



SUSTAINABILITY REPORT

STENA AB 2016





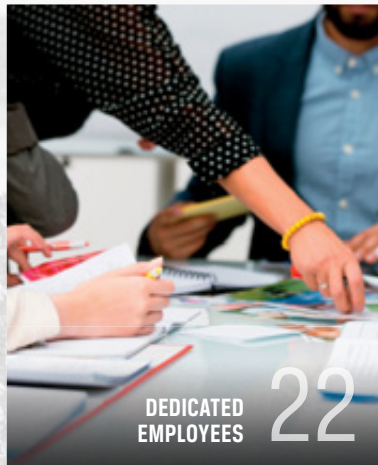
6 STENA'S SUSTAINABILITY WORK



14 INNOVATIONS FOR THE ENVIRONMENT



18 SAFETY IN FOCUS



22 DEDICATED EMPLOYEES



24 STENA'S COMMUNITY INVOLVEMENT

CONTENTS

| | | | |
|--------------------------------|---|---------------------------|----|
| CEO COMMENTS | 1 | GLOBAL SUSTAINABLE GOALS | 8 |
| THIS IS STENA AB | 2 | SUSTAINABILITY IN NUMBERS | 10 |
| 2016 AT A GLANCE | 3 | INTERVIEW › MERCY SHIPS | 12 |
| BUSINESS AREAS | 4 | ENVIRONMENT | 14 |
| PRIORITY SUSTAINABILITY ISSUES | 5 | SAFETY | 18 |
| STENA'S SUSTAINABILITY WORK | 6 | EMPLOYEES | 22 |
| | | COMMUNITY | 24 |

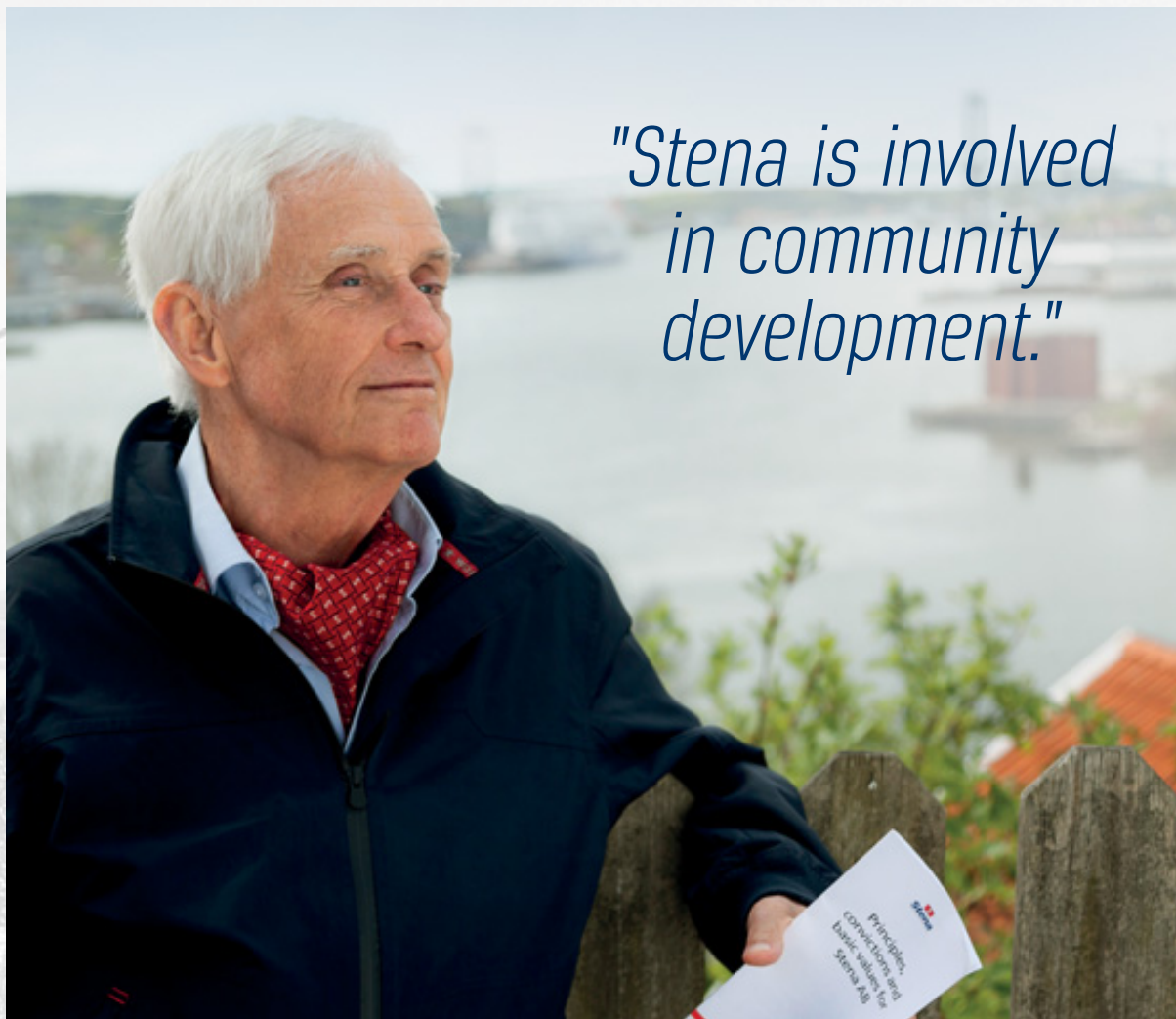


Read more about Stena's operations and results in the Annual Report and Annual Review.



STENA.COM

The cover picture shows the Saxberget wind farm outside Ludvika. Saxberget was the first of Stena Renewable's seven wind farms to be opened and consists of 17 wind turbines, which together produce about 110 GWh of renewable energy annually.



"Stena is involved in community development."

LONG-TERM SUSTAINABILITY BUILT ON CARE

Stena AB has subsidiaries in diverse industries. By being constantly ready to grasp opportunities for successful new businesses and carefully developing what we already have, we have successfully built a Group with 16,000 employees in 35 countries.

The ultimate goal of all business activity is to create value for shareholders, but to succeed in the long term, it is essential to be valuable to all key stakeholders. Stena is involved in community development, providing efficient energy supply, sustainable shipping and safe housing, to name a few areas. Technological development and digitalisation allow new business models, which often mean better resource utilisation for the benefit

of both our customers and the world around us.

It is important for each business to develop according to its own conditions. This is also the case for the sustainability work, with each business unit setting its own strategies and objectives. However, certain core values unite all Stena companies. Our core values are Care, Innovation and Performance. Here, I would particularly like to highlight the concept of Care. To maintain our success, we need to show care for our customers, our assets, ourselves and our partners, and the community in which we operate. Care is based on giving attention to something and then converting it into activity and performance. Only then can

we be successful in the long term and generate value.

A part of this work involves producing this sustainability report. It illustrates how we work with Care in the long term perspective and provides concrete figures of our development in areas such as numbers of accidents or different types of emissions.

We Care!

Dan Sten Olsson
CEO Stena AB

THIS IS STENA AB



REVENUE,
MSEK 34,799



ACTIVITIES ALL OVER
THE WORLD



16,000¹⁾
EMPLOYEES



168²⁾ VESSELS
INCLUDING NEWBUILDINGS



28 200³⁾
RESIDENTIAL AND
COMMERCIAL UNITS



96 WIND
TURBINES

1) Including seagoing personnel
2) Owned, chartered and managed
3) Owned and managed

BUSINESS CONCEPT

By using our competence in, above all, service, trading and ships, to make money in the business areas Ferry Operations, Offshore Drilling, Shipping, Property, New Business and Finance.

To create new companies for the future.

To take care of our most important asset in the long term, our customers, in such a way that we contribute to their development as well as that of society.

ABOUT THIS REPORT

This sustainability report is complementary to the annual report and annual review. Sustainability at Stena is based on three pillars:

- financial responsibility, which contributes to economic development;
- environmental responsibility, where the goal is to reduce our impact on the environment; and
- social responsibility, where we shall act ethically in everything we do.

This report contains examples and key indicators relating to the Stena Group's work in these areas. The information in this report concerns Stena AB.

2016 AT A GLANCE

With care, innovation and efficient performance as their guiding principles, Stena's employees around the world work every day to create value for the Group's customers. Here is a selection of events from operations during 2016.



ROTTERDAM, NETHERLANDS

In November, *Stena Britannica* went in for drydocking in Rotterdam. During the docking period, the vessel was equipped with a closed-loop scrubber, which is an exhaust gas cleaning system that efficiently reduces emissions of sulphur oxides. At the same time, *Stena Britannica* also became the first ship in the fleet to be adorned with Stena Line's new livery – green waves and the strapline "Connecting Europe for a Sustainable Future".



FREDRIKSHAMN, DENMARK

In June, Stena Property in Gothenburg invited 600 tenants to a trip to Denmark with Stena Line. The trip was one of many activities in the framework of Stena Property's Relationship Management® work, which is about creating safe and pleasant residential areas. It was also a good opportunity to spend time with the tenants and hear their thoughts on their homes and future development opportunities.

LONG BEACH, CALIFORNIA, USA

Stena Bulk is part of the Long Beach Green Flag Program, which aims to reduce ship speeds near the port area. Lower speeds mean fewer emissions of nitrogen, sulphur and particulates, and help to reduce the impact for the smog-affected Los Angeles.



TRINIDAD AND TOBAGO

In August, the LNG tanker *Stena Clear Sky* rescued a French couple in distress. Thanks to the attentive and skillful crew, the couple were rescued safe and sound.

ETHIOPIA

In May, Fairtrade-certified geraniums premiered in Blomsterlandet's shops. The geraniums come from a Fairtrade plantation in Ethiopia and the certification means that workers at the plantation have better economic conditions and a good working environment. In addition, discrimination and child labour are opposed. Blomsterlandet is owned by Stena Adactum.

MADAGASCAR

Stena RoRo is leading the construction of a hospital ship with the working name *Atlantic Mercy* for the charity organisation Mercy Ships. The existing sister ship *Africa Mercy* was stationed off eastern Madagascar during the year. Stena RoRo was also there to study the onboard activities, in order to develop the design and concept of the new ship so that it meets Mercy Ships' needs for the work onboard. Read more about Mercy Ships on page 12.

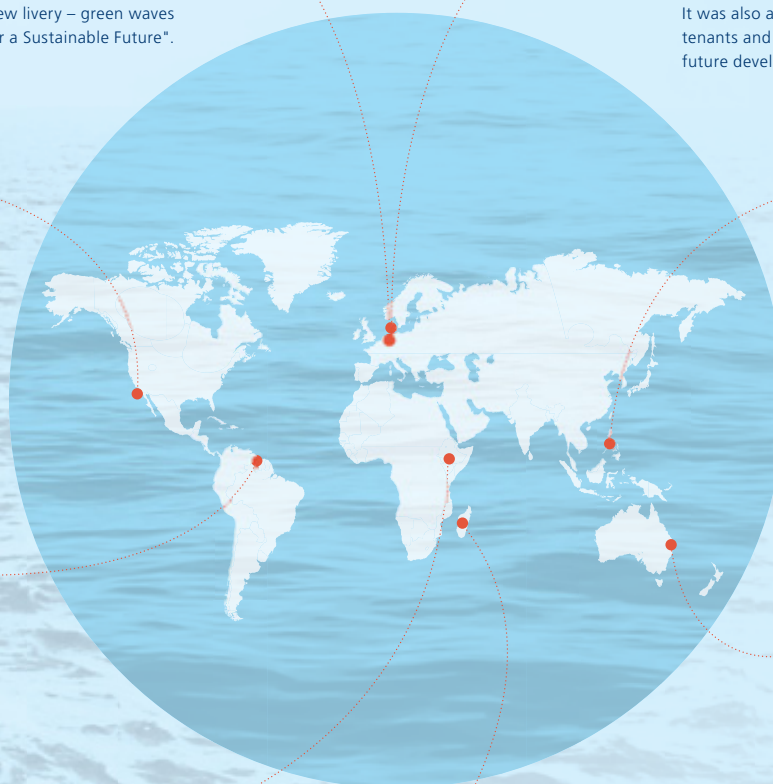
MANILA, PHILIPPINES

During the year, Northern Marine Group supported the PTCL training centre in Manila, which is a centre providing training for ship's officers and safety training and certification in offshore oil and gas. Shipping is an important occupation for the Philippines. It is the nation that trains the largest number of officers in the world.



SUNSHINE COAST, AUSTRALIA

During the year, it was announced that Maroochydore City Centre would be the first in Australia to install Envac's vacuum system for waste management. The system will handle waste from about 2,000 households and is part of a plan aimed at making Maroochydore one of the cleanest and greenest cities in Australia.



A VERSATILE BUSINESS

Stena's operations are divided into several business areas, which both individually and together contribute to the Group's sustainability work.

› FERRY LINES

The Ferry Lines business area consists of Stena Line, one of the world's largest ferry operators, focusing on freight and passengers. Stena Line operates 20 routes in Europe, with 38 vessels, and also owns five ports.

› OFFSHORE DRILLING

Offshore Drilling consists of Aberdeen-based Stena Drilling, a world leader in the design, construction and operation for offshore, who owns and manages 4 drillships and 3 oil rigs.

› SHIPPING

The Shipping business area consists of Stena Bulk, Stena RoRo, Northern Marine Group and Stena Teknik.

STENA BULK

Stena Bulk is one of the world's leading tanker operators, with worldwide operations, and controls 105 vessels for the transport of crude oil, refined petroleum products, vegetable oils and gas (LNG).

STENA RORO

Stena RoRo provides RoRo and RoPax vessels, technical expertise and project management to customers across the world, and controls a fleet of 18 vessels.

STENA TEKNIK

With its competence and experience, primarily in shipbuilding, ship operation and contracting, Stena Teknik contributes to solutions for all business areas in the Group.

NORTHERN MARINE GROUP

With about 7,600 dedicated seagoing employees, the company runs a fleet of 169 vessels from a large network of international offices.

› PROPERTY

The Property business area consists of Stena Property, one of the largest privately owned real estate companies in Sweden, and Stena Realty BV. The portfolio consists primarily of rental units in Sweden, but also contains commercial properties. Stena Property owns and manages 24,300 residential and 3,900 commercial properties.

› ADACTUM

Stena Adactum makes long-term investments in listed and unlisted companies, with the goal of building strong companies that can be platforms for new business areas in the Stena Group. The business area consists of the subsidiaries Stena Renewable, Ballingslöv, Blomsterlandet, and Envac, and ownership interests in Gunnebo, Svedbergs and Midsona.

➔ MORE INFORMATION ABOUT ALL THE BUSINESS AREAS CAN BE FOUND IN STENA AB'S ANNUAL REVIEW AND AT STENA.COM

FOCUS FOR STENA'S SUSTAINABILITY WORK

Sustainability work within Stena is categorized in four main priority areas – environment, safety, employees and community. A selection of Stena's various initiatives, projects and objectives in these areas are presented in this report.



ENVIRONMENT

Stena works actively to help reduce the environmental impact of its various operations. These efforts include working for more efficient use of energy, minimising greenhouse gas emissions, waste management and employee training. Each individual company is responsible for formulating its own environmental goals, which are tailored to the areas in which the company has its main environmental impact.

Learn more on pages 14–17.



SAFETY

Providing a safe and secure environment for employees, passengers and tenants is a top priority for Stena, and the Group has a vision of zero accidents. Safety work is in constant progress around the Group and involves both continuous improvements and keeping safety awareness updated among employees.

Learn more on pages 18–21.



EMPLOYEES

The Stena Group employs a total of 16,000 employees around the world. It is the employees who drive the business forward, and Stena takes care to promote their motivation and development by creating good working environments and providing opportunities for growth.

Learn more on pages 22–23.



COMMUNITY

The different Stena companies cater for a wide range of customer needs that exist in society. Stena also strives to be an active and engaged member of the community, contributing to continuing development and sustainable business in the areas in which the companies operate.

Learn more on pages 24–25.



SUSTAINABILITY AS A BASIS FOR OPERATIONS

Stena's sustainability work is based on the Group's shared values. Stena's key sustainability issues have been identified as those related to environment, safety, employees and community.

Stena operates in an environment where globalisation and digitalisation are creating new opportunities and constantly changing people's patterns of living, consuming and communicating. The trend towards a more global world is in many ways positive for both businesses and individuals. Among other things, it facilitates travel and trade, while increased growth stimulates demand for goods and services.

Stena's operations are involved in and contribute to value creation and community development in various ways. These include creating jobs for thousands of people around the world, offering safe homes in the Group's properties, generating electricity from wind power and providing maritime transportation of goods, vehicles and passengers. About 90% of world trade is conducted by sea and shipping is the most environmentally friendly mode of transport in relation to cargo volume.

At the same time, the increasing globalisation and growth also means a greater impact on the world around us. This is being increasingly observed, with various cooperation initiatives being created at global level aimed at reducing the negative environmental footprint. Examples of such initiatives include the climate agreement reached in Paris in 2015 and the UN's seventeen global sustainable development goals. Companies are also being encouraged to contribute to sustainability goals by conducting operations in a responsible

way with respect for the environment, people and society.

Stena's corporate responsibility is a cornerstone of its entire operations. Working to ensure that future generations prosper is part of Stena's business philosophy and has long been a policy that is reflected in the Group's core values. This has been given even clearer emphasis in recent years and sustainability issues have been highlighted in many contexts around the Group. This report presents a selection of the various initiatives undertaken within Stena to continuously develop and improve operations from a sustainable perspective.

STENA'S CORE VALUES

Stena's three core values are Care, Innovation and Performance. The core values serve as guidelines for responsibility within the Group and are also the foundation for Stena's sustainability work.

Care is about looking after the environment, people and the community. Stena works to create value in a sustainable way, and shows care by creating good customer experiences, working to reduce environmental impacts, creating pleasant and safe working environments for employees, and contributing to economic development. In addition, the Stena companies are also involved in a number of initiatives and activities in the different areas in which they operate.

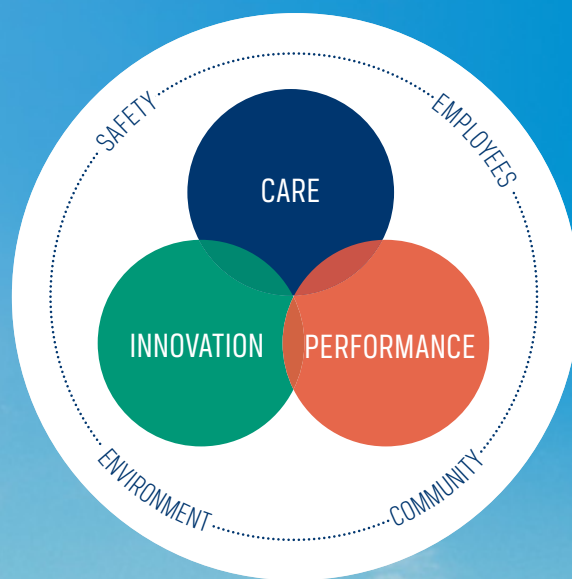
Innovation helps to develop operations to meet customer needs, both now and in the future. It is also a particularly important factor for environ-

mental issues. For example, innovative solutions can make a big difference by reducing fuel consumptions and emissions. Stena has already implemented many innovative solutions to reduce environmental impacts, and work is constantly in progress to make continuous improvements.

Performance stands for quality in every stage of the value chain, while using resources efficiently. Every employee contributes to this using their own specific knowledge and skills. Safety is an important part of performance, and all employees are authorised to stop their work in the event of a risk that could result in injury to people or damage to the environment. Performance is fundamental to ensuring sustainable value creation, both now and for future generations.

CODE OF CONDUCT

Stena's Group-wide Code of Conduct sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally sound way, and deals with areas such as environmental issues, social issues, good business practices and human rights. The Code also deals with relationships with business partners, with Stena reserving the right to withdraw from a relationship if a partner does not meet the standards of business ethics Stena expects. During the year, an e-learning course was developed to train Stena employees in the Code. Employees who discover something that violates Stena's



Code of Conduct, values, policies or the law are able to use a whistleblower function to report events completely anonymously. The service is provided by an external partner and all information is encrypted, which further strengthens security.

ORGANISATION OF SUSTAINABILITY WORK

Sustainability work is governed by Stena's Group-wide environment and safety policy and code of conduct. Each individual company is responsible for formulating its own environmental and safety goals, based on its own opera-

tions. The companies have individuals who are responsible for environmental and safety work. At corporate level, there is a function responsible for coordination and communication of sustainability issues.

WORKING TOGETHER TOWARDS GLOBAL GOALS

At a UN summit in September 2015, the world's leaders adopted seventeen Sustainable Development Goals. The goals replaced the previous Millennium Development Goals and represent an agenda that will help to lead the world towards increased sustainability – socially, economically and environmentally – in the period to 2030. Businesses are encouraged to contribute to the achievement of the goals, based on their own operations. As the Stena companies operate in many

different industries, globally and locally, there is a great deal of variation in which sustainability areas are most appropriate for the different businesses to focus on. The companies are therefore designing their own sustainability work based on which issues are most relevant in their particular sector. Here is a selection of initiatives from the Stena Group, that in different ways relate to the UN's Global Sustainable Development Goals.

› GOOD HEALTH AND WELL-BEING

Stena places high priority on healthy and satisfied employees. For this reason, there are a number of staff welfare activities to encourage employees towards exercise and fitness. Many workplaces have access to shared gyms or workout passes. In addition, Stena sponsors participation in certain races, such as Göteborgsvarvet and the Belfast Marathon.



› AFFORDABLE AND CLEAN ENERGY

Stena Renewable operates a total of 96 wind turbines at its wind farms. Together, these produce sufficient renewable electricity to supply 130,000 households, which corresponds to the electricity needs of the entire city of Malmö. Sustainable energy from Stena Renewable reduces carbon dioxide emissions equivalent to more than 250,000 cars annually, i.e., 5% of the total vehicle fleet in Sweden.

› QUALITY EDUCATION

Since 1988, Northern Marine Group has been running a cadet programme to train and develop young people who want to work at sea. For those who lack the means to pay for their own training, there is a sponsorship programme, which provides more people with the opportunity to take part in the training. It is common for newly trained cadets to continue their career at sea onboard ships that are crewed by Northern Marine Group.



› REDUCED INEQUALITIES

Stena Property in Malmö was awarded Diversity-Smart Company of 2016 for its long-term and systematic efforts to be an inclusive workplace. The company's targets include at least 20% of employees to have a foreign background by 2018. Stena Property also cooperates with Malmö Pride to train all employees in norm-critical approaches and LGBT issues.



› LIFE BELOW WATER

A healthy ocean is a priority area for Stena, as a large proportion of the business is dependent on the sea. Stena supports, for example, the Ocean Health Index, a comprehensive framework in which marine data from around the world is compiled and analysed. Collecting all data in one place facilitates continuous measurement and monitoring of the ocean's health. This knowledge is key to highlighting which issues need to be prioritised and establishing which political and practical measures are necessary to ensure a healthy and thriving ocean.

› SUSTAINABLE CITIES AND COMMUNITIES

Envac is one of Stena's wholly-owned subsidiaries and a world leader in automated waste management. Using vacuum technology, waste is transported away in underground systems, which greatly reduces the need for refuse trucks, thereby reducing carbon emissions and noise pollution in the urban environment. Safety is also improved, as there is less heavy traffic in the cities.



MONITORING SUSTAINABILITY

Below you will find Stena's current sustainability work in numbers, in the form of a range of economic, environmental and social indicators.

The indicators presented in this sustainability report are complementary to Stena's annual report. All indicators are reported at an aggregate level for the entire Group and provide an overview of the Group's development financially, environmentally and in terms of personnel. The financial and social indicators are taken from the annual report.

The vessels covered by the environmental indicators in the sustainability report are those that are controlled, leased or owned by Stena companies. These include several diverse types of

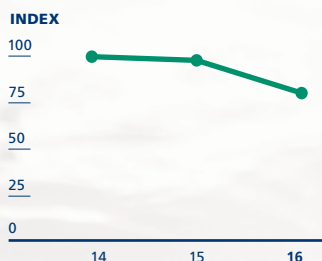
vessels, from tankers and ferries to drillships. All these vessels have different trading patterns, making it difficult to obtain accurate comparative figures. For this reason, the environmental indicators are reported in absolute figures for the total fleet.

In 2016, the number of vessels in the report for the fleet declined and consequently total distance sailed was lower than previous year. Fuel consumption showed a greater reduction than the distance sailed. This means that the overall fleet has consumed less fuel per

sailed nautical mile, thereby improving its fuel efficiency and resulting in a corresponding reduction in carbon dioxide emissions. Total sulphur emissions remained at about the same level, while nitrogen emissions fell slightly.

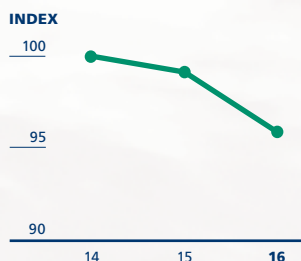
All the shipping companies have an annual fuel consumption reduction target of 2.5%. For 2016, the target was surpassed, with consumption per sailed nautical mile decreasing by 3.3% compared with the previous year.

IMPROVED SAFETY



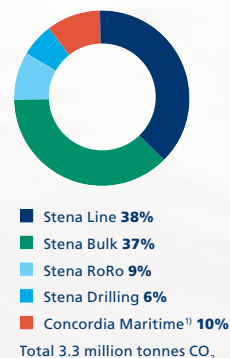
The graph shows an indexed average value for Lost Time Injury Frequency (LTIF) for seagoing personnel. See page 19 for more information on LTIF, and the development for each of the business areas.

MORE EFFICIENT USE OF FUEL



The graph shows an indexed average value of the fleet's fuel consumption per nautical mile. In 2016 the consumption decreased by 3.3 % compared to the year before.

VESSELS' CO₂ EMISSIONS 2016, %



¹⁾ Concordia Maritime is a public company with Stena Sessan as its majority owner

ENVIRONMENTAL INDICATORS ¹⁾

| Energy consumption | 2014 | 2015 | 2016 |
|--|--------|--------|--------|
| Number of vessels in the report | 91 | 93 | 86 |
| Total distance sailed (1,000 nm) ²⁾ | 6,123 | 6,286 | 6,233 |
| Total fuel consumption on vessels (1,000 tonnes) | 1,090 | 1,109 | 1,064 |
| Total energy consumption on vessels (TJ) | 45,271 | 46,728 | 44,235 |
| | | | |
| Greenhouse gas emissions | 2014 | 2015 | 2016 |
| CO ₂ emissions (1,000 tonnes) | 3,382 | 3,456 | 3,315 |
| | | | |
| Other emissions | 2014 | 2015 | 2016 |
| NO _x emissions (1,000 tonnes) | 69 | 72 | 70 |
| SO _x emissions (1,000 tonnes) | 33 | 27 | 27 |

1) Refers to Ferry Lines, Offshore Drilling and Shipping. The vessels in this report have been limited to those for which Stena has operational control over fuel purchasing, speed etc. Vessels that are leased to external customers are not included. For the 2016 reporting, the formulas for emissions calculation were updated, in order to improve the precision and quality. The emissions data for 2014 and 2015 has therefore been recalculated in accordance with the updated formulas.

2) For Stena Drilling's units, distances sailed are not registered.

SOCIAL INDICATORS

| Employees | 2014 | 2015 | 2016 |
|-----------------------------------|--------|--------|--------|
| Number of employees ¹⁾ | 11,231 | 10,416 | 11,183 |
| Women (%) | 28 | 29 | 29 |
| Women on the Board (%) | 22 | 27 | 27 |
| Women in Executive management (%) | 22 | 22 | 22 |

1) Employees with a permanent employment contract with Stena companies. The above figures do not include contract workers or seagoing staff with various types of temporary contracts.

FINANCIAL INDICATORS

| SEK millions | 2014 | 2015 | 2016 |
|--|--------------|--------------|--------------|
| Revenue | 33,563 | 36,417 | 34,799 |
| EBITDA ¹⁾ excluding asset sales | 9,646 | 10,118 | 10,550 |
| Profit before tax | 2,799 | 4,504 | 2,262 |

1) Earnings before interest, taxes, depreciation and amortisation.

SHIPBORNE HOSPITAL FOR FREE CARE

Mercy Ships is a global charity organisation that provides free medical care for those in need.

The organisation will soon more than double its capacity through the construction of the world's largest civilian hospital ship, with Stena RoRo engaged as project manager.

Bryce Wagner, Executive Director of Mercy Ships Global, is proud of the cooperation with Stena and looks forward to seeing Atlantic Mercy* set sail.



Bryce Wagner,
Executive Director,
Mercy Ships Global

"Since it was founded in 1978, Mercy Ships has operated its hospital ships across the globe for almost four decades. Placing a hospital on board a ship is an excellent way of providing high-quality facilities and medical treatment to as many recipients as possible, as the entire hospital can easily be moved from port to port. This means that Mercy Ships can reach people who would not otherwise have access to health and medical care, and can offer life-changing treatment and new hope to those who need it most.

We now look forward to more than doubling our capacity with the construction of the new hospital ship Atlantic Mercy. While previous hospital ships have been rebuilt from existing vessels, Atlantic Mercy is a new construction, specifically designed to accommo-

date a floating hospital. The ship will have a hospital that covers a total of 7,000 square metres, with six operating rooms, an intensive care clinic, a laboratory and space for 154 patients and over 600 employees. There will also be a school and childcare on board.

The construction of Atlantic Mercy is an international collaboration, with several shipping players working together to enable the vessel to be built. As project manager, Stena RoRo is a highly-valued partner that not only contributes with the design and ordering of the vessel, but also supports the project with its extensive knowledge and experience throughout the construction process. We are very grateful for Stena RoRo's involvement in this fantastic project and look forward to seeing Atlantic Mercy launched during 2018."

"The construction of Atlantic Mercy is an international collaboration."

* Atlantic Mercy is the vessel's working name



>2,500,000

*people have received free
medical care from Mercy
Ships' volunteers to date*





ENVIRONMENT

STENA LINE INVESTS IN ENVIRONMENT AND SUSTAINABILITY

Care for the environment has always been a natural part of Stena Line's operations. Showing consideration for the environment and the world around us is part of the Group's core value Care, and of Stena's central concept to create value for the next generation.

Stena Line is currently taking further steps in a sustainable direction, with a clear strategy to be a leader in green development among European ferry operators. To support this, a new sustainability department has been created, which has the task of monitoring the external environment and driving Stena Line's sustainability work. Some of the key issues in shipping involve reducing the vessels' fuel consumption and reducing emissions of carbon dioxide and other pollutants. Stena Line is already at the forefront in these areas, with a number of innovations and solutions that contribute to reducing environmental impacts, often developed in cooperation with other Group companies.

The most obvious example is the conversion of *Stena Germanica* to be the world's first vessel to run on methanol. Other examples include installation of closed-loop sulphur scrubbers, connection to shore-based power, optimisation of hull and propellers, and sophisticated programs for measurement and monitoring

of fuel consumption. More than 300 different energy-saving projects have been initiated since 2005, of which about 260 have already been implemented.

However, sustainability work is not just about technical solutions. The SAVE e-learning course has been introduced to inspire employees to include an environmental perspective in their daily work, and provides practical tips on small and large environment-saving measures onboard. SAVE was introduced in 2015, and 2,770 of Stena Line's 5,100 employees have completed the training to date.

"Stena Line has taken major steps to become more sustainable in recent

years, which is fantastic. The creation of a new sustainability department, the introduction of an approach based on the UN's sustainability goals and the involvement of our employees via the SAVE training programme are milestones for us. We are already seeing the results of these efforts, particularly now that sustainability is on the agenda of all departments and functions. Commitment from management and involvement of everyone – that is how we become a sustainable company", says Cecilia Andersson, Environmental Manager at Stena Line.

"Sustainability is now on the agenda of all departments and functions."



› METHANOL PROJECT WITH FUTURE POTENTIAL

In 2015, *Stena Germanica* became the world's first ship to be converted to run on methanol. Methanol, a fuel normally produced from natural gas, reduces emissions of sulphur, particulates and nitrogen significantly compared with traditional marine fuel. Development is now entering a new phase, with Stena Teknik participating in a project with partners including SSAB and Swerea MEFOS research institute. The goal is to try to develop a method to extract methanol from the residual gases that arise during steel production. Exploiting the potential of these gases and converting them into renewable marine fuel can reduce the industry's environmental impact, while a by-product from the production can be used again as a raw material. The methanol project is a collaboration between eleven companies from six different countries and has been granted EU funding of SEK 110 million. Implementation will take place at Swerea MEFOS in Luleå and the project will continue until 2020.

› ENVIRONMENTAL GOALS FOR THE PORT OF HOLYHEAD

In addition to ferry operations, Stena Line also owns five ports. One of them is the large port in the town of Holyhead in north west Wales, where the ferries frequently travel back and forth to Dublin. Several measures have been implemented at the Port of Holyhead to make operations more environmentally friendly. The largest project so far was carried out in summer, when 768 solar panels were installed on the roofs of the terminal buildings and garage. The solar cells generate about 164,400 kWh per year and reduce carbon dioxide emissions by 89 tonnes per year. In addition, the port has achieved its goal of zero landfill, which means that 100% of the waste generated by the port and its visiting ships is recycled. Other energy-saving measures include switching to LED bulbs and installing of charging stations for electric cars. The port is also certified to ISO 14001.



Stena Property's goal is to reduce the electricity consumption in residential and commercial properties with 30% between 2010 and 2020. At the end of 2016 the electricity consumption since 2010 had decreased by

25%



ENVIRONMENT



› REWARDING REDUCED FUEL CONSUMPTION

The purpose of Stena Bulk's Energy Performance Race is to save fuel costs and reduce emissions, while engaging employees. The programme is designed as a contest, with comparable vessels competing to consume as little fuel as possible in relation to their estimated consumption budget. With the support of measurement and analytical instruments, skilled captains can optimise vessel speed, thereby reducing fuel consumption. The vessels that perform the best against their budget during the year win a contribution to their staff welfare account, which can be used to increase the contentment factor onboard. The 2016 winner in the Suezmax tanker segment was *Stena Supreme*. Marinko Braskin, captain of the ship, attributes the success to several factors, including good cooperation between the bridge and the engine room, good ship design and careful voyage planning.

"When the opportunity arises, we take advantage of favourable currents, which reduces the speed of the engine and therefore has a direct effect on fuel consumption. We hope to continue in the same way during 2017. We will use the prize money to update the fitness equipment onboard," says Marinko Braskin.

1,100

tonnes of fuel were saved by Stena Supreme compared to its budgeted annual consumption



› STENA PROPERTY AIMING HIGH

All Stena Property's companies are certified according to the Swedish Environmental Base, which means that they follow a standard for reducing their environmental impacts. The areas in which Stena Property has identified its primary impacts are electricity, water and heating, and specific objectives to reduce this consumption have been established. To continuously work to reduce environmental impacts, there are environmental and energy specialists on site at all locations where Stena Property operates. When new constructions are planned, there are strict requirements regarding environmental impact, and the energy consumption in all new buildings is 25% lower than the norm for newly built houses. In addition, in Stena Property's entire housing portfolio, 100% of the electricity supply is from green electricity, i.e., electricity from renewable energy sources.

› COOPERATION FOR OCEAN HEALTH

The World Ocean Council is a global alliance of stakeholders from a variety of maritime industries – from shipping to tourism and fishing. The aim is to create a broad commitment on companies' responsibility for ocean health, based on the idea that joint action produces greater effects than individual organisations can produce alone. Stena Bulk is a member of the World Ocean Council, and was also the first Swedish shipping company to join the association. Membership provides Stena Bulk with an international platform for collaboration with other stakeholders, which creates better conditions for managing the sustainability challenges that exist in the shipping industry. Through the World Ocean Council, Stena Bulk has participated in seminars and panel discussions on the Polar Code and the development around the Arctic.



› VACUUM TECHNOLOGY BENEFICIAL IN HOSPITAL ENVIRONMENTS

During the year, Envac won the Swecare Export Award 2016, an award which aims to highlight successful Swedish export initiatives related to health, medical and social care. One area where Envac's vacuum technology is very useful is hospital environments, where both washing and waste can be handled easily and hygienically. Instead of manual handling, dirty laundry and waste are transported in closed pipe systems, which reduces the risk of infection and also means less lifting and pulling for staff. Envac's vacuum solutions are installed around the world in hospital environments including China, Singapore, Canada and Brazil in recent years.



STRUCTURED SAFETY WORK AT STENA DRILLING

Safety is an inherent part of daily work, and Stena Drilling strives for continuous improvement in terms of goals for health, safety and environment.

Stena Drilling's fleet consists of both drillships and drilling rigs that operate worldwide. Safety is always a top priority at Stena Drilling, and everyone, management and employees alike, takes joint responsibility for preventing any injury to people or damage to the environment. Each person working offshore undergoes a thorough training programme which is regularly updated to ensure compliance with legal requirements and the company's own rules.

Safety work at Stena Drilling is highly structured. All employees who discover a safety risk are encouraged to immediately stop what they are doing and register it in the STOP observation system. There are also extensive training programmes aimed at helping the crew to systematically identify all potential risks. Particular focus has been directed towards identifying risks related to falling objects and to raise awareness about

that, a separate observation programme called DROPS has been developed.

All STOP and DROPS observations are entered into an electronic database. The best examples are selected at the end of each month and prizes are awarded to the persons who made the observations in question. A total of over 118,000 STOP and DROPS observations were reported for the entire fleet during 2016. Many of these are minor observations of course, but by highlighting and responding to each potential risk, a positive safety culture is established and maintained onboard.

*"Safety is always
top priority."*

Another focus area in 2016 was risks related to hand and finger injuries. By increasing awareness of these risks, several innovative solutions and procedures have been introduced. These include the crew using different types of tools as far as possible, to avoid having their hands directly involved in the tasks they perform. The project has had a positive impact, and as a result of the new procedures, the number of hand and finger injuries in 2016 fell by 31% compared with the previous year.



› SAFETY IN FOCUS DURING EXPERIENCE-SHARING

Stena's operations encompass many different industries, and safety is always a priority issue. To ensure the sharing of knowledge and experience within Stena, the companies meet regularly in a forum called QSE, where representatives from the different business areas are able to exchange ideas and share successful initiatives introduced in the operations. Safety was the topic at the autumn QSE, with a particular focus on issues related to the human factor, which is a constant key issue for effective safety work, regardless of sector. The forum is a tool for gathering all the knowledge that is out there in the different companies and sharing best practices from the individual companies, which can then be spread and benefit other parts of Stena's operations.

› ULTRA-MODERN TRAINING FACILITY OPENED

During the year, Northern Marine Group (NMG) took a major step in expanding its capacity for safety training within the maritime and offshore drilling sectors. Through the newly acquired subsidiary Clyde Training Solutions, NMG opened a state-of-the-art training centre by the River Clyde in Glasgow in autumn. In addition to multiple classrooms, the centre's facilities include a deep-water pool, a fire training ground with a helideck and a HUET (Helicopter Underwater Escape Training) module. The courses in maritime safety training are accredited and the centre has created about 30 new jobs for trainers and other staff. Work is also in progress to expand the centre and also to offer accredited courses for the offshore, oil and gas industry. The new facility is one of the most advanced of its kind in Europe, and provides unique opportunities for offering education and training for maritime and offshore personnel in one place.



› HEALTH AND SAFETY DEVELOPMENT

Lost Time Injury Frequency (LTIF) is a measure of workplace safety used for the crew on board and is reported as Lost Time Injury (LTI) (injuries that leave the employee unable to work the following day) per million exposure hours worked.

| HEALTH AND SAFETY, LTIF | 2014 | 2015 | 2016 |
|--------------------------|------|------|------|
| NMG | 0.58 | 0.41 | 0.65 |
| Stena RoRo | 0.39 | 0.41 | 0.00 |
| Stena Drilling | 0.00 | 0.29 | 0.15 |
| Stena Bulk | 0.18 | 0.00 | 0.00 |
| Stena Line ¹⁾ | 1.82 | 1.80 | 1.58 |

1) Including service staff for passengers



› BRIDGE OFFICERS' SKILLS ENHANCED BY TRAINING IN HUMAN FACTORS

To ensure constant safety awareness on the bridge, Stena Line decided in 2016 to expand the bridge officers' BRM (Bridge Resource Management) training. The BRM training is aimed at training bridge teams to always make the best decisions by systematically and efficiently utilising all available resources. It is fundamentally about promoting open communication and positive questioning. Efficiently using all available resources strengthens cooperation among employees. In this way, unnecessary mistakes can be avoided and the team is equipped to work together as safely and efficiently as possible. Basic BRM training is always included for bridge officers, but the advanced course will have a clearer Stena profile and will also take into account the company's culture and values. The course includes training in a simulator, with

participants practising different situations and then analysing how the methodology is used in the group. The course is provided by Chalmers in Gothenburg and the training will begin in 2017.

4,800

*training hours will be devoted
to advanced BRM training for
about 200 officers*



› TRAINING INCREASES INFORMATION SECURITY

Information is an extremely valuable and sensitive asset, both for business and privacy protection reasons, and it is therefore of paramount importance to protect it from unauthorised access. Stena's information management is regulated by a Group-wide policy and is organised within the framework of an information security system. Technical solutions such as encryption and firewalls are an important part of the security work, but it is also about establishing a security culture in which information is processed with awareness and responsibility by everyone. To increase the employees' awareness of existing security risks, Stena has developed Stay Secure, an e-learning course for the employees. The e-learning course provides a systematic and accessible presentation of different situations in which an information risk may arise, to enable employees to practise their responses to these situations. As a complement to Stay Secure, Stena is also creating a series of short 5-minute exercises, which will be sent out once a week over a period of several weeks. The exercises will be tailored to the recipient's role within the organisation and can also be completed on a mobile.

› JOINT ACTION FOR FIRE SAFETY

Stena Line works continuously to keep safety awareness updated. Regular weekly safety drills are conducted for seagoing personnel, in which they practise their safety awareness and actions by dealing with staged situations. Fire safety is an example of an extremely important issue onboard and it goes without saying that all Stena's vessels meet all regulations in the area. In addition to the standard procedures, a special project to exchange best practice specifically in the area of fire safety was also launched in autumn 2015. The project is a collaboration between Stena Line, Stena RoRo, Stena Teknik and Northern Marine, with the aim of identifying any potential risks onboard. This knowledge forms the basis for both technical measures and for enhancing education and training of seagoing personnel. In addition to the continuous internal safety work, Stena has also contributed its fire safety expertise to an international project, run by the European Maritime Safety Agency (EMSA), for which the final results were published in early 2016.



› PREVENTIVE MEASURES REDUCE RISKS

Regular safety inspections are conducted to ensure that Stena Renewable's facilities are safe workplaces and comply with all relevant regulations. The inspections follow a standardised format in accordance with Stena Renewable's HSE systems and provide a systematic review of potential HSE risks and fire safety. Any nonconformities are documented in the system for follow-up and actioning. Safety inspections are preventive in nature, aiming to detect nonconformities in good time, thereby minimising the risk of injury to people or damage to the facility.



EMPLOYEES

STENA'S LEADERS OF THE FUTURE

An important issue for Stena is to encourage the skills and enthusiasm that exist in the Group's different companies, with an aim to develop both the business and the individual. With this in mind, a number of initiatives have been launched to help motivated employees to take the next step towards becoming the Group's leaders of the future.

Stena is a large organisation, which provides employees with good opportunities to grow and develop. During 2016 the Group leadership programme GROW was launched, it is aimed at specialists and middle management. There were five sessions of GROW during the year, and a total of 93 employees have participated in the programme to date. During the course of a week, participants were able to develop their business and leadership skills through practical exercises, group work and inspiring lectures by other leaders within Stena. Because GROW is designed for all companies in the Stena Group and the Stena Metall Group, the programme also gives employees a unique opportunity to make contacts and expand their networks.

Another new initiative this year was the Stena Challenge, which began in May. As its name suggests, Stena Challenge is a challenging initiative that brings together employees from many different business areas and functions under the motto "diversity generates creativity" with an aim to demonstrating

a new approach to creating innovations. All employees can apply, and those selected to participate are placed in teams to provide as good a mix as possible. Stena Challenge is run in project-based form, which means that each team runs its own project based on a specific question.

There was keen interest in participating, and from the 70 people who applied for the first session, 12 were selected to form two different teams. One of the projects was an Open Challenge project, subtitled "How do we safeguard Stena's future?" In parallel

with their normal work, the team were able to freely investigate future opportunities and challenges over a period of 12 weeks, with the results presented to the project's Sponsor Board, consisting of senior leaders within Stena. The Open Challenge group began its work by analysing global trends and found a common denominator in an increased focus on sustainability. They pursued this perspective further, examining the opportunities for sustainability cooperation between the different companies, and looking at how sustainability could be developed within Stena in the future.

"Employees have a unique opportunity to make contacts and expand their networks."

› UTVECKLINGSHUSET – A CAREER BRIDGE

Many of Stena Line's seagoing employees will spend a long time in their professional roles, and it is not uncommon for employees to have over two decades of experience. However, for various reasons, it can happen that long-serving employees feel that their role on board is no longer right for them and want to try something different. To meet this need, Stena Line Scandinavia is working with Utvecklingshuset, which specialises in career switching and outplacement. Employees with over ten years in the company who feel they want to take the next step will have the opportunity to seek the support of Utvecklingshuset in finding a new profession, based entirely on the individual's own preferences, experiences and circumstances. Much of the support is about helping people to discover their own potential and skills. In addition, they are also offered practical help in the application process and the transition.



› STENA VOICE

Stena Voice is the Group's regular employee survey, in which employees answer questions about their work situation. The survey questions relate to work environment, performance management, human resources and leadership. The survey is conducted every 18 months and is measured on a scale of 1–5 (5 being the highest possible rating and 1 the lowest). No survey was conducted for 2016. For both Stena Line and the other companies, Stena Voice will be conducted in 2017.

| Stena Group excl. Stena Line | 2012 | 2013 | 2015 |
|--|------|------|------|
| Performance appraisal (% of staff) | 83 | 85 | 91 |
| Stena Voice results | 4.46 | 4.47 | 4.52 |
| Departments with over 4.0 in Stena Voice | 89 | 91 | 94 |
| Stena Voice response rate, % | 99 | 99 | 99 |

| Stena Line | 2013 | 2014 | 2015 |
|--|------|------|------|
| Performance appraisal (% of staff) | 72 | 71 | 71 |
| Stena Voice results | 4.11 | 4.09 | 4.12 |
| Departments with over 4.0 in Stena Voice | 69 | 65 | 70 |
| Stena Voice response rate, % | 93 | 93 | 94 |

› MEETINGS FOR GLOBAL PARTNERSHIP

Tanker shipping is a global business and Stena Bulk's employees are spread across the world. To strengthen solidarity and harness the diversity and knowledge available in the company, regular joint meetings called World Wide Gatherings are held, during which experiences are shared. The 2016 World Wide Gathering was attended by 90 people from several different countries, and the meeting dealt with how national and cultural differences can be bridged to work towards a common goal. Stena Bulk's day-to-day work involves a process of knowledge sharing, which requires a joint effort from all offices and departments. Consequently, encouraging the exchange of experience between the different countries of operation contributes to increased understanding and stronger cooperation, which will benefit both the company and the employees' own development.

› COMPETITION ENCOURAGES EXERCISE

Maintaining a healthy lifestyle when working offshore can be challenging. To encourage the crew to exercise onboard, several of Stena Drilling's vessels and rigs are taking part in a competition called RigRun, in which offshore crews from across the industry compete against each other to achieve the longest total distance on the vessel's gym equipment. Participants can choose from a rowing machine, exercise bike, treadmill and cross trainer and the results are compiled for each crew at the end of the competition period. The spring competition was conducted over a six-week period in February and March, and Stena Forth became the first ever Stena ship to win the entire competition, with 130 participants collectively clocking up more than 10,000 kilometres.



COMMUNITY

STENA PROPERTY INVESTS IN THE NEXT GENERATION

In 2016 Stena Property won the Future Index prize for the second time in a row. The prize is awarded by Fastighetsnytt and Fastigo. The prize is aimed at showcasing the property companies that take in the most trainees, interns, apprentices and summer workers, thereby helping to give young people a good introduction to the profession.

Stena Property is the only company to have won the Future Index prize in two consecutive years. This year, the company won the summer jobs category for its initiative to create jobs for more than 300 young people each summer.

Summer jobs are just one of many initiatives that Stena Property pursues. A large number of projects and activities aimed at creating safe, stable and comfortable living environments are gathered under the Relationship Management® concept. The basis of relationship management is the local presence and creating confidence, good relationships and types of meetings that enable people to get to know each other and jointly build confidence and hope for the future. Special focus is placed on children and young people, and cooperation with local players is often an important part of the work. Some of the year's projects within Stena Property's Relationship Management® are described below.



› SAFE AND COMFORTABLE LIVING ENVIRONMENTS

To increase safety and comfort in its residential areas, Stena Property has been working on different projects within the framework of Relationship Management® for some time. A major project is currently in progress in Gothenburg, in which Stena Property is working with residents, the district, the local tenants' association and Save the Children. Several ideas for increased safety have been identified within the project. Among other things, lighting and playgrounds will be reviewed in consultation with the residents. There will also be a variety of community activities, such as cultural evenings with cookery and holiday activities for children.

› SPONTANEOUS FOOTBALL IN SÄTRA

In partnership with Mälarhöjdens IK, Stena Property in Stockholm has launched an initiative with spontaneous football in Sättrahallen on Fridays, creating a good context in which the young people of the area can meet. Spontaneous football has become very popular, with about fifty boys and girls taking part and making up several teams. Stena Property is hiring the sports hall and sponsoring the present activity leader, and is also sponsoring the association with training equipment for young players who would otherwise lack the financial means to participate.

› HOMEWORK WITH A JOB PROMISE

In Malmö, Stena Property has since 2015 been participating in Hermodsdalsskolan's active educational development aimed at getting more pupils into upper-secondary education. Stena Property's contribution includes support for the Drivkraft association's homework tutoring for year-nine pupils. An incentive that ensured very high participation in the homework initiative was the offer of a summer job with Stena Property for everyone who attended and successfully raised their grades. The number of Hermodsdalsskolan's year-nine pupils who are qualified to go on to further education has increased by a record 22% from the previous year.



› AWARD-WINNING LOCAL ENTREPRENEURS

In October, the entrepreneurial award Stena Line Propeller Prize was presented in Karlskrona for the second year running. The aim of the prize is to encourage inventive and innovative initiatives that enrich the business climate in the local area. The prize is awarded in two categories and goes to young high-growth companies in ICT and marine technology. This year's recipients, each winning a cash prize of 100,000, were Hi-Story Sweden AB, which enhances customer experiences through storytelling, and OptixMarine AB, whose innovations for ships can reduce fuel consumption and emissions.



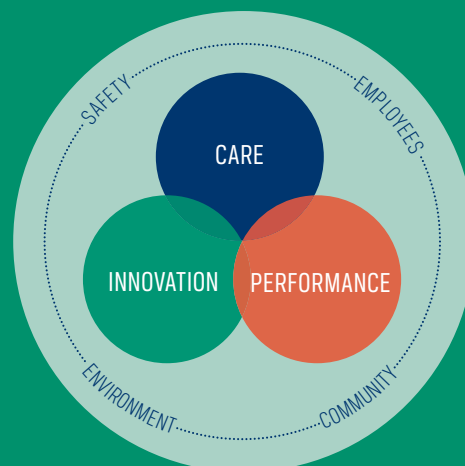
› MARITIME COOPERATION AGAINST CORRUPTION

The Maritime Anti-Corruption Network (MACN) is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. Stena Bulk joined the network in 2016, thereby undertaking to follow the seven anti-corruption principles. The principles require a high level of risk assessment, internal controls, training and reporting. The network consists of over 70 actors from the maritime industry, and provides a platform for sharing experiences, developing tools and spreading a common culture of integrity in the industry.



SUSTAINABILITY PROGRESS

In 2017, Stena will continue the process of highlighting sustainability issues in all parts of the organisation. The focus for the year will be on developing overall Group objectives to which all companies can contribute, according to the conditions in their respective industries. More thorough materiality analyses are planned, both at company level and for the Group together, to clarify the key issues for Stena's sustainability work in the period ahead. To facilitate communication and cooperation on sustainability issues, the existing network will be given a clearer structure. With the core values of care, innovation and performance as its watchwords, Stena will continue to work actively for sustainable operations that create value for ourselves and the world around us, both now and for future generations.



Care Innovation Performance



Stena AB (publ) - SE-405 19 Gothenburg, Sweden
Telephone +46 (0)31-85 50 00 - www.stena.com

Solberg

Photos: Victoria Edström,
Philip Liljenberg,
Shutterstock m.fl.

Printing: Falk Graphic

