

# Corporate governance report 2022



# Corporate governance report for 2022

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 2022 is, inter alia, 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 22 March 2023.

## 1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Wilh. Wilhelmsen Holding ASA (Wilhelmsen) is a public limited 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](https://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 and strategic investments mainly are within maritime services, offshore energy services, and shipping and related logistics services, 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. This is supplemented by selective business reviews and topic related "deep dives" on a regular basis, including ESG. The board further evaluates the group's risk profile on a quarterly basis. The strategy and risk profile are defined with the aim to create long term value for shareholders in a sustainable manner.

A summary of the strategic direction and a risk review is included in the Directors' report for 2022, which is part of the Annual report 2022 and available on the company website [wilhelmsen.com](https://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 strategy and risk profile of the group and 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. If adjusting for the cancellation of the second dividend in 2020 and the related extraordinary dividend paid the year after, annual dividend has varied between NOK 5.00 and

NOK 7.00 per share for the ten-year period 2013-22. To achieve the objective of consistent yearly dividend paid twice annually, the board is proposing to the annual shareholder meeting scheduled 27 April 2023 a first dividend of NOK 6.00, and that the board is authorised to pay additional dividend of up to NOK 4.00 per share.

#### Mandate to purchase own shares

At the 27 April 2022 Annual General Meeting, the board proposed and was granted, on behalf of the company, 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.

As per 22 March 2022, the board has not utilised the authority granted at the 2022 Annual General Meeting, and Wilhelmsen presently does not own any own shares.

The board has made a proposal to the next Annual General Meeting to be held on 27 April 2023 for a renewed mandate to buy up to 10% of the company's shares, valid for one year. Shares acquired may be used either in connection with acquisitions, in connection with employee share programs, for subsequent deletion of such shares, or in a combination of these purposes.

*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 the 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 the Wilhelmsen website [wilhelmsen.com](http://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, Corporate governance report, and the Nomination committee report.

The 27 April 2022 Annual General Meeting was held as a physical meeting. The 27 April 2023 Annual General Meeting will be held as a fully digital meeting, allowing shareholders to both attend and vote through electronic communication. Shareholders may also nominate a proxy or vote in advance. Any 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 nominated 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 signed minutes in Norwegian of general meetings are published on the Oslo Børs news service, together with an office translation of the minutes in English. The office translation in English is also available on the company's website [wilhelmsen.com](http://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)	27.04.2022	2 years	2024
Frederik Selvaag	27.04.2022	2 years	2024
Silvija Seres	27.04.2022	2 years	2024

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 the company website [wilhelmsen.com](http://wilhelmsen.com). The company website also includes information on the background of the nomination committee members, and deadline for providing input and proposals to 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](https://wilhelmsen.com).

During 2022, the board consisted of the following members:

BOARD MEMBER	LAST TIME ELECTED	PERIOD	ELECTED TO
Carl E Steen (chair)	22.04.2021	2 years	2023
Morten Borge	22.04.2021	2 years	2023
Rebekka Glasser Herlofsen*	27.04.2022	2 years	2024
Ulrika Laurin*	27.04.2022	2 years	2024
Trond Westlie*	27.04.2022	2 years	2024

\*Elected for two years at the 29 April 2020 Annual General Meeting and re-elected at the 27.04.2022 Annual General Meeting.

The board does not include executive personnel, and all board members are independent of the executive personnel, material business contacts, and the main shareholder.

The board had eight meetings in 2022 with a 97.5 per cent meeting attendance. In addition, the board had a full strategy day with management, and one board trip to a Wilhelmsen operation site.

The board instruction encourages board members to own shares in the company. The nomination committee recommends that board members use 20 per cent of their net annual board remuneration to buy shares in Wilh. Wilhelmsen Holding ASA up until the accumulated value of their shareholding in Wilh. Wilhelmsen Holding ASA is equal to, or exceeds, the gross annual remuneration received by the board member from 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.

The group CEO and group CFO attend all board meetings. Other executives attend on a regular basis depending on agenda and issues to be discussed.

## Board committees

The board audit committee consists of all five board members and is chaired by board member Trond Westlie. The committee held five meetings in 2022. The work of the board audit committee is governed by a mandate set by the board.

In 2022, the board established a remuneration and people committee. The committee is chaired by board chair Carl E Steen and includes board members Morten Borge and Ulrika Laurin. The committee held one meeting in 2022.

### Executive committee for industrial democracy

Wilhelmsen has maintained an executive committee for industrial democracy in foreign trade shipping ("Rederistyre"), securing the interest of the employees in Norwegian companies with no direct board representation. The committee was in 2022 replaced by direct employee representatives on the boards of Norwegian subsidiaries with number of employees above certain thresholds.

### Executive management instructions

The board has issued instructions defining the duties, responsibilities and authority of executive management related to those of the board. The board has also issued an Owners statement outlining expectations related to how Wilhelmsen acts as an owner, how it will execute its ownership, and requirements expected of companies in which Wilhelmsen has a shareholding.

*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, frameworks, 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 2022, 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 the company's webpage.

*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](https://wilhelmsen.com). The board considers the guideline to contribute to the company's commercial strategy, long-term interests, and financial viability.

In addition to base salary, senior executives have annual variable pay and they participate in a long-term incentive schemes running for four years. The long-term incentive scheme aims at strengthening the alignment of the senior executives' and shareholders' long-term interests. Maximum opportunity for the long-term incentive schemes capped at six to 12 months of annual salary per year, maximum 12-24 months per pay-out, 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 2022 is available on the company's webpage [wilhelmsen.com](https://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](https://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 2022, 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](https://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 deal 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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