

Remuneration guideline for senior executives

1 Applicability and scope

This guideline is applicable for senior executives in Wilh. Wilhelmsen Holding (WWH parent company) and significant subsidiaries in the Wilhelmsen group where WWH has control directly.

Senior executives are defined as group CEO, group CFO, employees with operational responsibility in significant subsidiaries/segments and other members of the short- and long-term incentive schemes.

This guideline is applicable when hiring new employees affected by the guideline and when measuring variable pay-outs for employees defined as “in scope”.

2 Purpose and overall principles

The guideline is developed to ensure the group’s remuneration of senior executives complies with relevant regulatory requirements, is aligned with the group’s values, people policy, and performance-based remuneration philosophy, and is easy to understand and assess by the group’s various stakeholders. Below list of principles guides remuneration:

- The remuneration of senior executives is designed to retain and attract the right employees with the skills and expertise necessary to deliver on the group’s short- and long-term ambitions, including both financial and non-financial targets.
- To ensure the group receives the right results, the right way, both which results and how the results have been achieved will be measured. While the what is clearly linked to financial and business results, the how is based on the group’s governing elements, including values, leadership expectations, and business standards. The group’s business standards include, amongst others, health, safety, compliance, and sustainability.
- The compensation should be competitive, but not market leading, in the relevant labour market(s).
- The compensation should be fair, reflect the complexity and responsibility for each position as well as the performance of the individual.
- Compensation should reflect the group’s overall performance and financial results.
- Remuneration should be aligned with and strengthen the common interest of Wilhelmsen senior executives and the group’s shareholders.
- The guideline, including the objective of each element of the remuneration, award levels, and performance criteria should be clear, transparent, and give a comprehensive overview of how the group compensates senior executives and how the different elements are believed to contribute to realising the group’s strategic ambitions, long-term interests, and profitability.

3 Main remuneration elements

Remuneration consists of a combination of fixed salary and variable payments. Variable pay, should as as rule, not exceed fixed salary.

Variable pay is linked to development of value adjusted equity, which is deemed to be a sound financial measurement for the portfolio of companies and investments in the Wilhelmsen group, and clearly linked to the group's ambition of creating value over time. Value creation over time presupposes sustainable business models, in a broad sense of the word including being financially profitable short- and longer-term and taking the needs of future generations and society at large into account. A sustainable business strategy is deemed necessary to ensure the survival of the group. To further strengthen the group's focus on supporting the sustainable development goals, above an increase in value adjusted equity over time, specific targets linked to environment, social and/or governance targets might be included in the short- and long-term incentive schemes. Financial and non-financial measures are intended to ensure the group achieves the right results, the right way – both short- and longer-term.

Development of value adjusted equity is determined using a sum-of-the-parts method: non-listed entities are valued using earnings multiples less debt and minorities or at net asset value, while listed entities are valued at market price. A comment related to the changes in value evaluation will be disclosed in the annual declaration.

Below table outlines the main remuneration elements for senior executives in the Wilhelmsen group:

Remuneration element	Objective	Award level	Performance criteria
Fixed salary	Retain and attract the right employees with the right experience and skills.	<p>Wilhelmsen offers competitive, but not market leading base salaries aligned with the markets in which the group operates. The base salaries should consider responsibilities, complexities, exposure, and performance related to the individual positions.</p> <p>The senior executives have a six months' notice period. For other matters related to the employment contract, see severance pay and pension and insurance schemes.</p>	<p>The base salary is assessed annually based on the individual's performance, normally in June with effect from 1 July. The assessment includes financial and non-financial elements. It is also based on the general development of salaries in the local market in which the individual operates.</p>
Pension and insurance	Offer competitive post-employment and other benefits.	<p>Wilhelmsen offers general occupational pension and insurance schemes aligned with local markets. In addition, the company offers a health insurance, disability and dependents' benefits in accordance with the company's general pension plan.</p> <p>A limited number of senior executives are offered individual early retirement agreements.</p>	Not applicable

Benefits in kind	Additions to supplement the fixed salary to be competitive in local markets.	Wilhelmsen offers benefits in kind including newspapers, electronic communication, and car salary.	Not applicable
Severance	To secure a pay guarantee if a senior executive must leave the company.	Senior executives have between 12-18 months' severance pay, when the resignation is requested by the board/company. After a six months' notice period, possible income during the severance pay period will be deducted from the severance pay by up to 50%.	Generally, the group CEO's/senior executive's own notice will not instigate severance payment. Entitlement to severance payment is also conditional on the senior executive not being guilty of gross misconduct, gross negligence, disloyalty, or other material breach of his/her duties. A severance payment is normally offered if the group CEO or other senior executives are asked to leave the company due to mergers, substantial changes in ownership, or if deemed necessary by the board.
Annual variable pay (short-term incentive - STI)	To encourage a strong performance culture, Wilhelmsen offers an annual variable pay rewarding individuals for annual achievements. The targets are linked to the group's financial and non-financial performance, including both business achievements and how the achievements have been made.	<p>Maximum opportunity for annual variable pay is capped at four to six months' salary, depending on role. Participants are entitled to short-term variable pay if the group delivers a positive total comprehensive income (net profit plus other comprehensive income less minorities) and agreed performance criteria are met.</p> <p>The annual variable pay carries no pension or benefit rights.</p>	<p>Achievement of annual performance goals including both business achievements (what) and how achievements have been made. Financial and business targets are assessed based on goals defined of by the performance contract for the senior executives, while how achievements have been made is assessed by the board for the group CEO and by the group CEO for other senior executives. A declaration of the performance criteria is made public as part of the board's annual declaration on senior executives' remuneration.</p> <p>Financial and non-financial targets, being equally important, will be disclosed as part of the board's annual declaration on remuneration and proposed to the annual general meeting for an advisory vote. A minimum of one target must be linked to the UN Sustainable Development Goals relevant for the Wilhelmsen group.</p> <p>The pay-out is prorated in line with the employment time throughout the year. The employee may not be entitled to pay-out, if the employee at the time of the actual pay-out, has given notice of resignation or been given such notice.</p> <p>Even though the requirements are met, the board can, if the group has or foresees severe financial constraints, decide to postpone and/or decide not to pay-out the annual variable pay.</p> <p>In case of documented individual underperformance, misconduct or similar, the board (for the group CEO) and the group CEO (for other senior executives) have the right to refrain from paying according to the agreements made on an individual level.</p>

Long-term incentive (LTI)	<p>To strengthen the alignment of the senior executives' and shareholders' long-term interests. To be an attractive employer for key executives.</p>	<p>Maximum opportunity for long-term incentive is capped at six to 12 months' of annual salary, depending on role.</p> <p>For the LTI, the threshold for pay-out is a VAE accumulated increase equivalent of 21.6% or more over the programme's four-year period. In addition, the board has defined KPI(s) linked to the group's long-term strategy, to ensure the LTI stimulates financial and non-financial performance, including the group's contribution to a healthy business environment and sustainable world.</p> <p>The LTI carries no pension or benefit rights.</p>	<p>For senior executives, LTI grant level reflects the level, impact, and joint responsibility of the position for delivering on the group's strategic ambitions and targets and is not directly linked to individual performance.</p> <p>Financial and non-financial targets, being equally important, will be disclosed as part of the board's annual declaration on remuneration and proposed to the annual general meeting for an advisory vote every time a new programme starts. A minimum of one target must be linked to the UN Sustainable Development Goals relevant for the Wilhelmsen group.</p> <p>The pay-out is prorated in line with the employment time throughout the period. The employee may not be entitled to pay-out, if the employee at the time of the actual pay-out, has given notice of resignation or been given such notice. Similar if the employee resigns or is given such notice throughout the programme period.</p> <p>Even though the requirements are met, the board can, if the group has or foresees severe financial constraints, decide to postpone and/or decide not to pay-out the long-term incentive scheme.</p> <p>In case of documented individual underperformance, misconduct or similar, the board (for the group CEO) and the group CEO (for other senior executives) have the right to refrain from paying to single individuals.</p>
Threshold	<p>To ensure no or reduced variable remuneration is granted if the company's financial performance is weak, financial thresholds for payment of variable remuneration is established for the short- and long-term incentive schemes.</p>	<p>See short- and long-term incentive schemes for details.</p>	<p>See short- and long-term incentive schemes for details.</p>
Employee share programme offered by an independent association for shares and cabins in the WW-group	<p>Align and strengthen employee and shareholders' interest</p>	<p>All employees, who are tax residents in Norway and employed in WWH and Norwegian subsidiaries owned more than 90% by WWH, can buy shares at a 20% discount.</p>	<p>Norwegian tax authorities define the total value of discounted shares employees can buy.</p>
Board compensation	<p>Award for sitting on internal and external boards</p>	<p>Board compensation is used to award directors for time spend, responsibility following a</p>	<p>Not applicable</p>

		<p>directorship, and to attract relevant board members.</p> <p>Senior executives do, as a rule, not receive compensation as chair of or board members on internal boards or external boards in companies which Wilhelmsen as an ownership stake. If they do, their compensation will be deducted from their annual variable pay.</p>	
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The decision-making process

The annual general meeting is responsible for approving the remuneration guideline, every four-year as a minimum. Minutes from the annual general meeting must include how the annual general meeting voted regarding the guideline. The annual general meeting also votes on the declaration on remuneration to senior executives. The vote is advisory. The board must make a note of the feedback from the annual general meeting regarding the guidelines and the declaration. The declaration the following year, should include the vote from the previous year and how the board has integrated feedback from the annual general meeting.

Material changes in the guideline, award levels and/or performance criteria must be approved by the annual general meeting, whilst the annual general meeting will be made aware of minor changes.

The board is responsible for developing and executing the remuneration guidelines.

In addition to the guideline, the board is responsible for preparing an annual declaration on senior executive remuneration and how the guideline has been executed in the previous fiscal year and targets set for the next fiscal year. The declaration is made public as part of the group's annual report and is proposed as a separate item to the annual general meeting for an advisory vote.

The declaration will be as exhaustive as possible, but consider GDPR, stock sensitive information and/or facts regarded as trade secrets. A reason for not including specific details will be included in the declaration.

In addition to deciding the key performance indicators for the short- and long-term incentive programme for all senior executives, the board decides the fixed salary and other employment terms for the group CEO. The board has delegated the authority to decide fixed salary and employment terms for remaining senior executives to the group CEO.

The board makes an annual performance evaluation of the variable incentive schemes based on agreed targets. The performance is evaluated along two dimensions, the actual results achieved and how achievements have been made. A similar process is followed by the group CEO when assessing the performance of senior executives.

Despite fulfilling the agreed short- and long-term performance indicators, the board can at any given time decide to cancel the programmes to safeguard the group's short- and long-term interests. The board can also cancel the programme for one or more senior executives or require a postponement or repayment of variable payments. A reason for abandoning or repaying an agreement must be made in the annual declaration.