

Corporate governance report 2021



Corporate governance report for 2021

Wilh. Wilhelmsen Holding ASA

Wilhelmsen believes sound corporate governance is important because it:

- contributes to the greatest possible value creation over time in the best interests of the company's shareholders, employees, and other stakeholders,
- reduces risk,
- ensures fair treatment of all our stakeholders,
- ensures easy access to timely, accurate and relevant information about the company's business, and
- strengthens the confidence in the company and increases the company's attractiveness.

The Corporate governance report for 2021 is, amongst others, based on the requirements of the Norwegian Accounting Act and the recommendations of the Norwegian Code of Practice for Corporate Governance. Any deviation from the Code of Practice is described under the relevant section below.

The Wilhelmsen board discussed and approved the Corporate governance report on 23 March 2022.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Wilh. Wilhelmsen Holding ASA (Wilhelmsen) is a public limited liability company organised under Norwegian law. Listed on a regulated market (Oslo Børs), the company is subject to general Norwegian securities' legislation and Oslo Børs' regulations.

This corporate governance report follows the requirements of the Norwegian Accounting Act (§3-3b) and the recommendations in the Norwegian Code of Practice for Corporate Governance (Code of Practice, dated 14 October 2021). The Code of Practice includes provisions and guidance that in part elaborate on existing legislation and in part cover areas not addressed by legislation. The structure of this report is aligned with the structure of the Code of Practice.

The corporate governance report is available on the company's website wilhelmsen.com.

Comply or explain principle

The corporate governance report follows the "comply and explain" principles. Where Wilhelmsen does not fully comply with the Code of Practice, an explanation of the reason for the deviation and what solution the company has selected has been included.

Deviations from the Code of Practice: None

2. BUSINESS

Business activities

According to Wilhelmsen's Articles of association, the company's objective is to engage in shipping, maritime services, aviation, industry, commerce, finance business, brokerage, agencies and forwarding, to own or manage real estate, and to run business related thereto or associated therewith. While present business activities mainly are within maritime services, shipping, logistics, renewables, and related infrastructure, the board finds it appropriate to maintain a broad objective to allow for a wider range of activities and investments.

Strategy and risk

The board has a yearly strategy review of the business portfolio and the ownership strategy for main activities and investments, supplemented by selective business reviews on a regular basis. The board further evaluate the risk profile on a quarterly basis. The strategy and risk profile are defined with the aim to create long term value for shareholders.

A summary of the strategic direction and a risk review is included in the directors' report for 2021.

Stakeholder interests

Wilhelmsen is in regular dialogue with key stakeholders engaged in issues relating to the maritime industry and the corporate activities of the group. A description of various stakeholder interests and how this may impact Wilhelmsen is described in the group's ESG report available on the company's website wilhelmsen.com.

Deviations from the Code of Practice: None

3. EQUITY AND DIVIDENDS

Capital structure

The board considers it appropriate for the parent company

to maintain a low debt profile, with group business activities primarily financed on a non-recourse basis by the relevant subsidiary. This is consistent with the holding nature of the parent company.

Dividend

The dividend policy states that “the goal is to provide shareholders with a high return over time through a combination of value creation for the company’s shares and payment of dividend. The objective is to have consistent yearly dividend paid twice annually”.

Wilhelmsen has a history of paying dividend twice a year, with total consideration varying between NOK 5.00 and NOK 5.50 per share for the five-year period 2015-19. In 2020-21 the dividend was adjusted due to the uncertain effects of the pandemic. Dividend was reduced to NOK 2.00 per shares in 2020, while increased to NOK 8.00 per share in 2021 including NOK 2.00 in extraordinary dividend to compensate for the reduced dividend paid in 2020. To achieve the objective of consistent yearly dividend paid twice annually, the board is proposing to the annual shareholder meeting scheduled for 27 April 2022 a first dividend of NOK 4.00, and that the board is authorised to pay additional dividend of up to NOK 3.00 per share.

Mandate to purchase own shares

At the 22 April 2021 annual general meeting, the board proposed and was granted an authorisation to acquire shares in the company with a nominal value of up to NOK 89 160 000, equivalent to 10% of the current share capital. The reason for the proposal was that it enables the adjustment of capital structure and balance to the company’s needs, as framework conditions for the industry change.

Following a resolution at the annual general meeting on 22 April 2021, Wilhelmsen completed on 7 September 2021 a capital reduction and cancellation of 1 823 829 own shares, split on 537.097 A-shares and 1.286.732 B-shares. Following the cancellation, Wilhelmsen does not own any own shares.

The board has made a proposal to the next annual general meeting to be held on 27 April 2022 for a new mandate to buy up to 10% of the company’s shares, valid for one year.

Deviations from the code: None

4. EQUAL TREATMENT OF SHAREHOLDERS

Transactions in own shares

Any transactions the company carries out in its own shares are carried out through the stock exchange and at prevailing stock exchange prices, or in such other ways which will ensure equal treatment of all shareholders.

Deviations from the Code of Practice: None

5. SHARES AND NEGOTIABILITY

Listed on Oslo Børs with the tickers “WWI” and “WWIB” for the Class A and Class B shares respectively, all shares are freely negotiable. There are no restrictions on negotiability in the company’s Articles of associations.

Deviations from the Code of Practice: None

6. GENERAL MEETINGS

Matters to be dealt with and decided by the annual general meeting and procedures related to general meetings are

outlined in article 8 of the Articles of associations. The annual general meeting is normally held late April or early May. In addition, extraordinary general meetings may be convened if required.

Shareholders with Norwegian VPS accounts or known addresses are notified electronically through the Norwegian VPS system or by mail no later than 21 days prior to a general meeting.

Proposed resolutions, together with relevant supporting documents are published on wilhelmsen.com no later than 21 days prior to the general meeting. For annual general meetings, this includes the annual report (including directors report, annual accounts, and the auditor’s report), remuneration guideline for senior executives (minimum every four year), remuneration report, statement on corporate governance, and proposal from the nomination committee.

Shareholders may attend the general meeting in person, nominate a proxy, or vote in advance. The vote may be through electronic communication. The attendance form, proxy nomination, or advance vote must be received by the company’s registrar no later than two working days before the meeting takes place. Shareholders may vote on each individual matter, including individual candidates proposed for election.

The board chair, nomination committee chair, group CEO, group CFO, and auditor will normally attend the annual general meeting, together with other members of the board and management if available. There is no requirement for the full board to attend a general meeting.

The general meeting elects the chair for the general meeting.

The minutes of general meetings are published on the Oslo Børs news service and available on wilhelmsen.com.

Deviations from the Code of Practice: There is no requirement for the full board to attend the general meeting.

7. NOMINATION COMMITTEE

According to article 7 of the Article of association, Wilhelmsen shall have a nomination committee made up of two to four members.

The work of the Wilhelmsen nomination committee follows the “Guidelines for the nomination committee” approved by the general meeting on 30 April 2019.

The nomination committee consists of the following members:

Nomination committee member	Elected	Period	Elected to
Jan Gunnar Hartvig (chair)	29.04.2020	2 years	2022
Frederik Selvaag	29.04.2020	2 years	2022
Silvija Seres	22.04.2021	1 year	2022

All nomination committee members are independent of the board of directors and the executive personnel.

As part of the nomination process, the committee has contact with relevant stakeholders, including shareholders, the board

of directors, and the company's executive personnel. Input and proposals to the nomination committee may also be sent to the nomination committee secretary, with contact details available on wilhelmsen.com. The company website also includes information on the background of the nomination committee members, and deadline for providing input and proposals to the next annual general meeting.

The nomination committee provides its recommendation to the annual general meeting in form of a report, which among other includes justification of individual candidates.

Deviations from the Code of Practice: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

According to article 5 of the Articles of association, the company's board is made up of five to seven members and up to three deputy members. The chair, members, and deputy members of the board are elected by the general meeting.

The composition of the board is made to ensure it meets the company's need for expertise, capacity, and diversity. Focus is also on ensuring that the board can function effectively as a collegiate body. Information on the background and experience of the individual board members are available on the company's website wilhelmsen.com.

During 2021, the board consisted of the following members:

Board member	Last time elected	Period	Elected to
Carl E Steen* (chair)	22.04.2021	2 years	2021/23
Morten Borge	22.04.2021	2 years	2023
Rebekka Glosser Herlofsen	29.04.2020	2 years	2022
Ulrika Laurin	29.04.2020	2 years	2022
Trond Westli	29.04.2020	2 years	2022
Diderik Schnitler**	30.04.2019	2 years	2021

*Re-elected at the 22.04.2021 annual general meeting

**Resigned from the board at the 22.04.2021 annual general meeting

The board does not include executive employees, and all board members are independent of the executive management and the main shareholder.

All board members attended all board meetings in 2021.

The board instruction encourages board members to own shares in the company.

Deviations from the Code of Practice: None.

9. THE WORK OF THE BOARD OF DIRECTORS

Board instruction and work of the board

The board has issued instructions for its own work. The instruction reflects the role, responsibilities, and work procedures of the board as laid down in the Norwegian Public Companies Act. This includes procedures for how to handle any situations where a board member has a personal or financial interest related to a board matter, and how to handle agreements with related parties.

The board evaluates its performance and expertise on an annual basis. A summary of the evaluation is provided as input to the nomination committee. During 2021, the board held eight meetings, in addition to a full day strategy session.

The group CEO and group CFO are normally present at board meetings, as is other executives depending on agenda and issues to be discussed.

Board committees

The board has established a separate audit committee, which is chaired by board member Trond Westlie and presently attended by the other four board members. The work of the board audit committee is governed by a mandate set by the board.

As the Wilhelmsen board consists of five members it is deemed desirable to not have any separate standing committees outside the audit committee.

Executive committee for industrial democracy

Wilhelmsen maintains an executive committee for industrial democracy in foreign trade shipping ("Rederistynet"), securing the interest of the employees related to the board. The committee meet prior to a corresponding board meeting.

The present committee consists of seven members, elected for a period of four years from 2018. Five members were elected by and among the employees and two were appointed by the management. Each employee representative has a personal deputy, and the management representatives have a joint deputy. One of the management representatives is the group CEO. One deputy member position was vacant by end of 2021.

During 2021, the committee held four meetings.

Executive management instructions

The duties, responsibilities and authority of the group CEO follows instructions made by the board and the Norwegian Public Companies Act. The instructions made by the board also include authorities given to other executive employees.

The executive management of the Wilhelmsen group includes a group management team and the board and management of subsidiaries. Members of the group management team chairs or sits on the board of main subsidiaries and companies where Wilhelmsen has material ownership interests and/or a shareholder agreement which defines board composition. Management of subsidiaries are based on the Wilhelmsen group policies and governance principles.

Deviations from the Code of Practice: All board members attend the audit committee.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board believes that the company's internal control and risk management are sound and appropriate given the extent and nature of the company's activities. The system contributes to sound control characterised by integrity and ethical attitudes throughout the organisation.

Governing documents, the code of conduct, policies, policy descriptions and procedures are documented and electronically available to the company's employees through the company's global integrated management system. Various internal control activities give management assurance that the internal control of financial systems, group policies and

subsidiary boards are working adequately and according to management's expectations.

The group has a global whistleblowing system including procedures and channels for giving notice to the company about potential noncompliance. The whistleblowing channel is available for internal and external parties.

The board reviews the company's risk matrix on a quarterly basis and the internal control arrangements at least once a year.

Deviations from the Code of Practice: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of the board of directors is determined by the annual general meeting and is not dependent upon the company's results. The fee reflects the responsibilities of the board, its expertise, the amount of time devoted to its work and the complexity of the company's businesses. No board member holds share options in the company.

In 2021, none of the board members performed assignments for the company other than serving on the board of the company.

An overview of the remuneration of the board of directors is specified in the remuneration report, available on wilhelmsen.com.

Deviations from the Code of Practice: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

The remuneration guideline for senior executives was approved by the annual general meeting on 22 April 2021 and is available on the company website wilhelmsen.com. The board considers the guideline to contribute to the company's commercial strategy, long-term interests, and financial viability. The long-term incentive scheme has the objective to strengthen the alignment of the senior executives' and shareholders' long-term interests. Maximum opportunity for long-term incentive is capped at six to 12 months' of annual salary, depending on role, while maximum opportunity for annual variable pay is capped at four to six months' salary, depending on role.

The remuneration report for senior executives for 2021 is available on the company's website wilhelmsen.com.

Deviations from the Code of Practice: None

13. INFORMATION AND COMMUNICATION

Wilhelmsen has established an investor relations policy which is published on the company's website wilhelmsen.com. The policy is based on the Oslo Børs Code of Practice for IR.

According to the policy, Wilhelmsen will publish interim reports each quarter in addition to half-year and annual reports. In 2021, two of the quarterly reports were covered through webcast presentations which included a Q&A session.

The investor relations policy further states that the main source of information about the Wilhelmsen group is the Wilhelmsen website wilhelmsen.com, including among other financial information, governing elements, and company news.

Deviations from the Code of Practice: None

14. TAKEOVERS

The board has established a guideline for how it will act in the

event of a take-over bid. The guidelines follow in all material aspects the recommendations outlined in the Code of Practice.

Deviations from the Code of Practice: None.

15. AUDITOR

The auditor for Wilhelmsen is PricewaterhouseCoopers AS.

The key features of the external audit plan are reviewed by the board audit committee on an annual basis, with the auditor being present if deemed required.

The auditor is also invited to attend the meeting where the board deals with the annual accounts (preliminary and/or final accounts), and at other occasions where the board so requests. The annual meeting with the auditor includes a review of the company's internal control procedure.

Finally, the board has a yearly meeting with the auditor without the presence of management.

The board has established the principle that use of the auditor for services other than audit shall be limited.

The fee to external auditors, broken down by statutory work, other assurance services, tax services, and other assistance, is specified in note 6 to the Wilhelmsen group accounts and note 2 to the parent company accounts.

Deviations from the Code of Practice: None

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