

Sustainability report 2019

“Continued economic growth and increased global trade cannot happen at the expense of the environment, or our future generations’ needs. My ambition is for the Wilhelmsen group to be at the forefront, with more and more of our group portfolio related to safer, smarter and greener offerings, enabling truly sustainable global trade.”

Thomas Wilhelmsen, group CEO



Sustainability report 2019

Hello stakeholders!

Our aim is to provide you with focused material information, not storyline. We have short descriptions of our activities in each of our material focus areas, and this [list of figures](#) related to those activities. We hope you find this reporting style useful. We still have improvements in terms of reporting data particularly related to environment (non-vessel related activities), and we will do this in 2020. If you want to find information related to Wallenius Wilhelmsen vessels and operations, please visit this website: <https://www.walleniuswilhelmsen.com/who-we-are/sustainability>

Please contact us if you have any questions or comments.

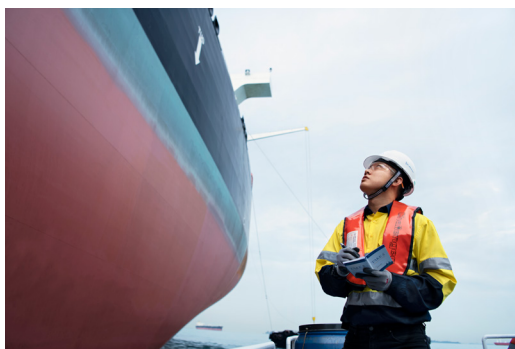
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About our report

The content of our report is defined by a [materiality assessment](#) conducted in 2018 and covers activities in the calendar year 2019 for companies which Wilh. Wilhelmsen Holding ASA (Wilhelmsen) owns more than 50%.

General information about our management approach is available on our [Wilhelmsen.com/sustainability page](https://www.wilhelmsen.com/sustainability). We also include sustainability information in our Annual report 2019.



This is the seventh year that we report in accordance with the GRI Standard: Core option. No external assurance has been undertaken. The GRI disclosure table is [available here](#).

This report serves as our second communication of progress (COP) and our continued commitment to the [ten principles of the UN Global Compact](#).

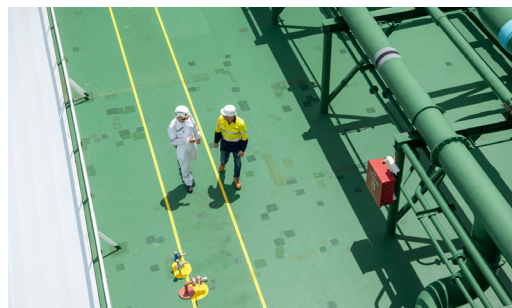
In 2020, we will review the materiality assessment to account for changes to the internal and external context since 2018. We will also capture data related to the environmental footprint of our land based operations and include it in the 2020 report.

Working with stakeholders

During 2019, stakeholders' interests were related to financial, compliance and anti-corruption, cyber security and resilience, innovation, decarbonisation of shipping, renewable energy and sustainability in general.

We continued our active stakeholder engagement over the year through our memberships

for example in UN Global Compact Ocean Action Platform, Maritime Anti-corruption Network (MACN), Norwegian chapter of Transparency International (TI); Green shipping program Norway.



In 2020 we will continue this active [engagement with stakeholders](#) directly and through our membership platforms.

Strategic Review

In Q4, we completed a strategic review aligned with the [UN Sustainable Development Goals](#) (SDGs), defining three strategic focus areas: decarbonisation of shipping and maritime services; renewable energy transition; and reducing marine litter and pollution. Based on this strategic review, we also added SDG7: Renewable energy to the [our alignment with the UN SDGs](#).



We also completed an initial climate risk management assessment in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In 2020 we will develop a roadmap towards 2030 and 2050, particularly addressing climate related risks and opportunities.

Health and Safety

Our focus is the continuous improvement of health and safety management systems and employee behaviors.



During the year, there were zero work related fatalities. The lost time injury frequency and total recordable frequency rates were within targets; sickness absence was in line with previous years; and no occupational disease cases were recorded.

Activities focused on mental health onboard and continued safety campaigns. There was an improved focus on health and safety risk assessments onshore for example through the [Take5 program](#), and action on lessons learned.

In 2020, we will continue health and safety culture building. Our health and safety targets will be for LTIF rate not to exceed 0.50; and for TRCF rate not to exceed 2.80 on vessels and 1.5 onshore.

Ethics and Anti-corruption

Our focus is to improve identification and follow up of compliance deviations; and increase employee competence in responsible business practice.



During the year, there were 19 whistles received related to allegations of fraud/corruption, pollution/environmental, health and safety and more HR related matters. One whistle resulted in proceedings being initiated against two employees and funds being retrieved.

Internal business standards audits that were

conducted during the year also detected irregularities / deviations that required investigation. A project was initiated to further detail and measure our facilitation payment challenges to enhance monitoring and develop specific targets for improvement.

Ships service division obtained [TRACE](#) certification in 8 new countries (31 in total since 2016), and will soon have all countries certified. For competence building, the new business standards program was rolled to all employees.

In 2020, we will continue whistleblowing culture building and conduct business standards audits. We expect to achieve the target of 100% completion rate for the new business standards program across all companies and seafarers.

Cyber Security and Data Protection

Our focus is to implement a cyber security framework; strengthen operational measures; and increase employee competence in cyber risk prevention behavior.

During the year, we conducted an onshore cyber resilience assessment concluding that we currently are on par with the rest of the maritime industry. Our 24/7/365 detection and response capabilities were increased, as well as security solutions on computers and servers. An IT penetration test was conducted onshore and for selected group of vessels.

Reviews of GDPR practices in major sites were conducted to ensure compliance with GDPR requirements. For competence building, awareness training was rolled to all employees onshore, and an awareness pack and updated ship board management system was updated for vessels.

In 2020, we will establish a Wilhelmsen cyber security framework, and continue to implement proper safeguards and business continuity capabilities. We expect to achieve a target of 100% completion rates for cyber security awareness training.

Responsible Procurement

Our focus is to improve supplier selection and assessment process; and to improve supplier engagement in responsible practices, through risk-based audits.

During the year, we increased the sustainability criteria in supplier assessments, screening and requirements, and risk-based audits.

Ship management enforced [new criteria for vendors](#) to demonstrate a viable plan to reduce plastic usage and initiated a joint industry

initiative including suppliers to reduce single use plastics on vessels and onshore.

In 2020, we will continue to engage with suppliers and apply sustainability criteria in screening of new suppliers and auditing of current suppliers.

Environment

During the year, there were several activities focused on reducing environmental impact of our own and our customers operations; as well as addressing wider societal concerns.

Ship Management launched an energy efficiency data application “Spark” for customers to optimize voyages and ship handling. They also completed data collection for managed vessels to comply with the EU MRV (Monitoring, reporting and verification) regulation and the IMO DCS (Data Collection System).

Plastics was in focus during the year with Ship Management initiating a joint industry initiative to reduce single use plastics on vessels and onshore; and our Ships Agency manufacturing division mapping out initiatives to reduce plastic consumption and increase share of recycled (from a base of 5.000 tons of plastic used per annum).



NorSea has implemented gradually electrification of the machine park – including company pool cars. We installed an electric crane at our base in Tananger in 2019, and for 2020 6 new electric forklifts (12t and 16t) are in order. NorSea is granted funds from Enova to build an emission free supply base. The funds are used to map energy use on the base, and explore opportunities for conversion to zero-emission solutions, including measures to improve energy efficiency. The project shall develop solutions for zero emission supply bases with efficient and smart energy utilization with concept for energy sharing, storing and production with interaction between buildings, terminal equipment and various transport means.

Towards the end of the year, we completed an initial climate risk management assessment in accordance with the recommendations of

the Task force on Climate-related Financial Disclosures (TCFD).

In 2020, on an operational level, we will measure our GHG emissions and plastics footprint and define targets and activities based on this. On a strategic level we will work on three strategic focus areas: decarbonisation of shipping; renewable energy transition; and reducing marine litter and pollution.

Sustainable Innovation

Our approach to sustainable innovation is exemplified by the range of activities and projects we are working on.

We are working on a first of its kind [liquid hydrogen supply chain project](#) in Norway, together with major industry players such as Equinor, Viking Cruises, Air Liquide, and others.



Our joint venture company [Massterly](#) is [involved in projects](#) related to zero emissions logistics chain involving two autonomous vessels crossing the Oslo Fjord (ASKO); and bring emissions-free, autonomous container ships to market that also operate at a profit (SAM-SKIP).

In addition, we have [extended our investment in NorSea Wind](#) to service the growing future requirements in the wind energy sector. [NorSea has been in cooperation with BEWI Energy](#) providing opportunities for the development of recycling plants for hard plastics at NorSea's bases in Europe and Norway.

[Our ships services division launched 3D printed marine spare parts pilot](#) using on-demand additive manufacturing – eliminating the need for physical inventory storage, often complex distribution, and typically high logistics costs.

And importantly, to reduce accidents and improve safety significantly for work activities related to ropes, our Ships services division launched the TIMM snapback arrestor.

In 2020, we will continue to progress these projects and other innovations in line with our strategy.

The information presented in this report is based on data obtained from different parts of the group and we strive to give correct and complete information. Nevertheless, some information will be based on estimates.

	2019	2018	2017
Demographics			
Offices	241	255	262
Countries	62	67	69
Total employees	15 065	14 586	14 628
Land based employees	4 835	5252	5168
Seafarers	10 230	9334	9460
Turnover rate onshore	12,71%	14,93%	13,50%
Diversity			
Nationalities onshore - number in group - top 3 are Norwegian, Indian and Malaysian	89	88	82
Nationalities onshore - % of senior management from local communities	61%	73%	83%
Nationalities onshore - number in group leadership potential program	9	9	11
Females - % onshore	35%	33%	36%
Females - % seafarers	1%	1%	1%
Females - % senior management	25%	23%	17%
Females - % in group leadership potential program	28%	36%	38%
Employee engagement			
Performance appraisal completion rate	95%	91%	87%
Engagement survey score	73	72	72
Engagement survey completion rate	88%	89%	92%
Training and campaigns			
Average training hours recorded onshore	8	38	8
Business standards completion rate ²	31%	96%	70%
Business standards - seafarers completion rate ³	64%	96%	97%
Cyber security awareness completion rate	70%	n/a	n/a
Health and safety			
Onshore (exposure 8 hours a day, 5 days a week)			
Exposure hours - onshore	9 094 979	10 064 843	8 415 041
Lost time injury frequency rate (target 0.50)	0,18	0,20	0,20
Total recordable case frequency rate (target 1.50)	0,33	0,52	0,34
Safety observations ⁴	5414	3597	224
Sickness absense	1,68	2,23	1,56
Seafarers (exposure 24 hours a day, 7 days a week)			
Exposure hours - seafarers	29 683 152	30 437 640	30 368 184
Lost time injury frequency rate (target 0.50)	0,32	0,28	0,49
Total recordable case frequency rate (target 2.60)	1,46	1,4	2,27
Safety observations	9782	9126	8064
Governance			
Whistle blowing channel - cases received	19	24	16
GDPR enquiries and incidents recorded by data protection officer	67	n/a	n/a
Suppliers			
Number of suppliers - approximate	10 000	10 000	10 000
Number of suppliers screened with sustainability criteria	634	637	n/a
Number of supplier audits including sustainability criteria	42	n/a	n/a

Footnotes:

- Senior management defined as the top two levels in each company included in the scope of this report.
- New business standards in 2 phases: Q2 for WSM 96% completion; and Q4 for WSS and NorSea Group. Majority of employees have received the course in December 2019 and are expected to complete within February 2020.
- Seafarers are allowed to do the full completion of the course over time. Partial completion rate at year end was 88%. 98% of the vessels have been provided with the training material and are followed up for 100% completion.
- Increase in safety observations mainly due to introduction of electronic recording of the Take5 safety assessment outcomes (previously manual)

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