessels now use biodegradable oil in the ship hydraulic systems. Fourteen vessels use biodegradable oil in the stern tubes. Biodegradable oils will be used in all newbuildings, and as replacement oils for existing vessels.

Cooling agents: An 11.2% reduction in the use of cooling agents was achieved between 2005 and 2006. This exceeded our goal for a 10% reduction by year end 2006. A new target of a further reduction of 25% has been set for year end 2009.

Wallenius Wilhelmsen Logistics Fleet				
Vessel type	Number*		Flags*	Number*
PCTC	28		Sweden	15
PCTC elongated	5		Singapore	10
RoRo	13		Norway	15
			United Kingdom	5
			Bahamas	1

* Note: The vessels included here are those that are owned by Wallenius Lines and Wih. Wilhelmsen. During 2006, Wallenius Wilhelmsen Logistics also chartered an additional 10-15 vessels on both long- and short-term bases. Any vessel chartered for a year or more is treated as our own vessel and is therefore included in our company's low-sulphur fuel policy. All chartered vessel owners must complete our company's environmental questionnaire and provide information on the vessel's environmental status.

Supply chain management at our offices

Our offices are the centres of activity for much of our operations, including all five of our business areas, but primarily for our supply chain management and ocean transportation services. We have identified these key performance indicators in relation to the operations of our offices: direct energy consumption, energy efficiency, paper consumption and hazardous and non-hazardous waste.

Energy efficiency

Wallenius Wilhelmsen Logistics encourages energy efficiency at our offices. Most offices currently practise simple ways to reduce energy consumption, including:

- switching to more energy-efficient light bulbs;
- turning off lights and computers when leaving the office;
- switching off computer monitors when on lunch break or away at a meeting; and
- 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.

Paper consumption

Reducing paper consumption is an ongoing company-wide environmental activity. Used paper is recycled at our offices, but we are advocating measures to achieve a higher percentage of paper recycling.

We are making a concerted effort to reduce paper consumption across the board. For instance, double-sided printing is a simple measure that can produce huge results, as demonstrated by our Melbourne office. Thanks to a suggestion from Mike Wityk, Wallenius Wilhelmsen Logistics import and export documentation provided to customers and for internal usage is



Wallenius Wilhelmsen Logistics offices make an effort to reduce paper consumption by printing on both sides of a sheet of paper.

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

now printed on both sides of a sheet of paper.

This measure reduced paper consumption of the Oceania Regional Documentation Unit by 50%, from an estimated 36,700 sheets of paper to approximately 18,400 sheets. This effectively saves nearly 37 reams of paper per year. According to a widely used equation one ream, or 500 sheets, of paper uses approximately 6% of a tree.

Our other offices also use similar paper-saving measures since double-sided printing is possible on most company printers and copiers. Additional green measures, such as replacing paper or plastic coffee cups with ceramic mugs, are also commonplace within our company.

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. Wallenius Wilhelmsen Logistics Norway has taken recycling one step further. By donating its used computers to Fair Allocation of Infotech Resources (FAIR), our head office in Lysaker, Norway, helps bridge the gap between developing countries and the developed world. FAIR is an international Oslo-based non-governmental organisation that aids developing countries by supplying information and communication technology resources to schools in Eritrea, Kenya, Gambia, Tanzania, Uganda, Sri Lanka, Georgia, Romania and the Dominican Republic.

In 2006, Wallenius Wilhelmsen Logistics Norway donated all its retired computers, for a total of 86 computer hard disk drives. Employees may also

donate their home computers to FAIR. The head office in Stockholm, Sweden, is considering joining the efforts of our Norwegian colleagues during 2007.

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 for company cars stating that all employees who drive company cars must replace them with greener vehicles, whether smaller and/or more fuel-efficient. During 2006, Region Americas invested in three hybrid cars for use by its executive management team as an emissions-reducing measure.

Region Europe has a similar green car policy in place, and the head office in Norway purchased an electric vehicle for employee use (see page 39). Wallenius Wilhelmsen Logistics is investigating the implications of implementing a similar provision for replacement cars on a global basis.

Offices						
Region	No. of offices	Direct energy consumption (in GJ)	Paper consumption (in kilos)	% of paper recycled	Hazardous waste (in tonnes)	Non-hazardous waste (in tonnes)
Australia	2	Not available	3,108	36	0	1.3
Europe	10	3,092	25,048	60	0	Not available
Asia	8	1,317	6,510	62	0	Not available
Americas*	1	4,523	6,940	100	Not available	Not available

* Note: For 2006, these figures only reflect operations in the Woodcliff Lake, New Jersey, office.

Terminal services between land and sea

Wallenius Wilhelmsen Logistics owns and operates shipping terminals in Baltimore, Maryland, U.S., in Southampton, U.K., in Zeebrugge, Belgium, and in Kotka, Finland. We own and operate three other terminals; however, these are not included in this year's report. We identified these key performance indicators in relation to the operations of our terminals.

Direct energy consumption

The total direct energy consumption of the terminals is directly related to the size and operations of the buildings and warehouse facilities. During 2006, data collection systems were implemented in all terminals except for the Kotka Terminal. Reporting mechanisms are now in place at

all terminals, and a baseline will be established for 2007.

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 2006 is limited, and sanitary and domestic water use by employees is not included. For future reporting, we will focus on addressing, monitoring and controlling consumption at the local level.

Impact on biodiversity

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

Mid-Atlantic Terminal. Operations at the Baltimore, Maryland, terminal 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. Our company is 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 Terminal. One of the major deep-water ports in Britain for vehicle import and export, this U.K. terminal has no significant impact on biodiversity along the surrounding

Our environmental performance at our terminals is based on direct energy consumption, water use, impact on biodiversity, indirect CO₂ emissions, oil spills and energy efficiency.



Wallenius Wilhelmsen Logistics is working to make operations more sustainable at the four shipping terminals that our company owns and operates.

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 Terminal. 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.

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

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 can fall outside the scope of 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.

For instance, in a move to curb emissions from its cargo-handling equipment used at terminals, Wallenius Wilhelmsen Logistics

ordered 11 RoRo trucks and seven terminal tractors from Kalmar Industries, a leading global provider of cargo-handling equipment. All of the machines have environmentally friendly diesel engines equipped with catalytic exhaust gas purification systems, which significantly reduce emissions.

Specially developed to meet the demands of green onboard cargo handling, the new trucks and tractors contribute to Wallenius Wilhelmsen Logistics' philosophy of making operations more sustainable while helping to increase operational efficiency and safety.

Oil spills

Incidental oil spills are commonplace in heavily trafficked areas, such as shipping terminals. During 2006, the Southampton Terminal was the only one of our terminals that experienced such incidental hydraulic oil spills from transporters frequenting the terminal. When such incidents occur, Wallenius Wilhelmsen Logistics ensures that cleaning is undertaken and reports are sent to the appropriate Port Authorities.

Energy efficiency

Wallenius Wilhelmsen Logistics is working to reduce energy consumption through various initiatives. These include the reduction of truck waiting



Bikes are a popular and environmentally friendly way to move around our terminals.

times for loading and unloading cargo and minimising vehicle and equipment idling times.

We are also increasing the use of fuel-efficient biodiesel vehicles and promoting the use of bicycles, whenever practical, as a mode of transport. At our 40-hectare terminal in Zeebrugge and the 15-hectare terminal in Southampton, employees can bike around the sites as an alternative to driving fuel-efficient vehicles.

Looking ahead

For 2007, Wallenius Wilhelmsen Logistics intends to secure approval for ISO 14001:2004 certification for one terminal.

Terminals					
Sites	Direct energy consumption (GJ)	Water usage (in cbm)	Impact on biodiversity	Indirect CO ₂ emissions	Oil spills
Baltimore	128,568	0	See above	Not available	0
Southampton	378	70	None	Not available	Incidental
Zeebrugge	2,055	0	See above	Not available	0
Kotka	Not available	0	None	Not available	0

Technical services

preparing for the market

Wallenius Wilhelmsen Logistics operates 26 technical service facilities around the world. Some facilities are owned or leased by our company, while others are in-plant facilities that we operate at customer sites.

For reporting purposes, 23 facilities in the Americas, Europe (Germany) and Oceania (Australia) are included. The three remaining facilities are located in Asia, and we have since opened a facility in the Republic of South Africa.

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 cycle from purchase, use and through disposal.

These key performance indicators 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 2006.

Direct energy consumption

We are exploring various ways to reduce energy consumption at the centres. Two facilities in the U.S., for example, have installed new lighting

systems that raise energy efficiency by 25%. Another measure under investigation is the purchase and use of more energy-efficient tooling.

Water use

Total water consumption for the technical service centres amounted to 30,098 cubic metres for 2006, with the facilities in Germany 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



We ensure that safety, health and environmental measures are taken into consideration during the entire product cycle.

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

to its national water shortage. To meet demand and avoid shortages, we are conducting a pilot programme at our Port Kembla, Australia, site where the use of recycled water is the centrepiece of a water conservation programme.

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 2006, the total amount of waste from the technical service centres amounted to 675 tonnes, of which 551 tonnes was

hazardous waste, such as oil, paint and other chemicals, and 124 tonnes was non-hazardous waste.

Waste is recycled, reused, incinerated or composted. 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. Downstream we ensure the separation and proper disposal of hazardous material and the recycling of metal, stretch wrap, corrugated cardboard and timber packaging. The removal of paper hand towels from facility lavatories and replacement with electric hand

dryers and roll-up towel machines is another measure undertaken to reduce waste.

“What is good for the environment is also good for business.”

Thom Crossno, corporate environment, health and safety manager at WWL Vehicle Services Americas, Inc.

ISO certification in North America

Ten months was all it took to certify nine Wallenius Wilhelmsen Logistics technical services centres in North America in accordance with the ISO 9001:2000 quality management and ISO 14001:2004 environmental management standards.

When the decision was made in January to seek ISO certification, WWL Vehicle Services America decided to be aggressive in their approach and enlisted the help of Underwriters Laboratories (UL) Inc., an independent certification organisation. When UL made their pre-assessment review, only minor non-conformance was noted. This was immediately corrected, and by October 2006, approval for certification according to both ISO management standards was in hand.

The certification was achieved in record time largely due to the fact that WWL Vehicle Services America, the Americas-based technical services arm of Wallenius Wilhelmsen Logistics, already had a quality management system in place. In addition, there was useful clarification of roles and responsibilities throughout the organisation, which contributed to a true team effort involving a great many people.

Covered under the ISO certification are one Canadian facility in Delta, British Columbia, and eight others in the U.S., including Port Hueneme, California; Wilmington, California; Jacksonville, Florida; Brunswick, Georgia; Lafayette, Indiana; Canton, Mississippi; Smyrna, Tennessee; and Newport News, Virginia.

While environmental stewardship was a key factor behind WWL Vehicle Services Americas' interest in seeking ISO certification, it was far from the only business drive. “ISO certification helps us comply with customer requirements as well as grow our business by attracting new customers,” says Thom Crossno, corporate environment, health and safety manager at WWL Vehicle Services Americas, Inc.

WWL Vehicle Services Americas plans to bring five additional technical centres online during 2007. These include the Baltimore, Maryland, facility at the Mid-Atlantic Terminal in the U.S. and four Mexican facilities in Chicalote, Monterrey, Saltillo and Toluca.

Inland distribution

moving to the point of sale

Wallenius Wilhelmsen Logistics is continuously striving to reduce the environmental impact of transporting vehicles from the manufacturing facility to the port of departure and from the port of arrival to the dealer. Reducing fuel consumption and emissions are two major goals of our environmental efforts for inland transportation.

In all regions except in Europe and in Thailand, we rely on subcontractors for providing inland transportation services. These subcontractors are evaluated for environmental performance based on our company standards. In Europe, our subsidiary Wallenius Wilhelmsen Logistics Vehicle

Services Europe is responsible for providing inland transportation services and manages a fleet of 340 specialised car transporters. Of these, 97 are owned and operated by our company. Wallenius Wilhelmsen Logistics Vehicle Services Thailand manages a fleet of 15 car transporters. Of these, 10 are owned and operated by our company and five are leased.

Wallenius Wilhelmsen Logistics Vehicle Services Europe consists of three centres: Wallenius Wilhelmsen Logistics Germany; Wallenius Wilhelmsen Logistics Poland; and Wallenius Wilhelmsen Logistics Spain. During 2006, our sustainability management system was operational

for our operations in Germany and in Thailand. We are working to put the system into place for our operations in Poland and Spain.

Reducing fuel consumption

During 2006, Wallenius Wilhelmsen Logistics was responsible for driving the 97 heavy trucks in the German fleet a total of 10.4 million kilometres and 15 heavy trucks in the Thai fleet a total of 2.4 million kilometres. The total fuel consumption for the German fleet is 2.1 million litres of diesel fuel and 1.7 million litres of biofuel; the average fuel consumption rating per 100 kilometres is 36.8 litres. The total fuel consumption for the Thai fleet is 800,000 litres of



A German instructor teaches fuel-efficient driving techniques to local drivers in Thailand.

In Europe, all trucks equipped with engines that met Euro 4 standards have been replaced with engines that meet Euro 5 standards, which enable the use of biodiesel fuel and further reduce nitrogen oxide emissions.

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 German 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.

A German instructor has been dispatched to Thailand for a one-year period with a view to educate local drivers about fuel-efficient driving techniques as well as train a local instructor to take over driver education responsibilities.

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 undertaken. Of the 97 trucks in our European fleet, nine of them currently have Euro2 engines, 56 Euro3 engines, and 32 Euro5 engines. The average age of the fleet is 2.8 years.

In Europe, all trucks equipped with engines that met Euro4 standards have been replaced with engines that meet Euro5 standards, which enable the use of biodiesel fuel and further reduce 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 published in December 2006 by the European Parliament calling for a further reduction in nitrogen oxide emissions by 2014.

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



Wallenius Wilhelmsen Logistics upgrades our fleet with engines that meet more stringent emissions standards.

Inland Distribution (Vehicle Services in Germany and Thailand)							
Country	Total number of trucks	Age of fleet in years	Engine types	Average fuel consumption (Litre/100km)	Total fuel consumption million litres	Distance driven (in millions of km)	Direct energy consumption (GJ)
Germany	97	2.8	9 Euro2 56 Euro3 32 Euro5	36.8	2.1 diesel 1.7 bio fuel	10.4	114,078
Thailand	15	4	Thai national regulation	31.1	0.8 diesel	2.4	Not available

cradle-to-grave philosophy

Always on the lookout for ways to make operations more environmentally sound, Wallenius Wilhelmsen Logistics has adopted a greener cradle-to-grave philosophy for our PCTCs and RoRo vessels.

Newbuildings

During 2006, seven newbuildings were put into service with modern designs, improved engines and enhanced propulsion systems, which combine to reduce overall fuel consumption by 10 to 15%. Two of the ships feature more efficiently designed decks that provide a 13% gain in cargo-carrying capacity yet still deliver significant emissions reductions per transported unit. One newbuilding has a modern ballast water treatment system installed on board and another is prepared for system installation.

Vessel elongation

The commitment of Wallenius Wilhelmsen Logistics and our owners to reducing emissions is huge, so huge, in fact, that the companies deem the re-design of entire vessels an environmental and commercial necessity.

During 2005-2006, five 200-metre vessels were cut in two and a 28-metre section was added to each of the vessels, thereby increasing ship cargo capacity by 20% to match the standards of today's larger-capacity vessels. Although fuel consumption is slightly higher than before, the elongated vessels with their improved cargo capacity reduce the amount of emissions released by as much as 14% per transported vehicle.

Weather routing

In light of increasingly turbulent oceanic conditions around the world, weather routing systems are now an essential piece of onboard equipment. Not only do they help bridge personnel to navigate safely around the world and through bad weather, but they also offer additional benefits including crew and cargo safety and reduced fuel consumption.

Wallenius Wilhelmsen Logistics' owners are considering the installation of such systems on most of the vessels in our fleet. These systems from the Swedish Meteorological and Hydrological Institute Weather Routing complement the masters' own seamanship and professional skills and bring the highest level of safety in terms of equipment and procedures to our ships.

Improved communications

Both of our owners are investing in improved ship-to-shore communication systems that contribute to more efficient exchange of information and radically shorten the distance between ship and shore for work-related communication as well as for social contact. Installations of broadband via satellite will provide fast, reliable access for telephony, fax, computer and Internet communications.

Ship recycling

Four Wallenius Wilhelmsen Logistics vessels now hold Green Passports, which are documents that ensure the ships meet IMO Guidelines on Ship Recycling. Essentially the passport provides a 'declaration of contents', listing all potentially hazardous materials and substances used in the construction of the ship, its equipment and systems. The Green Passport should accompany the ship throughout its service life and will contribute to sustainable shipping by facilitating the recycling of ship components.

For newbuildings, our owners will minimise the use of hazardous materials during design and construction. Providing the same declaration of contents for existing ships is more difficult, yet still possible, and our owners will gradually provide a declaration of contents for the entire fleet. Our owners also adhere to a policy of exercising environmental responsibility when dismantling and disposing of end-of-life ships.

One of our co-owners Wilh. Wilhelmsen is conducting a life cycle analysis project, mapping out the vessel's environmental impact from cradle to grave, in collaboration with the environmental action organisation Bellona and the Norwegian Technical University.



“I’m convinced that our services with route recommendations and voyage support, combined with our onboard routing system, give the masters the best possible information to be able to choose the most optimal route, with respect to save bunkers and safety for the cargo and crew on every ocean passage.”

Svante Andersson, Swedish Meteorological and Hydrological Institute Weather Routing

In 2006, seven newbuildings with design enhancements that reduce overall fuel consumption by 10 to 15% were put into service.



Sponsoring WWF

for wise ocean management



Our sponsorship of WWF's High Seas Conservation Programme helped raise global awareness of the need to protect the high seas.



As a corporate sponsor of WWF, the global conservation organisation, and the sole sponsor of its High Seas Conservation Programme, Wallenius Wilhelmsen Logistics is making a positive contribution to the well-being of the oceans.

High Seas Conservation Programme

The High Seas Conservation Programme aims to preserve and to protect marine life on the high seas by addressing issues such as ocean governance, pirate fishing, the designation of particularly sensitive sea areas and advocacy within the shipping industry.

Why protect the high seas? Nearly 64% of the oceans lies beyond the national jurisdiction of any country. These vast areas and depths are largely ungoverned, making the exploitation of the resources they contain a free-for-all. By joining forces, Wallenius Wilhelmsen Logistics and WWF are helping the international community to establish the regulatory framework needed to govern the high seas and to identify sensitive high seas areas that should receive special protection from activities that damage marine life.

During 2006, our sponsorship of the High Seas Conservation Programme enabled WWF to raise global awareness of the need to protect the high seas. By maintaining flexible funding, building on previous work and forming strategic partnerships, the programme is changing the fundamental way that the world regards the high seas.

WWF's collaboration with Regional Fisheries Management Organisations (RFMOs) is critical to establishing good governance and protecting the high seas. These bodies are a few of those set up under the U.N. Law of the Sea (UNCLOS) with a mandate from governments to manage the living resources of the high seas. WWF, for example, co-published a report entitled 'Follow the Leader', which outlines recommendations for

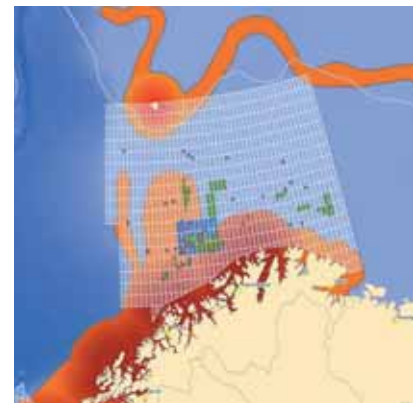
RFMOs on how to improve their management practices. Released at a press conference at the United Nations in Geneva, the report received widespread media coverage.

WWF Norway

Supporting the activities of WWF Norway is also part of our commitment to the High Seas Conservation Programme. A major achievement in 2006 included winning IMO approval to establish mandatory ship routing and expanded shipping lanes along the northern coast of Norway, from Lofoten to the Russian border. By pushing the commercial corridors further away from the coast, the IMO effectively reduced the risk of shipping accidents occurring in the Barents Sea – Lofoten area, one of the world's richest marine environments.

Also noteworthy for 2006: WWF Norway's role in securing a four-year moratorium on oil exploration in the Barents Sea – Lofoten area from the Norwegian Parliament. While temporary in nature, the ban on oil exploration will give WWF time to present a stronger case to preserve one of Europe's last large, clean and relatively undisturbed ecosystems.

Another WWF Norway accomplishment dealt with illegal fishing of cod from the Barents Sea. According to an analysis by the Norwegian Directorate for Fisheries, there has been a minor, yet notable, reduction in the amount of illegally caught cod sold to consumers, thanks to WWF Norway's collaboration with major retailers, such as Unilever, McDonald's and Findus, persuading them to request and purchase legally caught cod.



Establishing mandatory ship routing and expanded shipping lanes off the northern coast of Norway was a major accomplishment during 2006.

“The WWF-WWL High Seas Conservation Programme is possibly our most exciting, highest impact, most successful international project. Without the support of Wallenius Wilhelmsen Logistics, our High Seas Conservation Programme would not have been able to come so far, so fast. The depth and breadth of what we have been able to achieve was unthinkable before their corporate sponsorship.”

Dr. Simon Cripps, Director of WWF's Global Marine Programme

Sponsoring WWF makes us wiser, too



"Each contribution to clean up our environmental act is a leap in the right direction," says Melanie Moore, Region Americas environmental ambassador, Wallenius Wilhelmsen Logistics.

Making New Jersey greener

Wherever we are in the world, we know we can make a difference. In June 2006, WWF came to Woodcliff Lake, New Jersey, to conduct an environmental awareness workshop. But the global conservation organisation could just as well have visited our offices in Seoul, Mexico City, or Cape Town.

The purpose? To inform the Americas head office employees about the global issues related to marine conservation and to learn more firsthand about WWF's High Seas Conservation Programme and why high seas conservation is critical to the planet's health. WWF Canada's Josh Laughren was on hand to talk about the four major threats to the world's oceans: over-fishing, climate change, marine pollution and ballast water.

"The workshop helped raise employee consciousness about how we, as a company, manage our environmental footprint, and in turn, how we, as individuals, can take responsibility for our actions at work and in our personal lives," says Region Americas environmental ambassador Melanie Moore.

Brainstorming sessions reinforced the idea that individuals can make huge contributions to the company's environmental profile. Ideas put forth included more carpooling, increased recycling at work and at home and

better rates for environmentally friendly cars.

Preparing for future oil spills

WWF's Clean Coast and oil combat programmes are literally lessons in preparedness. They are based on the assumption that, in all likelihood, an oil spill capable of ravaging the vulnerable Norwegian Barents Sea and Baltic Sea coasts will occur. When a spill occurs, volunteers trained in basic oil spill cleanup techniques will be ready to assist in the cleanup.

One of Wallenius Wilhelmsen Logistics' own, Martha Thernsjö, participated in WWF's volunteer oil spill combat project at a shoreline area about two hours from the Finnish capital, Helsinki. As part of the two-day course in September 2006, the Stockholm-based marketing communications manager donned goggles, gloves, protective clothing and headgear to undergo intensive training as an eco-warrior ready to join Finland's and Norway's rapid response volunteer group should an oil spill occur. The course covered theory and practical techniques – from scrubbing rocks to operating machinery.

Wallenius Wilhelmsen Logistics supports individuals interested in joining WWF rapid response volunteer groups and other local environmental activities.

"I feel privileged to be one of the 85 people who devoted a weekend to learn how to fight the consequences of marine pollution."

Martha Thernsjö, marketing communications manager, Wallenius Wilhelmsen Logistics

Wallenius Wilhelmsen Logistics works with WWF, the global conservation organisation, to protect the environment.



According to Rasmus Hansson, Head of WWF Norway, the most powerful weapon in fighting oil spills is well-trained people.

Raising environmental awareness

The Environment Club

To increase awareness about the maritime environment and the challenges faced by industry today, Wallenius Wilhelmsen Logistics established the Environment Club (the 'Club'), formerly known as the Marine Environment Club. The Club brings together experts and international journalists for informative discussions about environmental issues facing the industry and how the industry is addressing these challenges with practical solutions.

During 2006, the Club met in London to learn about innovative environmental programmes from a panel including

both of our owners and one of our customers, Caterpillar Marine.

First, Wallenius Marine presented information about its environmentally friendly newbuildings programme with its double-hull design for enhanced protection against accidental oil spills and new hull lines that help reduce fuel consumption by 4% compared to previous ship designs. Wallenius Marine also shared information about its participation in a project funded by the European Union that is investigating a greener way to generate energy aboard tomorrow's ships with fuel cell technology.

Wilh. Wilhelmsen then presented its environmental initiatives to the Club. These included the wider use of environmentally friendly refrigerants, adding more slide valves to shipboard engines to reduce nitrogen oxide emissions and an energy optimisation project.

Finally, a representative of engine manufacturer Caterpillar Marine outlined how Caterpillar is investigating whether their successful ACERT technology, used to clean nitrogen oxide and particulate emissions from on-highway vehicles, can be applied to the marine sector.



For Leg 2, the *Pirates of the Caribbean* won the Volvo Ocean Race Environmental Award for the crew's observations about the albatross.

Extending our sphere of environmental influence entails looking beyond the boundaries of our own operations. Two company programmes helped us reach a wider global audience with our environmental message.

Among the attendees in June 2006 were representatives from *De Lloyd/Le Lloyd*, *Fairplay*, *International Shipping Weekly*, *Fairplay Solutions*, *International Freight Weekly*, *Lloyd's List*, *Lloyd's Shipping Economist*, *Marine Engineers Review (MER)*, *Motor Ship*, *Naval Architect* and *TradeWinds*. Several freelance journalists who write for prominent maritime publications also attended.

The scope of the Club has now been broadened to encompass trade automotive, logistics and transportation journalists, as well as selected environmental correspondents from international newspapers.

Volvo Ocean Race – Environmental Award

To increase awareness of the world's endangered oceans Wallenius Wilhelmsen Logistics participated in the Ocean Watch Campaign, which took place during the Volvo Ocean Race 2005–2006. Wallenius Wilhelmsen Logistics challenged the race crews to share their thoughts about the state of the oceans in digital journals and photographs during the race. In 2006, Wallenius Wilhelmsen Logistics bestowed the award five times to various race crews who recorded the most insightful environmental observations during major legs of the event.

The winner for Leg 1 from Galicia, Spain to Cape Town, South Africa, were the crew from *ABN AMRO ONE* for their work in noting improvements in the state of the Atlantic

Ocean. Claiming the award for Leg 2 were the *Pirates of the Caribbean* crew for observations about the albatross and associating the flight of this endangered species with the energy efficiency of the Wallenius Wilhelmsen Logistics concept car carrier, the *E/S Orcelle*. The team from *Brasil 1* won the Ocean Watch Award for its work in preventing unnecessary pollution after an oil leak in a hydraulic ram. The *ABN AMRO ONE* crew also won the award for its observations on over-fishing and on cleaner oceans. Wallenius Wilhelmsen Logistics granted the fifth, and last, award to *Team Brunel* for sharing their insights on the state of the oceans and concerns about over-fishing.

During the final ceremonies, *Brasil 1* received the Wallenius Wilhelmsen Logistics Environmental Award trophy. Our employees participated in an online poll to select the overall winner among the five award recipients. Team *Brasil 1* was the hands-down favourite among voters for the crew's intensive cleanup efforts, after losing a rig, by collecting all debris and controlling a hydraulic oil leak on board.

By conferring the Environmental Awards as part of the world's premier sailing competition, Wallenius Wilhelmsen Logistics drew public attention to environmental marine issues. The company also raised public awareness of the need to develop more environmentally friendly modes of transportation to support global commerce.



Wallenius Wilhelmsen Logistics exhibited its green concept car carrier, the *E/S Orcelle*, at two of the seven race ports.

Wallenius Wilhelmsen Logistics exhibited its green concept car carrier, the *E/S Orcelle*, at two of the seven race ports. The *E/S Orcelle*, which debuted at the 2005 World Expo in Japan, has sparked industry discussion about the possibility of developing alternative energy sources such as fuel cell technology for use aboard large commercial vessels.

Globally aware, locally active



Who: Our Charleston office team
What: Cleaning up the coastline
Where: Kiawah Island, South Carolina



Who: Mary Carmen de Mendoza
What: Educating school children about recycling
Where: Panama City, Panama

Around the world, Wallenius Wilhelmsen Logistics actively encourages local environmental programmes based on its global environmental policy and strategies.

North America

Sweeping beaches clean

For the third consecutive year, the Wallenius Wilhelmsen Logistics Charleston team participated in the Ocean Conservancy's International Coastal Cleanup in South Carolina.

To deliver better results than in previous years, our three company staffers recruited an additional nine people – customers, suppliers, friends and family – to make the team 12 strong. On a Saturday in September, the team gathered at the cleanup site, a one-mile stretch of beach on the east end of Kiawah Island.

"This beach is inaccessible by land but is extremely popular with recreational boaters," says Michael Hodges, one of Wallenius Wilhelmsen Logistics two site captains, who coordinated the efforts. "As a result of heavy use in summer months and its location on a river inlet, a great deal of debris is left here or washes up onshore."

The group collected a total of 29 bags of debris weighing more than 87 kilos from the site, which is five times more debris than the team collected in 2005.

Central America

Teaching kids recycling

One year after opening its Panama office and Wallenius Wilhelmsen Logistics is already seen as a positive force in society. Why? Because, under operations manager Mary Carmen de Mendoza, the office has invested in a local project educating school children about recycling garbage.

Teaming with local authorities, Mary Carmen and her four colleagues not only relinquish Saturday leisure time to run special classes for youngsters at six local schools but have placed 40 recycling bins bearing the Wallenius Wilhelmsen Logistics logotype at key sites.

"We're proud to demonstrate our green commitment," says Mary Carmen. "The environment only recently became an issue for Panama's three million citizens, but we want kids to avoid our mistakes."



Who: Kari Oeren
What: Reducing CO₂ emissions
Where: Lysaker, Norway



Who: Connie Luan
What: Renewing natural resources
Where: Beijing, China



Who: Tangaroa Expedition
What: Raising awareness of marine pollution
Where: From Tahiti to Norway

Europe

Driving on electricity

Not a single drop of petrol will be used when Wallenius Wilhelmsen Logistics employees at the Lysaker office use their new 'Buddy' to conduct business and personal errands. The Kewet Buddy Citi-Jet 6, or Buddy for short, is the new Norwegian-manufactured electric car, which can travel up to 80 kilometres on a fully charged battery.

"A company car powered by electricity instead of petrol reinforces Wallenius Wilhelmsen Logistics' environmental values," says Kari Oeren, one of our senior IS&T contract managers and a member of the head office Environmental Team. "It sends a positive message about what we're doing on a daily basis to reduce our carbon dioxide footprint."

Buying an electric car manufactured in Norway also had the added benefit of fast, zero-emissions delivery.

Asia

Planting trees for the future

A sunny Saturday afternoon in April 2006 proved ideal for everyone at our Beijing office to work far away from the glass-clad skyscraper in the city's business quarters.

Led by Connie Luan, organisational development representative, the nine-strong team, together with family members, headed off to Shunyi's countryside northwest of Beijing. Their task? To plant 20 pine trees next to a mountain.

"Planting trees is an ancient tradition in China, but it's also a real issue today," says Connie. In northern China, trees perform a key function, providing protection from sandstorms. Every spring, when harsh winds sweep into the Chinese capital, many inhabitants use facemasks. Digging the hard mountain soil wasn't easy, but once all the trees were planted, the group's spirits picked up.

"It was really inspiring to do something different with our team-mates. But that isn't why we invested our time – it was more about fulfilling our duty to society."

Oceania

Putting pollution in focus

To reenact the 1947 historical voyage of legendary Norwegian explorer Thor Heyerdahl, six fearless adventurers crossed the Pacific on an 8-by-15 metre balsa wood raft, named Tangaroa after a Polynesian sea god. Olav Heyerdahl daringly replicated his grandfather's voyage from El Calloa, Peru, to Tahiti in French Polynesia.

Upon the successful completion of the three-month ocean odyssey over 8,500 kilometres, Wallenius Wilhelmsen Logistics transported the Tangaroa from the Tahitian capital of Papeete to a museum in Thor Heyerdahl's home village of Larvik, in southern Norway.

Raising awareness of the need to care for the world's oceans was the main objective of the Tangaroa Expedition. The elder Heyerdahl was one of the first to call for the protection of the oceans. To reinforce Heyerdahl's message and bring attention to Pacific Ocean pollution, the Tangaroa Expedition conducted experiments on ocean pollution on board the raft.

Social performance

Changing for a more sustainable world

Wallenius Wilhelmsen Logistics is committed to utilising our resources and ingenuity to enhance the lives of our employees and society at large.


As society progresses, our business changes and so do we. At Wallenius Wilhelmsen Logistics we embrace change. We do this because we have seen that constructive change, clearly stated and well understood, has brought us success.

Our people make the difference in Wallenius Wilhelmsen Logistics. How we respond to customer needs, how we live our corporate values in our daily work and how we respect each other and the world around us create a unique culture in Wallenius Wilhelmsen Logistics.

Our defined leadership responsibilities – set direction, engage people, achieve results – which were introduced in 2005 and put into practice in 2006, have strengthened our organisation. Leadership programmes around the world have brought a more global mindset to Wallenius Wilhelmsen Logistics.

Wallenius Wilhelmsen Logistics is always ready to meet new business requirements and adapt to constantly changing customer needs in a

challenging global market. This is thanks to our company heritage, which stems from the merger of two well-established transportation companies known throughout the world for their reliability, quality, innovation and personal service. Our ability to manage change successfully, with people who understand where we are going and why, enables us to move Wallenius Wilhelmsen Logistics forward, while considering the social, environmental and economic implications of everything we do.



Judy R. Burke
Head of Organisational Development



TOR

TUGAS



A thriving workplace



Variety: The spice of life

Stimulating and exciting. These are the words that Jonathan Dexter uses to describe his work environment today – and the very words used to describe his participation in our company's Global Traineeship Programme that concluded in October 2006.

And no wonder. Stockholm, Gothenburg, Southampton, Paris, Antwerp, Zeebrugge, Bremen, Lehrte, Oslo, Tokyo and Woodcliff Lake, New Jersey, are among the many stops Jonathan made during his tour of duty as a promising young talent. Now somewhat of a fixture in our Melbourne office, Jonathan's days are devoted to developing Wallenius Wilhelmsen Logistics business in Australia.

"I felt galvanised by the entire training experience and now I'm always energised by my work," says Jonathan. "Wallenius Wilhelmsen Logistics places a great deal of emphasis on employee engagement and the degree to which an individual can advance both personally and professionally."

What distinguishes Wallenius Wilhelmsen Logistics from other companies and makes it a great place to work? The answer has nothing to do with a physical location or even the work itself per se. It is the way we work that counts.

We aim to create a workplace that provides opportunities for varied and interesting work as well as for career development and advancement.

Living our values

With so much time spent on the job, it is important for people to share company values. At Wallenius Wilhelmsen Logistics, we try to live up to certain fundamental values in everything we do. These include focus on our customers, empowerment, teaming and collaboration, innovation and stewardship (see page 45).

Everyone who works at Wallenius Wilhelmsen Logistics has a clear understanding of where our company is heading and why. All employees contribute to their individual role assignments, which detail the responsibilities, objectives and targets that they are to achieve. They also understand the connection between the work they do and our company's long-term strategy. Twice a year, employees and their managers discuss progress towards meeting these objectives. In addition three to four behaviours are identified as the focus for the coming year, something which helps our company values come to life.

This approach to integrating our values into individual work assignments has contributed, in part, to steady growth in the eight short years since the establishment of our company. It also promises to help facilitate continued expansion in the years to come.

Cultural survey

Every year, Wallenius Wilhelmsen Logistics conducts a global cultural survey of its employees to assess the company's organisational capabilities and potential for achieving business goals. The survey addresses issues including motivation, co-operation, confidence in management, equality and openness, collaboration between teams and change. Over the years, the company has benefited from a consistently high response rate, which was 94.7% for 2006.

Survey results point to a strong overall performance by Wallenius Wilhelmsen Logistics, with more than two-thirds of our employees motivated, satisfied with working conditions and clearly understanding their contribution to our company's long-term strategy.

We will use our survey findings as a tool to support change management within the organisation, and to improve individual and overall company performance. During 2007, the cultural survey will be revised to accommodate workforce diversity, making language adaptations available where needed.

Change is an important factor that contributes to a thriving workplace. People thrive when they're motivated to contribute, and when what they have to contribute makes a difference.



At Wallenius Wilhelmsen Logistics, we try to live up to certain values in everything we do. These include focus on our customers, empowerment, teaming and collaboration, innovation and stewardship.

Ethics and compliance



Our Code of Conduct helps create an environment that empowers our most important asset, our employees, to create common value.

Wallenius Wilhelmsen Logistics believes our competitiveness is dependent on responsive, competent and motivated people with a good understanding of the total business environment. We strive to employ the highest ethical standards to demonstrate honesty, fairness and accountability in every decision and action.

Code of Conduct

Wallenius Wilhelmsen Logistics started to develop a Code of Conduct (the 'Code') in 2006, which will be implemented company-wide in 2007. The Code embodies our commitment to corporate responsibility and defines our company values in more concrete terms.

Wallenius Wilhelmsen Logistics requires all employees to educate themselves about the responsibilities they take on through their work at our company. All employees are therefore responsible for adherence to the Code and company policies and are expected to act with the highest sense of integrity on behalf of the company.

Employees must comply with the laws, rules and regulations of the countries in which Wallenius Wilhelmsen Logistics does business. They also are responsible for reporting any suspected unethical or illegal conduct to their immediate managers or to the human resources or legal departments. All reports of misconduct will be investigated.

In establishing the Code, we hope to create a working environment where our most important asset, our employees, will feel empowered to create common value. By agreeing to adhere to the Code, employees agree to deal with customers, suppliers and competitors in an ethical manner; to use company resources wisely for the benefit of Wallenius Wilhelmsen Logistics; and to treat each other with respect.

Company values

Every employee is expected to conduct him- or herself in a manner befitting the standards of behaviour set forth by our company. These standards are expressed in our company values:

- *Customer-centred.* Focus on customer needs to consistently deliver optimal and mutual value.
- *Empowerment.* Purposefully use the freedom to act and contribute.
- *Teaming and collaboration.* Share thoughts, emotions and resources in constructive ways.
- *Innovation.* Creatively develop and use capabilities to improve the way we work and to produce value.
- *Stewardship.* Use resources with integrity and efficiency.

Fair competition

Wallenius Wilhelmsen Logistics complies with the laws of each country in which we do business. Competition laws are a serious matter and failure to comply can lead to severe financial and criminal sanctions.

Competition rules not only apply to activities within a particular region but to all national and cross-border transactions and/or operations. As a consequence of our worldwide global operations, each Wallenius Wilhelmsen Logistics employee needs to know not only about their own national laws and regulations but also the laws and regulations of the countries that they trade to and from.

Wallenius Wilhelmsen Logistics therefore has a global compliance programme in place. Competition law seminars for all relevant employees are held on a regular basis. In addition, we also provide all employees with our Compliance Manual, which includes guidelines about the rules of fair competition in the main countries in which Wallenius Wilhelmsen Logistics operates.

“We know that just as we continue to raise the level of service we provide to our customers, Wallenius Wilhelmsen Logistics will respond to the challenges we present. The consistency of the people at Wallenius Wilhelmsen Logistics is something that I rely on, and admire greatly.”

–Jon Harrison, Caterpillar's former Operations Director for Australia, now based in Japan

Caring for our people

Our workforce

At the end of 2006 our global workforce numbered 3,214, compared to 1,840 in 2005. The increase is due to the company's partial acquisition of Distribution and Auto Service and Annacis Auto Terminals in 2005. These businesses have been incorporated into WWL Vehicle Services Americas, a subsidiary of Wallenius Wilhelmsen Logistics that provides technical services to prepare vehicles and equipment for the marketplace.

We anticipate tremendous growth in our human capital in the near future. To meet increased demand for global vehicle logistics services, Wallenius Wilhelmsen Logistics forecasts significant growth in the number of employees in our workforce over the next five years.

Equality

The responsibility for our diversity rests largely with the regional and local offices. All of our business units have equal opportunity plans in compliance with legislation governing the employment practices in the countries in which we operate.

There is a conscious company-wide effort to ensure that equal opportunity is afforded to qualified candidates during the recruitment process, regardless of race, colour, religion, gender, age, nationality, sexual orientation, disability or any status protected by law.

Wallenius Wilhelmsen Logistics strives to have women and minorities represented throughout the company. We provide equal opportunity for employment and advancement for all people. In addition, all employment must be in compliance with all applicable laws, including regulations

on working hours, protection of health, equal opportunity, compensation and human rights.

Health and safety

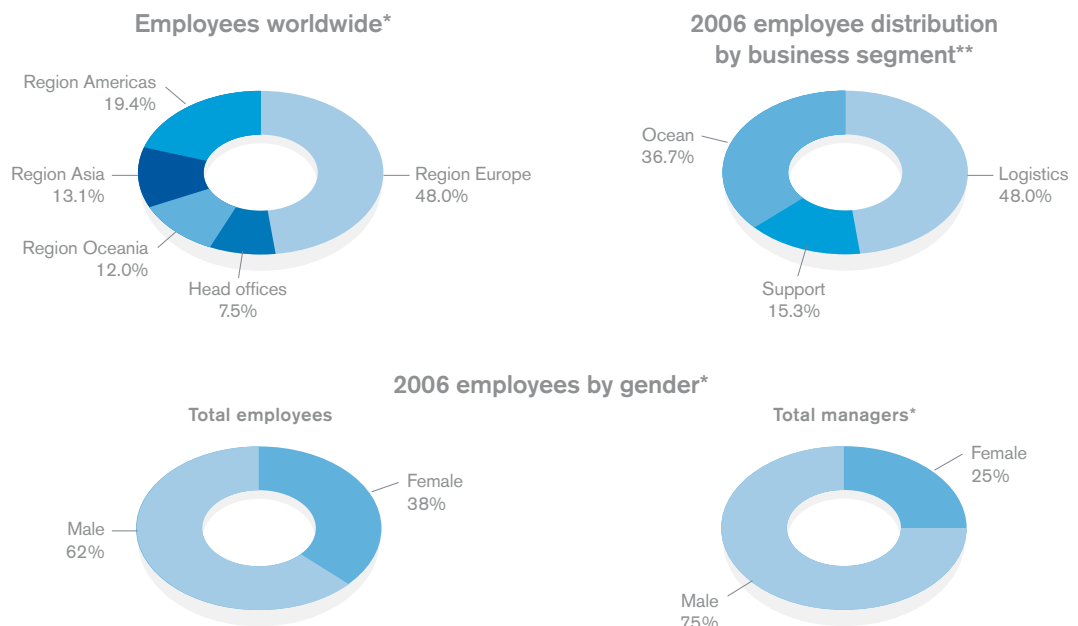
We strive for continuous health and safety improvements for our employees. Our company adheres to, and provides benefits in accordance with, the local and national health and safety standards in the countries where our employees work. We offer a safe work environment at all our workplaces and take measures to prevent accidents and occupational injuries by minimising the risks in the work environment to the greatest extent possible.

Human rights

Wallenius Wilhelmsen Logistics is determined to support and work in compliance with internationally recognised human rights.



Equality, health and safety and the free flow of information are factors that contribute to employee engagement. These factors will become increasingly important to the prosperity of our company as the numbers of people working here will rise in the near future.



* Note: These figures exclude the employees of WWL Vehicle Services Americas.

** Note: Logistics includes all full-time employees involved in supply chain management and inland distribution services. Ocean includes all full-time employees involved in providing ocean transportation and related services at ports and terminals. Support includes all full-time employees involved in Legal, Organisational Development, Corporate Finance and Strategy, Corporate Affairs and Information Systems and Technology.

Balancing work and life

Meet Swedish-born Malin Andersson, Wallenius Wilhelmsen Logistics' Manager of Port Operations in Sydney, Australia, where she lives with her marine engineer husband and five-year-old daughter. It is the latest stop in a remarkable career in a male-dominated industry that has seen Malin move from ordinary seaman to becoming the first female captain in the Wallenius Lines fleet in 2003.

"I was very happy when I was promoted to Master because I really never thought I would get the position," says Malin. Although she had to shrug off bullying during her years as the only female student at a

Swedish seaman's school, Malin says she hasn't ever had cause to feel 'different' during her 18-year tenure with Wallenius Lines and Wallenius Wilhelmsen Logistics. "I have always worked in a male-dominated industry so for me it is quite ordinary," admits Malin. "But a lot of other people don't see it that way."

When asked if she will eventually give up her shore-based job and return to life at sea, Malin is quick to respond. "The sea is in my blood and I cannot imagine not taking the helm of one of our vessels ever again," she sighs wistfully. "Working in Sydney is a great learning experience and

gives me more time with my daughter. But at some point in the future, I'll probably return to the sea unless the right offer comes along to keep me working ashore," Malin pauses and smiles. "One never knows."

Employee relations

Investing in people

To achieve the goals set forth in our long-term strategy, we will continue to invest in our human resources and further develop the competence of our employees. Wallenius Wilhelmsen Logistics must therefore make every effort to attract, retain and motivate talented individuals who share our ambition to be successful in our business endeavours as well as to contribute to global sustainability.

We aim to foster a company culture where lifelong learning is a priority. Investing in education for the people who work here makes sense because that investment helps make our company stronger. Wallenius Wilhelmsen

Logistics invests in programmes that challenge and motivate employees to put their creativity to work for the benefit of our company.

Cultural diversity training

As a global company, our organisation and our customers are spread all over the world. It is only natural, then, that we have to consider the cultural differences in our daily interactions with one another. Cross-cultural communication is essential for any company that operates in a global environment, and not least for a global logistics company like Wallenius Wilhelmsen Logistics. Communications training therefore can help raise

sensitivity and contribute to a better working environment, which is why we offer cultural diversity training programmes. These have resulted in fostering new ideas and challenging everyone in the organisation to focus on open communication.

Cultivating leadership

We recognise that excellent leadership is a strategic factor for success. Wallenius Wilhelmsen Logistics therefore has solid programmes in place worldwide to cultivate leadership within our organisation. Based on their performance and promise, managers are selected to participate in our global leadership development

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programme (GLDP) and regional leadership development programmes. Participants attend three GLDP courses over an 18-month period at the IMD Business School in Lausanne, Switzerland. Our organisational development managers are responsible for arranging appropriate regional leadership development programmes. For qualitative feedback on how successful our company's leaders have been at engaging people to achieve positive results, we ask employees for their opinions through an annual survey.

Supporting new managers

Wallenius Wilhelmsen Logistics believes in promoting from within our organisation whenever possible. To support new managers, we ensure that they have the tools they need to make a smooth transition into management. Mentorship programmes, networking with other entry-level managers and guidelines to help new managers through their first 90 days are a few examples.

Developing individual talents

To ensure more effective management of talent within Wallenius Wilhelmsen Logistics, we entrust those responsible for organisational development at our local and regional offices with the identification of specific offerings for

competency building and development. The aim is both to identify talents and to ensure that all individuals are given the opportunity to develop to their full potential.

In addition, our development dialogues play an important role in securing the kind of well-qualified workforce that is essential to our future. These dialogues give employees and their managers a chance to evaluate individual performance, identify areas for improvement and align skills and competencies more specifically with our company's long-term strategic goals.

Appealing to young talent

In an effort to attract talent from universities and colleges worldwide, we recruit highly motivated individuals for our 15-month Global Traineeship Programme. To gain a comprehensive understanding of our business, we offer new recruits the opportunities to broaden their horizons and to acquire practical experience in a multinational environment. Trainees work at our office around the world, rotating between their home office and two offices abroad. Upon their return, these talented young people have been successfully retained as part of our workforce, partly due to their participation in the programme.



Always learning something new

Despite being an 11-year veteran with Wallenius Wilhelmsen Logistics, Harue Ashina wasn't sure if she'd made the right move when she took on a new position three years ago. "I had been in customer care, worked as an administrative assistant and was in organisational development, and suddenly it felt as though I didn't know anything," she sighs.

Now as assistant manager of commercial operations in Region Asia, Harue is enjoying her work calculating cargo rates from Asia to Europe and the Americas. "It's demanding, but always interesting," she says. "I have a great team of people who work very closely together, and I'm always learning something new."

"During cultural diversity training, we learned that something invisible is reflected in your behaviour. Look here and you'll find clues as to what other cultures are expecting from you."

Catherine Wang, Voyage Calculation and Accounting, Wallenius Wilhelmsen Logistics China Ltd

Strengthening partnerships

Close collaboration with like-minded companies enables Wallenius Wilhelmsen Logistics to meet the business requirements of our customers, contributing both to their sustainability performance and success as well as to our own. Here are a few examples of our partnerships with customers and other stakeholders.



Volvo

Before the sporty little Volvo C30 debuted at the 2006 Paris Motor Show, Wallenius Wilhelmsen Logistics was behind the scenes collaborating with Volvo Cars, a subsidiary of the Ford Motor Company. To ensure safe passage across the Atlantic Ocean from the Zeebrugge, Belgium, production facility to North America, Wallenius Wilhelmsen Logistics worked with C30 designers on issues such as space utilisation and securely lashing the car on board.

“Together with our colleagues from Wallenius Wilhelmsen Logistics, we were able to control the lashing points for new cars and how much volume the C30 utilises on board the vessels. It’s important to plan well ahead – sometimes the logistics can impact a car’s design,” says Rodrigo de Paula, responsible for Outbound Logistics at Volvo Cars. That’s exactly what happened with the C30.

“Our designs were obliged to rapidly draw a special transport hook that will be attached to the bumper to help further guarantee a safe ocean voyage. The hook is removed on arrival in North America and shipped back to Europe.”

At the end of 2006, the C30 went into production at Volvo’s manufacturing facility in Ghent, Belgium. The C30s bound for the U.S. and Canadian markets are making the transoceanic voyage on board Wallenius Wilhelmsen Logistics vessels.

Case New Holland

Early in 2006, global heavy machinery manufacturer Case New Holland (CNH) signed a three-year agreement with Wallenius Wilhelmsen Logistics for global RoRo shipments linking approximately 100 ports on the Europe-North America and the South America-Japan-Oceania routes. Why was the deal struck?

“At the end of the day, it’s about delivering on our promises to customers by delivering superior service in terms of improved lead times and process controls,” says CNH Global Logistics. “For us the smart choice is to leverage the expertise of a long-term partner and global logistics company such as Wallenius Wilhelmsen Logistics, which has intimate knowledge of ocean shipments, port operations and distribution management.”

Port of Baltimore

When the Port of Baltimore celebrated its 300th year of operation, Wallenius Wilhelmsen Logistics was there to share in the festivities. Lena Blomqvist, vice president responsible for environment, participated in an open forum designed to educate and engage the Port’s stakeholders by sharing information about the company’s progressive environmental programme. In addition, the *E/S Orcelle* maritime exhibit, which represents the company’s vision for a zero-emission car carrier, was on loan to the Maryland Science Center for the Port’s 300-year anniversary. The Port of Baltimore handles nearly 50% of all RoRo cargo delivered to the U.S. East Coast each year.



“Wallenius Wilhelmsen Logistics should be proud of its contribution to our efforts to bring better understanding of port operations to our stakeholders and communities, and to offer a glimpse of the business trends and challenges we must face together.”

—F. Brooks Royster III, Executive Director, Maryland Port Administration



Every car is individually lashed in order to secure a safe voyage.

Community relations

Good works go far



Who: LALEC
What: Donating basic needs
Where: São Paulo, Brazil



Who: Haisla Nation
What: Repatriating a sacred totem pole
Where: From Sweden to Canada

Wallenius Wilhelmsen Logistics is dedicated to making a contribution to the communities in which we work. We contribute time, money and services to help others in need. Here is a sample of the good works, big and small, that we're involved in around the world.

South America Helping AIDS/HIV orphans

It comes as no surprise that children affected by HIV/AIDS worldwide are often left parentless. But what is surprising is that four million HIV orphans do not have access to proper treatment and care.

To help meet the growing needs of HIV orphans in São Paulo, Brazil, the Wallenius Wilhelmsen Logistics customer care team donated gifts to LALEC, an independent non-profit organisation. LALEC stands for *Lar Amor Luz e Esperança da Criança*, or Home, Love, Light and Hope of Children.

In the spirit of giving, the customer care team plus friends and family collected brand-new personal care products, toys, clothing and food. These were festively wrapped for the 15 children living at LALEC and delivered before the holidays.

"We felt that any contribution we could make would make a big difference to the children," says Fernanda Vieira, our customer care team member responsible for the initiative. "It felt good to help the children especially during the Christmas season."

North America Bringing home a sacred totem pole

After 77 years in a Swedish museum, a sacred 134-year-old Haisla Indian totem pole has finally been returned to Kitamaat Village, British Columbia, Canada – with the help of Wallenius Wilhelmsen Logistics.

The Swedish Ethnographic Museum asked our company for support to transport the totem pole to its rightful home. After a solemn ceremony at the museum, the nine-metre, 1500-kilo red cedar wood pole was carefully packed into a tailor-made, watertight and climate-proof container for its voyage back to the Haisla tribal lands.

"Wallenius Wilhelmsen Logistics' help in bringing our pole back to its rightful resting place will help us to reunite the youth and elders within our community and reconnect us to our ancient lands," says Louisa Smith of the Haisla First Nation.



Who: Novo Nordisk
What: Educating about diabetes
Where: Five continents

Europe to Africa Global drive for diabetes

Wallenius Wilhelmsen Logistics is sponsoring Danish health care company Novo Nordisk's 'Changing Diabetes World Tour' in its quest to raise awareness of diabetes and educate people around the world about the disease. Wallenius Wilhelmsen Logistics is providing all ocean transportation services to move a rolling 63 square-metre communications vehicle around the world during its 18-month tour across five continents.

Through its world tour, Novo Nordisk hopes to educate one billion people about the chronic debilitating disease and its social, humanitarian and economic consequences.

Starting in Copenhagen, the tour continued to Germany, the Netherlands, Belgium and France. In November, Wallenius Wilhelmsen Logistics transported the Changing Diabetes Bus to South Africa in time for an annual healthcare summit in Cape Town. The tour will continue in 2007 to Australia, China, Japan, the U.S. and then back to Europe.



Who: Shibuya City
What: Bringing an earthquake simulator
Where: From Japan to Turkey

Asia Seising it up

When officials from the Municipality of Uskudar in Istanbul visited sister city Shibuya City in Tokyo, they toured a disaster prevention facility to learn more about raising public awareness of earthquakes and encouraging disaster preparedness.

In a gesture of goodwill, Shibuya City officials responded by giving Uskudar an earthquake simulator to educate Turkish citizens. Wallenius Wilhelmsen Logistics provided shipping for the simulator from the Port of Yokohama to Derince, Istanbul on the *MV Toronto*. The simulator arrived in Istanbul in October.

Sponsoring the shipment of Shibuya City's gift to Uskudar is just one of the many ways our Region Asia office in Tokyo supports the 'Friendship Alliance Agreement', which promotes cultural and informational exchange between Japanese and Turkish citizens in these two cities.



Who: Giant Steps
What: Donating computers
Where: Sydney, Australia

Oceania Helping kids with autism

When the Oceania Information Systems and Technology (IS&T) team replaced many office computers with new units, they decided to donate the desktop and laptop computers to six charitable organisations. Giant Steps, a non-profit organisation and school for children affected by autism, was one of the recipients.

Children attending the school require a highly specialised, individualised approach to unlock their potential and enhance their quality of life. According to teacher Belinda Bingham, the interactive computer program used in the classroom helps motivate the children to learn. The program enables the children to write, draw and select objects and options on a whiteboard that is connected to a laptop, projector and printer.

"For us, these computers are considered outdated equipment, but the school was incredibly appreciative because it makes such a significant difference for them," says Patricia Biszewski, vice president IS&T, Oceania, Wallenius Wilhelmsen Logistics. "It was interesting to learn that autistic children respond well to computers – it provided a real connection between our contribution and their needs."

Ready, willing and able

Wallenius Wilhelmsen Logistics employees around the world support a wide variety of projects – environmental, social and educational initiatives – in their local communities. Here are a few examples of our volunteers in action.

Environment

- The Woodcliff Lake, New Jersey, office promoted awareness of runoff pollution in the community by working with the local council's programme of posting messages on storm drains. Our volunteers also helped promote community awareness by distributing pamphlets to neighbourhood homes.
- The Brunswick, Georgia, office participates in the Altamaha River Keeper, a grassroots organisation dedicated to the protection, defence and restoration of Georgia's largest river. Two employees participated in local cleanup activities during 2006.
- The Manzanillo, Panama, office toured the Point Marine Laboratory, a Smithsonian Research Institute

field station on the Caribbean entrance to the Panama Canal to learn more about the waterways' sensitive ecosystems. Wallenius Wilhelmsen Logistics plans to sponsor community tours and promote awareness of the need to protect the mangroves in local publications.

- Through its paper-recycling programme, our Galveston, Texas, office supports St. Vincent's House, a non-profit social service agency that assists the disadvantaged and under-served population of the local community.

Social

- Every year, the Brunswick, Georgia, office donates used cell phones to

the Amity House, a women's shelter for domestic violence. In 2006, Wallenius Wilhelmsen Logistics contributed 12 retired cell phones that were re-programmed with essential numbers that the women can use in case of emergency.

- On December 15, 2006, a Wallenius Wilhelmsen Logistics vessel received an SOS call from a sailing vessel in distress outside of the Namibian coast. All four people aboard the sinking vessel were rescued, taken aboard the *MV Don Pasquale* and delivered to Cape Town, South Africa.
- Every year, the New Zealand office donates money to three organisations: the Koru Care Charitable Trust, which provides flights to children who require urgent medical



Wallenius Wilhelmsen Logistics supports higher education within the maritime and intermodal transportation industries by contributing to individual scholarships at several universities around the world.

“Over the years, Wallenius Wilhelmsen Logistics has always been willing to share guest lecturers, knowledge and resources with us. It is extremely positive for our students to see that the industry is genuinely interested in and willing to contribute to their education.”

–Sven Lyngfelt, Chalmers Graduate School of Shipping and Marine Technology

treatment outside New Zealand; the Remuera Lions Club, which raises money for disadvantaged children; and, the Burn Support Group Charitable Trust, which provides support and assistance to burn patients and their families to help them rehabilitate.

- The Brunswick office supports Morningstar Treatment Services, Inc., a local organisation that works with troubled teens by making a financial donation to the organisation’s annual fund-raiser. Various Brunswick employees also make contributions of clothing, books and other items.
- Every day, our Tokyo office employees help support the rights, survival, development and protection of children around the world. For each drink purchased from the office vending machine, 10 yen is donated to UNICEF.
- Our Savannah, Georgia, office supports the Chatham Savannah Citizens Advocacy, an organisation dedicated to assisting people whose lives are being diminished because of prejudice toward disability.

Education

- People’s Republic of China: We funded partial scholarships for two promising students attending the Dalian Maritime University, a leading maritime institution located in a coastal city of the same name in northeastern China. 2006 marks the eleventh consecutive year of our participation in the programme.
- Mexico: The 14-year-old son of our commercial director in Mexico City challenged his classmates to consider a future powered by alternative energy sources rather than fossil fuels. By presenting Wallenius

Wilhelmsen Logistics concept car carrier, the *E/S Orcelle*, the eighth grader spread our company’s environmental values and hopefully inspired the next generation to think greener.

- Sweden: For years, our company has provided guest lecturers to the Chalmers Graduate School of Shipping and Marine Technology courses on maritime environment. Wallenius Wilhelmsen Logistics’ vice president for environment Lena Blomqvist has shared insights with students and faculty in Göteborg for the past three years. Blomqvist was a guest lecturer at a September 2006 environmental awareness course at the World Maritime University in Malmö. She is also a widely used resource on the global maritime environmental speaker circuit.
- United States: Every year, our Charleston, South Carolina, office sponsors an intern from the College of Charleston’s Intermodal Transportation programme. As the final phase of the intermodal transportation certificate programme, students get practical working experience. At Wallenius Wilhelmsen Logistics, they are introduced to the RoRo industry, meet with several employees to learn more about the business and present a paper to their course instructor on their work experience. Several interns are now employed at various Wallenius Wilhelmsen Logistics offices.
- Japan: Wallenius Wilhelmsen Logistics generously supports primary and secondary school education at the Yokohama International School, the International School of the Sacred Heart and the Seisen International School in Tokyo.



Every day, our Tokyo office employees help support UNICEF by donating 10 yen for each drink purchased from the office vending machine.

Economic responsibility



For Wallenius Wilhelmsen Logistics, economic responsibility means being continually aware of changing markets to safeguard that the right decisions are made at the right time. These decisions contribute to the company's ability to provide the most cost-effective transportation and logistics solutions to customers around the world.

Wallenius Wilhelmsen Logistics continually strives to understand evolving customer needs and improve our operations to meet their changing business requirements. We pride ourselves on providing personal service to our customers. Because the success of our business depends largely on the success of our customers' businesses, we continually make investments that improve our operations.

We also believe in improving global, regional and local communities. To that end, we contribute generously on all levels to various charitable and environmental organisations around the world. One example is our three-year corporate sponsorship of WWF's High Seas Conservation Programme. This represents a major financial commitment as well as one that obliges our company to dedicate internal resources to support the programme. We share WWF's commitment to the goals of the programme and are pleased with the progress made to date.

The first year of reporting has been challenging with regard to documenting the amount of charitable donations, in-kind shipping and volunteer hours devoted to various environmental and social activities worldwide. In the future, we hope to be able to provide a better overview of these activities.

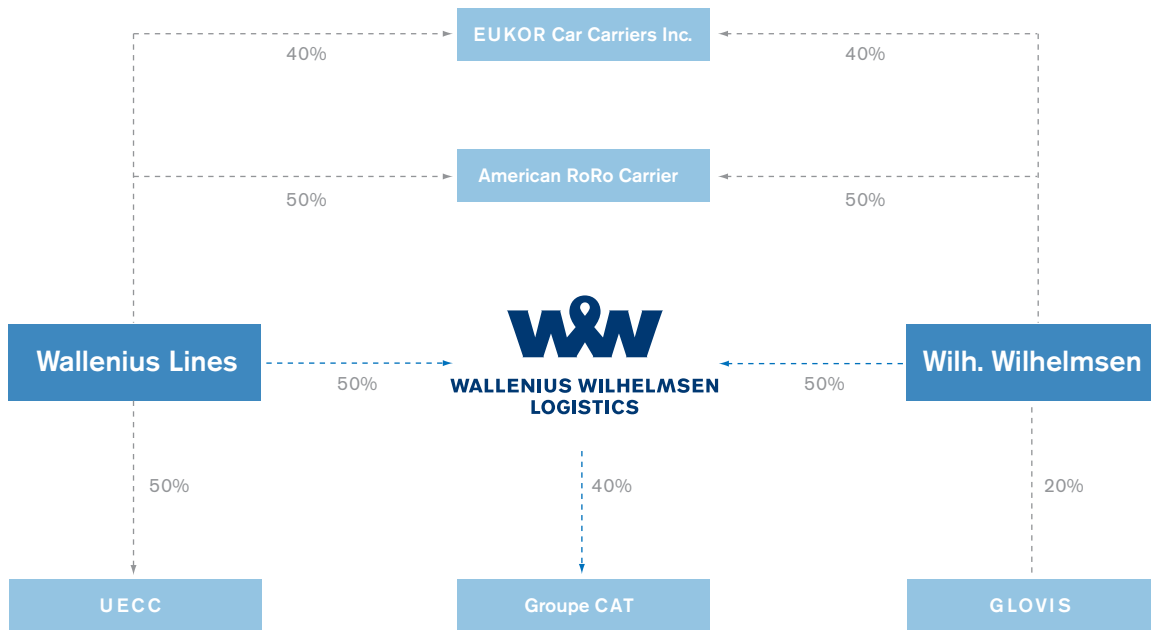
As a privately held company, Wallenius Wilhelmsen Logistics is not required to disclose its finances to the public. We believe, however, that this report accurately states the depth and breadth of the resources allocated to upholding the level of corporate responsibility that we have agreed to undertake as a signatory of the U.N. Global Compact.



**THE GLOBAL
COMPACT**

For more information about the U.N. Global Compact, see page 11.

We are part of a strong group



Wallenius Wilhelmsen Logistics is owned by Wallenius Lines of Sweden and Wilh. Wilhelmsen of Norway. The Wallenius Wilhelmsen Logistics fleet consists mainly of vessels owned and operated by our two owners plus leased vessels, both on a long- and short-term basis.

Statement of support from URS Nordic AB

Support and advice on the development and implementation of Wallenius Wilhelmsen Logistics' sustainability management system has been provided by URS Nordic AB (URS), part of URS Corporation.

The objectives of URS' involvement were to:

- Assist in the selection of appropriate and measurable key performance indicators (KPIs) on the basis of established best practices; and,
- Support Wallenius Wilhelmsen Logistics in its development of an appropriate and robust system for the reporting and capture of data and information related to the key performance indicators.

Specific activities undertaken by URS in order to fulfil these objectives included comprehensive benchmarking of the standards of corporate responsibility management and reporting. This covered both peers and organisations that are considered to be 'leading' in the field of corporate responsibility, as well as customers and government organisations, in order to help identify best practices and the current position of Wallenius Wilhelmsen Logistics.

Following this benchmarking, reference was made to KPIs included in the Global Reporting Initiative's (GRI) G3 reporting framework, to identify those which were relevant to Wallenius Wilhelmsen

Logistics, and therefore were considered for inclusion in the sustainability management system.

The reporting system is developed on the basis of the selected KPIs and is designed for implementation within the scope of Wallenius Wilhelmsen Logistics' existing management systems. The reporting system was used within Wallenius Wilhelmsen Logistics for the collection of data to be reported in the Environmental and Social Responsibility Report 2006.

Further details on the services provided by URS are available at www.urseurope.com.

Glossary

AOT – Advanced Oxidation Technology

Ballast water treatment technology developed Wallenius Water and Alfa Laval.

Ballast water

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

BWE – Ballast water exchange

Method of exchanging ballast water when ship is in open waters.

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.

Bottom 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 anti-fouling paints.

CO₂ – Carbon dioxide

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).

EMS – Environmental management system

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

Fuel cell

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

HFO – Heavy Fuel Oil

Fuel that remains after refining crude oil. During combustion it creates emissions of CO₂, SO₂ and NO_x.

IMO – International Maritime Organization

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.

KPI – Key performance indicator

A measure of a company's progress towards realising organisational goals.

LFO – Low-sulphur fuel

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

NO_x – Nitrogen oxides

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

PCTC – Pure car and truck carrier

A ship designed to carry cars and trucks across the oceans.

RoRo – Roll-on/roll-off

A vessel upon which cargo is rolled on and off over the ship ramp. Compare to LoLo where cargo is lifted on and off.

SO₂ – Sulphur dioxide

Sulphur in the fuel oxidises to form SO₂ during fuel combustion. This leads to acidification.

Sustainable development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

WWF

The global conservation organisation.

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WALLENIUS WILHELMSEN
LOGISTICS

www.2wglobal.com

From factory to dealer

Wallenius Wilhelmsen Logistics is the leading independent provider of outbound logistics solutions for manufacturers of automotive and rolling equipment. We offer global and integrated solutions from

factory to dealer, or anywhere in between. Our services include ocean transportation, terminal and technical services, inland distribution and supply chain management. We have 3,200 employees and offices

in the Americas, Asia, Europe and Oceania. Together, we operate a seamless network that adds to our customers competitive power and agility.

