



SUSTAINABILITY REPORT

STENA AB 2017



CONTENTS

CEO COMMENTS	1	FOCUS AREAS	9
THIS IS STENA AB	2	GOVERNANCE	10
STENA IN THE WORLD	3	RISK MANAGEMENT	12
STENA'S SUSTAINABILITY WORK	4	INDICATORS	14
ORGANISATION	6	GLOBAL GOALS	16
MATERIAL TOPICS	7	VOICES FROM THE BUSINESS	18
POLICIES	8	SUSTAINABILITY WORK IN 2017	20

A GLOBAL BUSINESS WITH
A FOCUS ON SUSTAINABILITY

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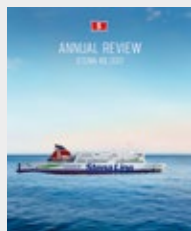
IMPORTANT EVENTS IN STENA AB'S SUSTAINABILITY WORK IN 2017

20-29



FOUR FOCUS AREAS:
ENVIRONMENT,
SAFETY, EMPLOYEES
AND COMMUNITY

9



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

ABOUT THIS REPORT

This sustainability report has been prepared in accordance with the Annual Accounts Act, Ch. 6, sections 10–14 and presents examples and indicators for the Group's economic, environmental and social responsibility work. The information in the report relates to Stena AB and all subsidiaries.

STENA.COM

SUSTAINABILITY AND CARE

Good financial results are a prerequisite for all sound business. But an important factor is also how these results are generated. We are currently seeing rapid development of new business models based on new technology. This is good because it enables more resource efficient products and services, contributing to less negative impacts on the environment, for example. Through research, development and collaboration with partners, Stena contributes to the functioning of society today, but also takes responsibility for its functioning tomorrow. During the year, we launched a programme aimed at introducing sustainability aspects into each business unit in a more structured way. We call it SuStenability, and it has helped us to better understand and prioritise the material aspects of each business. We are then able to identify risks but also find new business opportunities. As an individual company we can do much, but not everything, which is why we engage in national and international initiatives that are close to our interests.

Society faces the challenge of increased economic exclusion. At Stena, we try to help reduce this by always thinking in inclusive terms. With care and a sustainable approach, we can make our contribution.

We are in a great era, with virtually all leading companies in the world understanding the importance of an inclusive and holistic approach. International cooperation is not confined to the United Nations. This year, we have decided to participate in the WEF's (World Economic Forum) Stockholm Centre for development of the digital components of the Fourth Industrial Revolution. Five of these centres will be established around the world, with the headquarters in San Francisco.

I am also pleased that Stena is supporting an initiative from the Swedish government called Friends of the Oceans. As users of the ocean for our environmentally friendly transportation, it is vital that we contribute to its good health. Our responsibility increases over time. It is important that we are part of the solution and not the problem – thereby creating stable, profitable and sustainable companies.



Dan Sten Olsson
CEO Stena AB



*"SuStenability helps
us understand risks
but also find new
business opportunities."*

THIS IS STENA AB



TOTAL REVENUE
MSEK **33,722**



ACTIVITIES ALL OVER
THE WORLD



16,000¹⁾
EMPLOYEES



150²⁾ VESSELS
INCLUDING
NEWBUILDINGS



28,300³⁾
RESIDENTIAL AND
COMMERCIAL UNITS



96 WIND
TURBINES

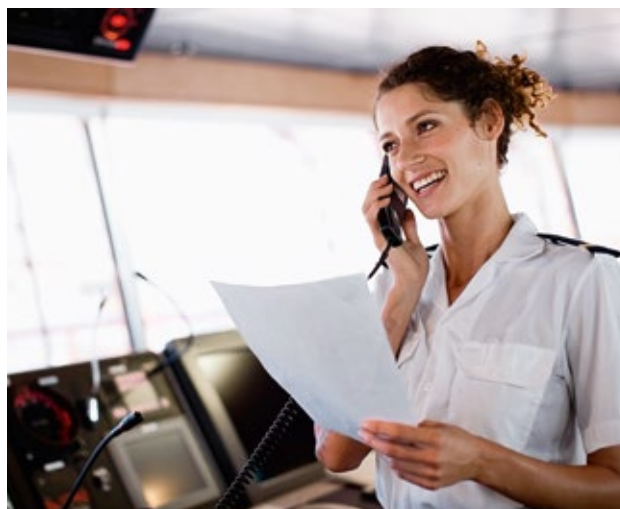
1) Including seagoing 2) Owned, chartered and managed 3) Owned and managed

BUSINESS CONCEPT

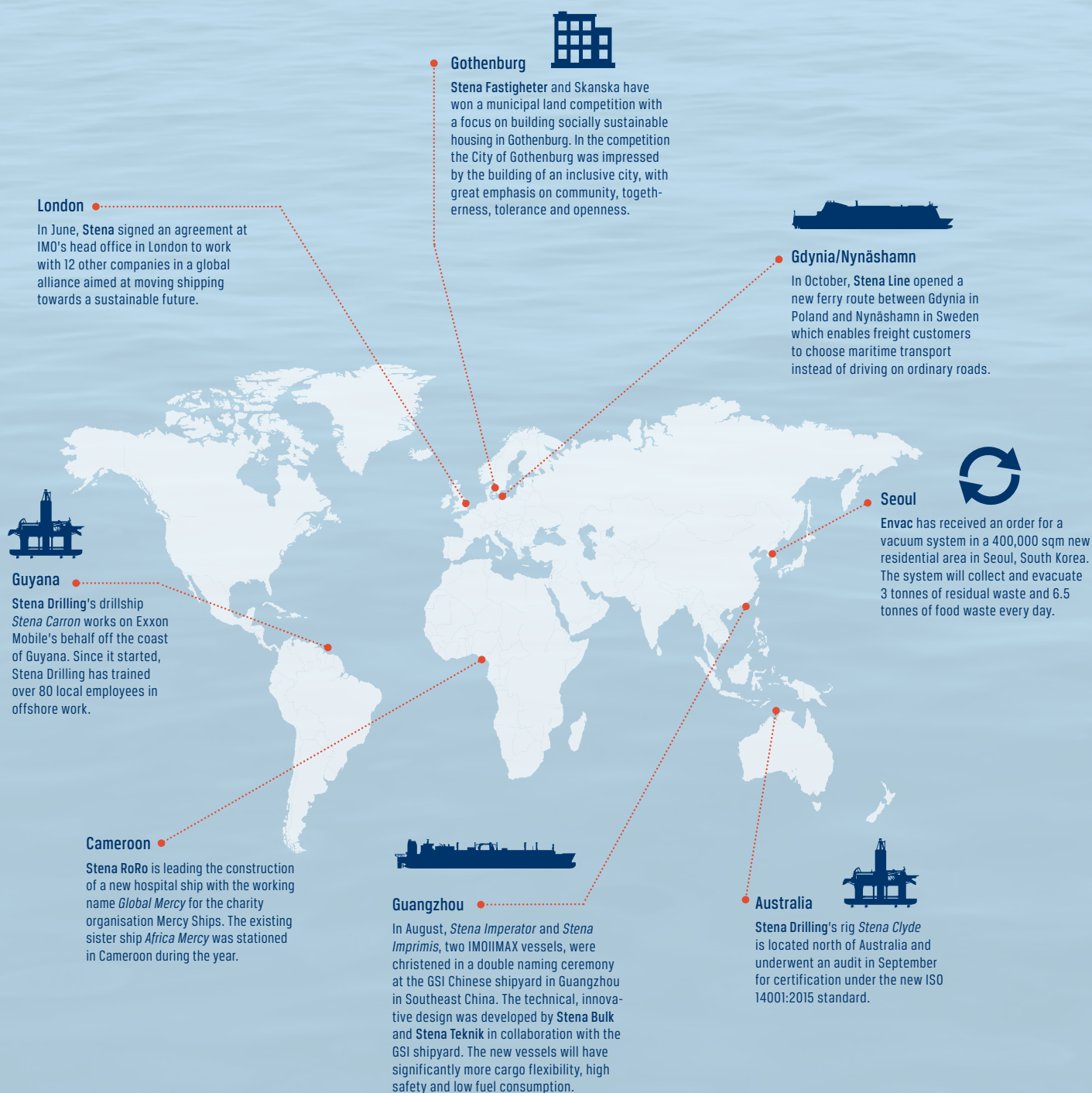
To make money in the business areas: Ferry Operations, Offshore Drilling, Shipping, Property, New Businesses and Finance using our competence, particularly in service, trading and ships.

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.



STENA IN THE WORLD



A GLOBAL BUSINESS WITH A FOCUS ON SUSTAINABILITY

The Stena Group contributes to value creation and social development in various ways by offering safe homes in the Group's properties, generating electricity from wind power, providing maritime transportation of goods, vehicles and passengers; and building strong companies that can be platforms for new business areas. All this activity creates jobs for thousands of people around the world.

BUSINESS MODEL

SHIPPING

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



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, Envac and Captum, and the company has ownership interests in Gunnebo, Svedbergs and Midsona.

PROPERTY

The Property business area consists of Stena Fastigheter AB, one of the largest privately owned real estate companies in Sweden, and Stena Realty BV. The portfolio consists primarily of rental apartments in Sweden, but also contains commercial properties. Stena Property owns and manages a total of 24,700 residential and 3,600 commercial properties.

Operations are divided into several business areas, which both individually and together drive the Group's sustainability work. Stena's business model is based on using the Group's collective expertise, particularly in service, trading and ships, to conduct operations in the business areas: Shipping, Ferry Operations,

Offshore, Property and New Businesses. The business areas are different and each company has its own more developed business model.

More information about the Stena Group's companies and business areas can be found in Stena AB's (publ) Annual Review and at stena.com.

STENA BULK is one of the world's leading tanker operators, with worldwide operations. It controls 88 vessels for transportation of crude oil, refined petroleum products, vegetable oils and gas (LNG).

STENA RORO provides RoRo and RoPax vessels, technical expertise and project management to customers across the world and controls a fleet of 16 vessels.

STENA TEKNIK, with its competence and experience, primarily in shipbuilding, ship operation and contracting, contributes to solutions for all business areas in the Group.

NORTHERN MARINE GROUP manages a pool of 7,800 marine and offshore personnel, and runs a fleet of 175 vessels from a large network of international offices.



FERRY OPERATIONS

The Ferry Operations business area consists of Stena Line, one of the world's largest ferry operators, focusing on freight and passengers. Stena Line operates 21 routes in Europe, with 39 vessels, and also owns five ports.

OFFSHORE DRILLING

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

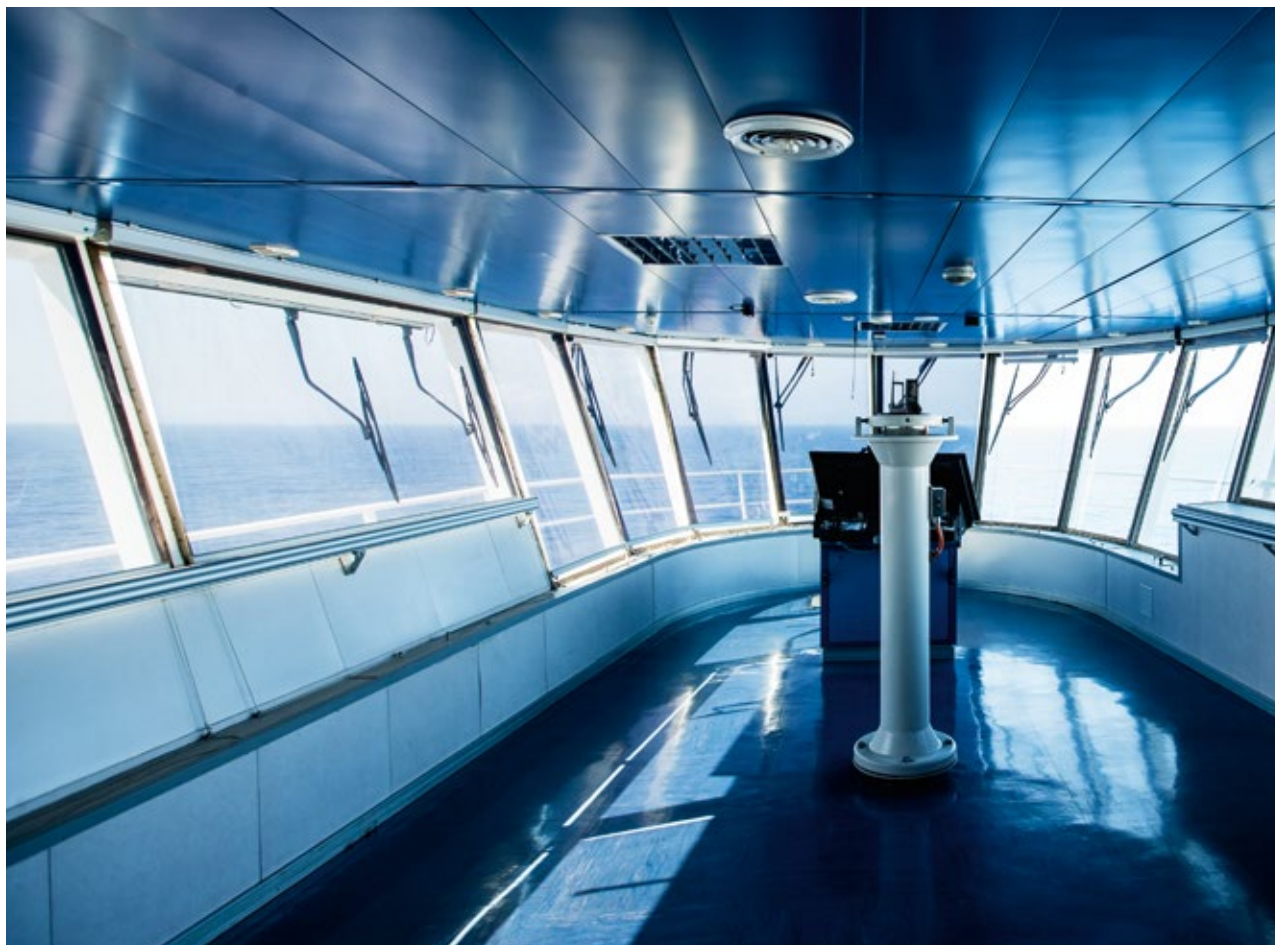
ORGANISATION OF THE SUSTAINABILITY WORK

Sustainability is coordinated by a centrally located sustainability department, which is responsible for ensuring that the different business units comply with the overall direction of the Board. This is achieved through direct meetings with the business units, but also through regular network meetings at which experiences and the strategy are discussed.

The Group-wide Corporate Governance function sets the framework for the conduct of Stena's operations through clear policies, procedures and rules, to ensure that set requirements and expectations of the owners are met. The work is based on minimising unwanted risks

and in concrete terms is about ensuring that all companies and business units have good processes and procedures that are followed.

Each business unit has a sustainability coordinator who is responsible for implementing and reporting on sustainability work within the unit's operations. The coordinators work on the CEO's instructions and have access to representatives of specialist areas such as HR, market and communication, environment and safety. Twice a year, an overall report of the sustainability work is presented to the Audit Committee, which is a committee of Stena AB's (publ) Board.



COORDINATED PROCESS FOR MATERIALITY ANALYSIS

To create increased commitment and a clearer structure for the sustainability work already being carried out, the SuStenability process was introduced during the year. SuStenability consists of the following components:

- Description of the company's value chain and business model, and the impact the business has on the environment, economy and social conditions.
- Assessment of the risks identified based on the above value chain.
- Analysis of material topics and focus areas.
- Assurance that policies for the environment, social conditions, personnel, human rights and anti-corruption are in place and have been implemented.

- Formulation of measurable goals and targets.
- Linking of goals and focus areas to the UN's Sustainable Development Goals where possible.

The purpose of the SuStenability process is to ensure that companies have a clearer structure for the sustainability work and to facilitate consolidated compilations at Group level. The companies in the Group had different starting positions when the SuStenability work began and have therefore reached different stages in the process. There are still some companies that do not have all parts of the process in place yet, but this work will continue to be a major focus area in 2018.

The identified material topics for Stena AB (publ) at an aggregated level are as follows:

ENVIRONMENT

- Emissions of CO₂, sulphur oxide (SOx) and nitrogen oxide (NOx) to the air.
- Reduce energy consumption/increase energy efficiency.
- Waste management.
- Emissions to water.

SAFETY

- Ensuring high quality operation to avoid accidents at sea and protecting people, the environment and property.

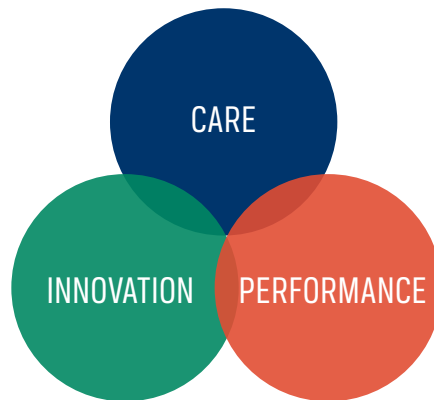
EMPLOYEES

- The health and safety of both passengers and tenants, and in particular employees, whose work may place them in exposed environments, such as on board vessels.
- Non-discrimination and equal terms for both employees and other business partners.
- Employee training.

COMMUNITY

- Demonstrate good business ethics in the operations, by, for example, contributing to fair competition and counteracting corruption.
- Compliance.

A BUSINESS BASED ON SHARED CORE VALUES AND POLICIES



CORE VALUES

Stena's core values are Care, Innovation and Performance. Ethical behaviour in every aspect of the Group's operations contributes to care for customers, employees and society. The focus on innovation is to a large extent the driving force in the work on energy efficiency at sea and ashore and contributes to a reduced environmental impact. Safety and quality characterise the performance of all tasks.

The core values serve as guidelines for responsibility within the Group and are also the foundation for the sustainability work. Stena's business is only sustainable if all employees contribute to the success of customers and the positive development of society every day through care and performance. In this way, sustainable value creation is ensured, both now and for future generations.

POLICIES

Stena's Group-wide Code of Conduct sets out guidelines for ensuring operations are conducted in an ethically, socially and environmentally sound manner, and deals with areas such as the environment, social conditions, personnel, human rights and anti-corruption.

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 that the Group applies.

Stena's Code of Conduct and whistleblower policy were updated during the year and are available on Stena's intranet, together with a compulsory e-learning and instructions for the steps that employees are encouraged to take when reporting suspected malpractice.

If an employee discovers something that violates Stena's Code of Conduct, values, policies or other applicable legislation, there is also a whistleblower function for reporting incidents with full anonymity. The service is provided by an external partner and all information is encrypted, which further strengthens security. In 2017, there were three whistleblower cases, which have been investigated and dealt with.

In addition to the Code of Conduct, there is also a White Book containing principles, convictions and basic values defined by Stena's CEO and principal owner. Key basic values are business acumen, results, innovation, quality, committed employees and satisfied customers.

Both the Code of Conduct and other group-wide policies are published on the intranet and available to all employees. All employees of the Group are expected to have read and familiarised themselves with the Code. The Code of Conduct is also an integral part of the employment contract and part of the introductory programmes for new employees and new business partners.

In certain cases, the business units in the Group have created their own policies, and they have the Code of Conduct and group-wide policies as the lowest level. All Group-wide policies are audited by the Sustainability Department or Corporate Governance.

FOCUS AREAS FOR STENA'S SUSTAINABILITY WORK

Stena's sustainability work is business-oriented, aimed at discovering new business opportunities and developing the brand, while also identifying and managing risks. The sustainability issues

identified as most important for Stena are related to the environment, safety, employees and community involvement. This report presents how Stena works on sustainability in these areas.



ENVIRONMENT

Stena works actively to reduce the environmental impact of its various operations. These efforts include working for more efficient use of energy, minimising greenhouse gas emissions, emissions to water, managing waste and training employees. Innovation and new approaches are important parts of the energy efficiency work, both at sea and on land. Each individual company is responsible for formulating its own environmental goals, which are in line with the areas in which the company has its main environmental impact.

[› Learn more on pages 20–22](#)



SAFETY

Providing a safe and secure environment for employees, passengers, customers, tenants and transported goods is a top priority for Stena. The Group has a vision of zero accidents. Safety work is in constant progress around the Group and is aimed at both continuous improvements and keeping employees updated on safety awareness. The increased digitalisation in recent years has also heightened requirements for security with regard to information assets and IT systems.

[› Learn more on pages 23–25](#)



EMPLOYEES

The Stena Group employs a total of 16,000 employees around the world. Employees are the foundation of Stena's success – it is their skills and dedication that drives the business forward and contributes to the long-term development of society and therefore more, and better, business. Stena focuses strongly on ensuring continuous development of its employees and emphasises the importance of employees having the right skills.

[› Learn more on pages 26–27](#)



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. The Group's companies participate in many initiatives at local level, but also in collaborations with large global organisations.

[› Learn more on pages 28–29](#)

COORDINATED APPROACH FOR BEST RESULTS

Stena has a group-wide Code of Conduct and group-wide policies that describe how the Group shall act in an ethically, socially, and environmentally sound manner. Important issues include for example

the environment, human rights, personnel and social conditions and anti-corruption.



ENVIRONMENT

Stena works to ensure sustainable and ecologically sound use of resources, in compliance with precautionary principles for protection of the environment, in order to prevent pollution, increase the efficiency of energy use and minimise waste and greenhouse gas emissions.

In all operations, efforts are focused on continuously reducing climate impact, with the greatest focus on energy and transport, and meeting or exceeding national or international regulations and agreements on the reduction of emissions to air, land and water.

Safe, sustainable and environmentally sound operations are a cornerstone of Stena's brand. All employees have management's full support in breaking a chain of events that could lead to an accident or environmental damage.

HUMAN RIGHTS

Stena supports and respects the UN's Declaration of Human Rights and the ILO's International Programme on the Elimination of Child Labour (IPEC). Forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the manufacture of goods or services, either for Stena or within the operations of the Group's suppliers or other partners.



PERSONNEL AND SOCIAL CONDITIONS

Stena provides fair working conditions and opportunities for all. No employee may be discriminated against or treated differently on the basis of gender, age, national or ethnic origin, pregnancy, illness or disability, religion, sexual orientation, union membership or political affiliation. Diversity at the workplace is encouraged at all levels within the Group, and employees' right to freedom of association and collective bargaining is respected.

Stena has zero tolerance for harassment and abuse, and does not accept any type of violence, threat or destructive behaviour in the workplace.

Employees should always act properly in accordance with Stena's values and principles. Employees' private interests may not affect or be perceived to affect their judgement or actions in the performance of their duties as representatives of the Stena Group. Employees who believe that they may be in a conflict of interest situation must apply for written consent from their line manager.



ANTI-CORRUPTION

All activities within Stena are aimed at creating value by offering competitive services and products in national and international markets in accordance with good business practice. Stena advocates open markets and fair competition and does not engage in discussions or agreements – formal or otherwise – with competitors on price-fixing, market-sharing or any other activities that violate the rules of fair competition.

The Group's good reputation as a company of honesty and integrity must not be compromised by demanding or accepting bribes or other improper benefits. No employee may, directly or indirectly, offer, promise, give, demand, accept or request illegal or improper payments and must decline personal gifts, entertainment or other types of remuneration from existing or potential business partners that may affect or appear to affect the objectivity of their business dealings.

CONTINUOUS RISK MANAGEMENT

Stena and its various business areas are constantly monitoring their risks. During the past year, there has been a particular focus on reviewing and identifying sustainability risks.

During the year, an analysis was initiated to examine the risks associated with the identified material topics that have arisen as part of the SuStenability process, and are related to Stena's operations, including, where relevant, the Group's business relationships, products or services, and are likely to have negative consequences.

All types of operational activities involve different types of risks. An established risk analysis method has been in place for some time and involves the management groups of each business area assessing the risks based on five main perspectives: strategic, operational, legal compliance, IT and financial. Risks assessment is also based on likelihood and consequence.

As part of the SuStenability process, all business areas review the risks that may exist in their business in connection with the environment, personnel and social conditions, human rights and anti-corruption. Of course, risks in these four areas have already been identified in the risk assessment conducted by management, but it has still been important to place a special focus on sustainability areas.

Significant sustainability risks identified for the Stena AB Group are as follows:

ENVIRONMENT

One of the main environmental risks is Stena's carbon dioxide (CO₂) emissions. CO₂ emissions are harmful to the planet and regulations in this area may significantly increase the cost of emissions. One of Stena's measures for managing this risk is an energy efficiency programme that began in 2005, in which different ways of reducing fuel consumption are evaluated. Another way of managing this risk is to reduce the use of fossil fuels in the long term – the conversion of the ferry *Stena Germanica* for methanol operation being one example. In 2018, a pilot project will be launched to use batteries for operation of auxiliary engines on *Stena Jutlandica*, which is another way of reducing fuel consumption and therefore also carbon dioxide emissions.

Another identified environmental risk is waste management, primarily for land-based operations. Waste management is linked to a number of restrictions, such as waste sorting requirements. Stena manages this risk by evaluating and enabling alternatives to existing waste management.

Oil spills are a major potential environmental hazard for Stena's shipping operations. The risk of spills from any of the vessels is mini-

mal, but the consequences if this should occur can be disastrous, which means that this is a risk that is still vital to consider. Employees are trained continuously in order to avoid an oil spill. The Ship Oil Pollution Emergency Plan (SOPEP), jointly developed for the entire tanker industry, is always kept up to date. This, and the consistently high quality of both fleet and personnel, has led to that Stena Bulk has not had any oil spills from any of its vessels in the last five years.

PERSONNEL AND SOCIAL CONDITIONS

A significant risk associated with personnel and social conditions is the risk that Stena's own personnel will be exposed to environments that are unsafe and harmful to health in the course of their work, mainly on board ships and rigs. This risk is minimised by training and clear procedures for hazardous operations.

Another identified risk is the risk that employees will not have the right skills, which may lead to accidents. This risk is managed by continuously promoting that employees are given training and education to enable them to perform their work safely and securely.

HUMAN RIGHTS

A potential risk in all operational areas is that sub-contractors' employees do not have fair working conditions in which their human rights are safeguarded. This risk is managed within a part of the Group's business areas by encouraging suppliers to sign a code of conduct in which they certify that fair working conditions and safety procedures are in place and that Stena may conduct audits of their business to see that they keep to their agreement. This is an area in which it is difficult to maintain full control and Stena constantly strives to reduce this potential risk.

The Group endeavours to manage the risk of Stena's employees, customers, tenants or other business partners feeling discriminated against or unequally treated by covering the issue of discrimination and equal treatment in the Code of Conduct, which applies to all Stena employees. This topic is also dealt with in the White Book, which enhances that the corporate culture at Stena must be of a non-discriminatory nature.

ANTI-CORRUPTION

There is a potential risk of bribery and improper gifts in all operational areas. This is a risk that Stena endeavours to counteract by covering the issues in the Code of Conduct, which applies to all employees. The Group also has internal controls and procurement rules aimed at reducing this risk. There is also an anonymous whistleblower function that all employees can use. Relevant personnel are also given training in how this can be detected.

KEY PERFORMANCE INDICATORS

Operations are monitored using a number of key performance indicators, which can be found on pages 14–15 of this report. In addition to these, work is ongoing within each company to identify targets and metrics for monitoring the material topics in their operations. This is a process that will continue to be a major focus area in 2018.

Practical examples and concrete results of the sustainability work conducted in the Group during 2017 are presented on pages 20–29.



MONITORING SUSTAINABILITY

The indicators in this sustainability report are complementary to Stena's annual report. As the Group's operations differ in nature and therefore have different material topics, the environmental key figures are partly reported by business area. The financial and social indicators are reported at an aggregate level for the Group.

STENA ADACTUM

Stena Adactum has a long experience of acting as a responsible owner, and a focus on sustainability is a prerequisite for long-term value creation. By acting sustainably, portfolio companies will be able to offer their customers competitive products and services, thereby creating good long-term profitability. To act sustainably, the portfolio companies must conserve their resources, focus on continuing development and show transparency in their dealings with both customers and employees.

The portfolio companies are covered by the guidelines and policies established by Stena AB (publ). As an active owner, Stena Adactum influences the companies' operations and conducts active dialogue with the portfolio companies on sustainability issues and sustainability risks.

Ballingslöv

The guiding principle of Ballingslöv's environmental work is an ecological approach. The company works continuously to reduce its

environmental impacts in production, the main areas being energy consumption, transport, handling of solvents in colour processes and waste.

Blomsterlandet

Blomsterlandet takes responsibility for its impacts on society and is keen to work actively in cooperation with its business partners to achieve long-term sustainable solutions. Blomsterlandet strives to offer customers environmentally sound products produced under sustainable conditions. The company sets requirements for its suppliers and purchases an increasing proportion of environmentally friendly and fair-trade products, such as fair-trade plants. Since 2013, the company has worked actively to improve energy efficiency in its own shops, aiming for an energy efficiency target of 10 percent in 2020 compared with 2013.

Objectives and outcomes are reported below:

BALLINGSLÖV

	Sustainability objectives 2017	Outcome 2017
Transport	Provide drivers with eco-driving training with individual follow-up	In progress
Energy consumption	Conduct a company-wide energy survey	Completed
	OEE* measurement for energy-intensive resources	Completed
	Energy consumption for solvent cleaning <2.0 kWh/m ² painted surface	1.88 kWh/m ² painted surface (1.93 kWh/m ² painted surface 2016)
Emissions into air	Maintain >90% efficiency for existing solvent cleaners	Efficiency of 96%, (95.8% in 2016)
Waste	Reduce the proportion of waste for destruction	The increased production volume in 2017 meant that a reduction of the amount of waste in absolute figures was not achieved.

*OEE = Overall Equipment Effectiveness – a key indicator for measuring production effectiveness or total effective equipment performance.

BLOMSTERLANDET

	Sustainability objectives 2017	Outcome 2017
Transport	Provide drivers with eco-driving training	In progress
Energy consumption	As far as possible buy green electricity to all operations	Completed
	Reduce energy consumption in stores within the projekt "Energijägarna"	In progress
Product offering	Reduce sales of environmentally hazardous products	Completed
Work & human rights	Continue to use the employer survey for business development	In progress

ENVIRONMENTAL INDICATORS

FERRY OPERATIONS, OFFSHORE DRILLING AND SHIPPING

For Stena's shipping operations, the most important issue in terms of environmental impacts is CO₂ emissions. As Stena operates a wide range of vessel types, the environmental indicators are reported in absolute figures for the total fleet. In 2017, total fuel consumption increased, but total distance sailed increased more, and fuel consumption per nautical mile declined by 5.6%. This shows a continuing improvement in fuel efficiency and a corresponding reduction in carbon dioxide emissions.

Energy consumption ¹⁾	2015	2016	2017
Number of vessels in the report	109	105	111
Total distance sailed (1,000 nm) ²⁾	6,945	6,919	7,487
Total fuel consumption on vessels (1,000 tonnes)	1,118	1,066	1,084
Total energy consumption on vessels (TJ)	47,097	44,470	45,150

Greenhouse gas emissions ¹⁾	2015	2016	2017
CO ₂ (1,000 tonnes)	3,484	3,346	3,382

Other emissions ¹⁾	2015	2016	2017
NOx (1,000 tonnes)	76	74	74
SOx (1,000 tonnes)	26	26	24

1) Refers to Ferry Operations, 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 precision and quality. The data for 2015 has therefore been retrospectively recalculated in accordance with the updated formulas. 2) For Stena Drilling's units, distances sailed are not registered.

STENA PROPERTY

Stena Property's largest environmental impact is the consumption of electricity, heating and water in homes and premises. The overall target is to reduce electricity consumption by 30%, and heating and water consumption by 20% between 2010 and 2020. At the end of 2017, electricity consumption had decreased by 40%, heating consumption by 15% and water consumption by 6% compared with the 2010 levels. Issues concerning social sustainability are also very important for Stena Property. More information can be found on page 28.

	2015	2016	2017
Energy consumption kwh/m ²	25	23	22
Heating consumption kwh/m ²	2	2	2
Water consumption m ³ /m ²	129	126	120

SOCIAL INDICATORS

	2015	2016	2017
Number of employees ³⁾	10,416	11,183	11,531
Women (%)	29	29	30
Women on the Board (%)	27	27	27
Women in Executive management (%)	22	22	22

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

FINANCIAL INDICATORS

SEK millions	2015	2016	2017
Total income	36,417	34,799	33,722
EBITDA ⁴⁾ excluding asset sales	10,118	10,550	7,537
Result before tax	4,504	2,262	1,343

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

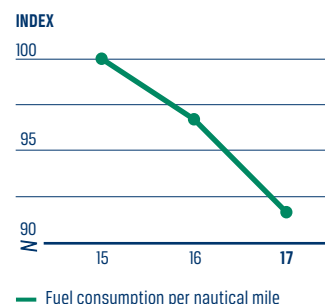
THE SHIPPING OPERATION'S VESSELS

REDUCED SOX EMISSIONS



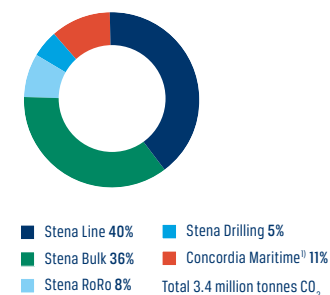
Large reductions of SOx emissions through the introduction of the sulphur directive in January 2015. Efforts to reduce sulphur emissions continued in 2017 with scrubber installations and increased use of low-sulphur fuel.

MORE EFFECTIVE FUEL CONSUMPTION



The graph shows an indexed average value for the fleet's fuel consumption per nautical mile in 2017. Consumption in 2017 decreased by 5.6% compared with the previous year. Stena Drilling's units are not included above.

VESSELS' CO₂ EMISSIONS 2017



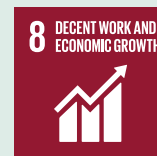
1) Concordia Maritime is a public company with Stena Sessan as its majority owner

NEW OPPORTUNITIES WITH COMMON GLOBAL GOALS

In December 2015, world leaders agreed on Agenda 2030, comprising 17 common goals for reducing climate change and poverty in the world. The business sector has been given considerable scope and responsibility to fulfil the goals, and this also provides many new business opportunities for the companies contributing to the work. Stena's businesses can contribute to fulfilling the goals in various ways.

› GOOD HEALTH AND WELL-BEING

Care is one of Stena's core values and is at the heart of **Stena Line's** safety focus and active work on the well-being and health of both customers and employees. The goal is to continuously reduce the number of workplace accidents and ensure that the number of accidents on board per 100,000 passengers is below the comparable industry index. **Stena Property** works continuously to improve the environment for people living and working in the company's areas.



› AFFORDABLE AND CLEAN ENERGY

Stena Line's measures to continuously reduce CO₂ emissions include evaluating alternative fuels such as methanol, connecting ships to shore-based power when berthed and installing solar cells at terminal buildings. **Stena Renewable** annually produces wind power corresponding to electricity for 130,000 households.

› DECENT WORK AND ECONOMIC GROWTH

Through its operations, **Stena** is involved in promoting sustainable and inclusive economic growth, with productive employment and decent jobs for all. **Stena Property's** initiative on summer jobs for young people is an important contribution to this goal.

› SUSTAINABLE CITIES AND COMMUNITIES

By taking an active role in the development of the areas in which the company owns property, **Stena Property** contributes to sustainable cities and communities. Through the Relationship Management® concept, sustainable residential and workplace environments are developed, where people are happy and stay longer. The work is often conducted with local actors.



› RESPONSIBLE CONSUMPTION

Stena Line works continuously to purchase responsibly, minimise its waste and increase its recycling, with measures such as reducing the use of disposable products and plastic bags on board.

› CLIMATE ACTION

Stena Bulk is working on several initiatives to improve energy efficiency. The goal is for vessels to reduce their consumption by 0.3 tonnes per day, measured over a rolling 12-month period. The Energy Management System, introduced in 2012, gives the company thorough control of vessels' fuel consumption, and energy efficiency has improved considerably.

Stena Property continuously introduces measures that enable tenants to reduce their energy consumption and waste.



› LIFE BELOW WATER

Stena Line works to protect the ocean from pollution by continuously reducing chemicals that have negative environmental impacts, both on board and on hull and in machinery. An evaluation of new environmentally friendly hull growth prevention systems is in progress. The latest example is a system that transmits ultrasound to prevent growth and is being tested on the vessel *Stena Hollandica* which operates in the North Sea. **Stena Bulk** works actively to train crews in dealing with accidents in the form of oil spills. Stena Bulk also became the first Swedish shipping company to join the World Ocean Council (WOC) in 2017. Membership provides an international platform for collaboration with other stakeholders to create better conditions for managing the sustainability challenges that exist in the shipping industry.



› PARTNERSHIPS FOR THE GOALS

Stena Bulk has strong collaborations and partnerships, which include the major oil companies. With the help of the Stena ORBIT digital platform, customers are offered emission information after each completed voyage, enabling them to compare Stena Bulk's transport with that of its competitors. Through the membership of the Marine Anti-Corruption Network (MACN), Stena Bulk is involved and actively working to reduce corruption in the industry.

EMPLOYEES ARE AN IMPORTANT PART OF SUSTAINABILITY WORK

Stena employs 16,000 employees, all of whom work in different ways on the four focus areas for sustainability defined in the organisation.

FOCUS AREA ENVIRONMENT

LOUISE MCCAFFERTY
ENVIRONMENTAL OFFICER, STENA DRILLING

In 2017, we worked mainly on two large projects. The first involved upgrading our ISO 14001 standard to the 2015 version. The work included a review of the entire operations, including an audit conducted by Det Norske Veritas both at the office and on board *Stena Clyde*. As far as I know, we are the only drilling company in the industry to have certified the entire operations, including rigs and ships. I think we should be proud of that!

In addition, we have done a lot of work on the SuSustainability process during the year and have held several internal workshops with the management group, focusing on a stakeholder analysis, business model description, risk analysis and materiality analysis. This was also useful when implementing the ISO process.



FOCUS AREA SAFETY

GERALD KNOL
CAPTAIN *STENA SCOTIA*, STENA LINE

During the year, I took part in Stena's Bridge Resource Management training. A focus on safety is fundamental to daily operations on board, but it was good to receive further training on the subject. The main thing I took with me from the course is the importance of communication on board. The crew is often made up of different nationalities, backgrounds and cultures, so it is important to ensure that everyone understands each other. It is also important to create an on board culture in which crew members are helped to remind each other of the importance of being careful and thinking through each operation, even when it's a routine job.

It was also fun to meet colleagues from other parts of the company, including representatives from management, and to have an opportunity to visit Stena Line's headquarters.

"My financial background makes me want to think in numbers, but I have learned to see things in other ways too."

– Vidya Rai

FOCUS AREA EMPLOYEES

VIDYA RAI

FINANCIAL DIRECTOR, NORTHERN MARINE MANAGEMENT, INDIA

I have had the opportunity to participate in GROW, which is a development programme for employees in the Stena Group. I had heard very positive things about the programme from previous participants and was full of expectations before starting it. Taking part in the programme has developed me in several ways and given me new perspectives. My financial background makes me want to think in numbers, but I have learned to see things in other ways too.

It was also a great opportunity to meet colleagues from other parts of the Group. It's brilliant to be part of such a large and diversified organisation!



FOCUS AREA COMMUNITY

TOMAS KIDANE

FORMER SUMMER WORK SUPERVISOR, STENA PROPERTY

During my study period, I worked for three summers as a supervisor for Stena Property. I was in charge of about 30 young people each summer, who were working on various projects in and around the properties. Like me, the young people had grown up in the area where we were working. It was fun to be involved and contributing positively to both the living environment and the residents of the area.

I recommend anyone who can, to apply for a summer job at Stena Property. I learned a great deal about practical issues regarding property management and how to work as a leader. We were given very solid introductory training and received good support from the Relationship manager and real estate managers. I have also experienced that the work is an excellent asset – for example, it helped me get the job I have today.



IMPORTANT EVENTS IN STENA'S SUSTAINABILITY WORK IN 2017



ENVIRONMENT



NUMEROUS INITIATIVES TO REDUCE STENA LINE'S ENVIRONMENTAL IMPACT

Since **Stena Line's** energy-efficiency programme began in 2005, over 300 projects have been implemented under the programme. A large proportion of the company's environmental work involves different ways of reducing emissions to air, thereby reducing the climate impact. This is done, for example, by developing the use of alternative fuels, with *Stena Germanica* having become the world's first passenger ferry able to run on methanol a few years ago. Methanol is traditionally not a ship fuel, but thanks to Stena Line and its partners' innovations, more shipping companies have now also implemented this alternative to traditional fuels.

During the year, another shore-based power facility was installed in the port of Trelleborg, which means that 17 percent of the ports in Stena Line's route network now have connection to shore-based power which can be used by 13 vessels at present. In 2017, all Stena Line's electricity connections in port contributed to a reduction in carbon dioxide emissions of 12,330 tonnes, corresponding to the annual consumption of 6,700 average cars.

Every year, Stena Line sells nearly a million carrier bags in stores on board and on land. The existing bags, which consisted of 80 percent recycled plastic, were replaced by a recyclable bioplastic bag during the year. A paper bag will also be introduced alongside the new bags.



About 90 percent of world trade is carried by sea and **shipping is the most environmentally friendly mode of transport in relation to cargo volume.**

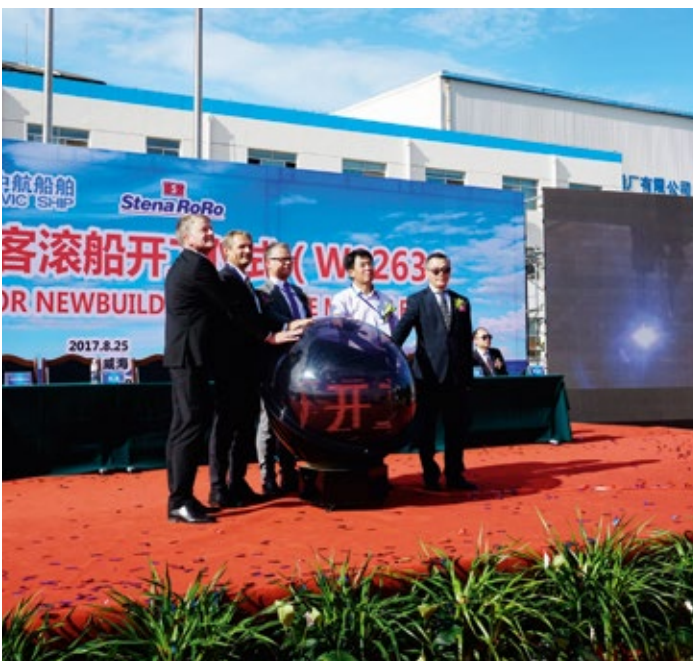
During the year, **Stena Drilling** has **certified the entire company**, including all ships and rigs, according to the updated ISO 14001:2015 standard.

*In 2017, Stena Property's **reduction in heating and electricity consumption** in its areas corresponded to consumption for an entire town with about 30.000 inhabitants.*



ENVIRONMENTALLY CLASSIFIED PROPERTIES

All **Stena Property's** new construction must be environmentally classified. In Sweden, residential properties must be certified to Silver level under the Green Building environmental classification system and commercial properties must have standard Green Building certification.



ENERGY EFFICIENCY IN FOCUS FOR NEWBUILDINGS

Stena RoRo is project manager for the new construction of four RoPax ferries in progress at AVIC Weihai Shipyard in Northeast China. The ferries will be among the most energy-efficient of their kind in terms of hull and machine systems. They will significantly reduce CO₂ emissions on the route they operate. They will also be prepared to run on both traditional fuel and methanol and be prepared for scrubbers and catalytic exhaust gas cleaning.

In September 2017, a traditional "Steel Cutting" ceremony was held for the new ferries.



Ballingslöv works continuously to reduce environmental impacts, particularly in energy consumption, transport, handle solvents in colour processes and waste. The company's catalytic purification plant reduces solvent emissions from manufacturing by about

95%

Stena Renewable is part of the ongoing and future energy shift towards climate-friendly energy production. The renewable energy produced from the 96 wind turbines corresponds to the city of Malmö's consumption of household electricity.



RECOGNITION FOR WASTE MANAGEMENT SYSTEM

The Norwegian city of Bergen has won the "National Energy Globe Award 2017" after its decision to install **Envac's** automated waste management system in the city's historic centre. Energy Globe Awards, with over 1,500 contributions from 178 countries, rewards innovative and sustainable best practise projects around the world.

Stena Bulk received the 2017 Green4Sea Tanker Award during the year.

The award is presented to an operator that uses energy efficiency to significantly reduce its environmental impact, thereby contributing to more sustainable shipping.

10%

energy efficiency in 2020 compared with 2013 is the goal of **Blomsterlandet's** work on the Energijägarna energy-saving project. Employees in all 53 Blomsterlandet stores have received training and information on how they can work to save energy, and a variety of measures have been taken.





SAFETY



TRAINING INITIATIVES FOR INCREASED SAFETY

The safety of employees, passengers and freight is the highest priority for Stena. A large number of training initiatives are carried out in the Group every year in order to maintain a high level of safety.

Stena Line Bridge Resource Management (BRM) is a three-day training course in safety conducted at Chalmers University of Technology in Gothenburg. The main aim is to strengthen the common safety culture. The first course was held in January 2017, and between then and June 2018, more than 250 employees from Norway, Denmark, Germany, the Baltic Sea and the North Sea will have completed the training. When the last scheduled training is completed, a group of selected representatives from the pool of officers and the shore-based organisation will join forces to evaluate the current bridge routines and develop a common procedure for bridge routines on board Stena Line's vessels.

During the year, a new virtual training simulator for fire drills was launched at **Northern Marine Group's** training facility by Clyde Training Solutions in cooperation with Tritec Marine. Virtual technology is used to create an authentic training environment, which can also be used in different locations in the world, not just at the Glasgow training facility. The training simulator makes it possible to

practise different tasks over and over again, which increases safety and also confidence in dealing with real situations. This form of training also brings cost advantages, partly due to the reduced need for travel to the training facility.

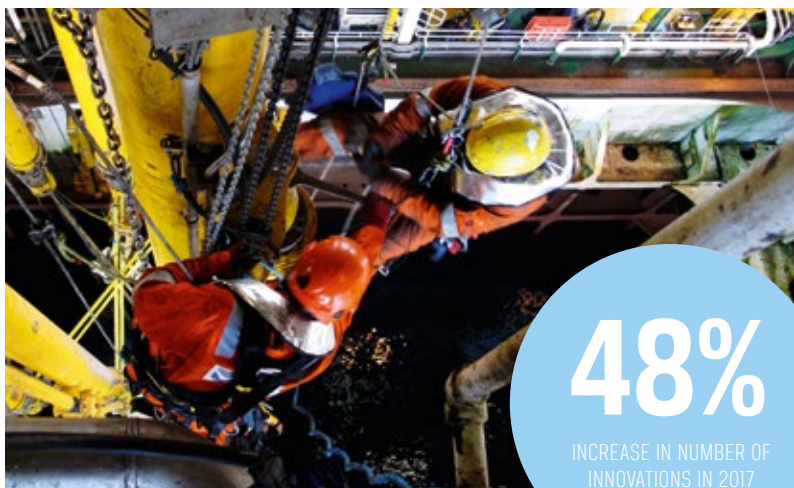
The training initiatives contribute to a continuing reduction in the number of accidents. At the end of 2017, it was 1,230 days (3 1/3 years) since the last LTI*) event occurred within **Stena Renewable's** operations. **Stena Drilling's** LTIF**) for 2017 is zero (0.15 the previous year). At the end of 2017, not a single LTI had occurred on board 72 percent of **Stena Line's** 39 vessels in the past 12 months, and on many of the vessels it was even longer since an LTI had occurred.

Development of Health and Safety, LTIF	2015	2016	2017
Northern Marine Group	0.41	0.65	0.33
Stena Roro	0.41	0.00	0.68
Stena Drilling	0.29	0.15	0.00
Stena Bulk	0.00	0.00	0.14
Stena Line ¹⁾	1.80	1.58	0.60

1) Including service staff.

* Lost Time Injury – injuries that leave the employee unable to work the following day.

** Lost Time Injury Frequency – number of Lost Time Injuries per million exposure hours worked.



STRUCTURED INNOVATION PROCESS

Innovations form the basis of much of the development taking place throughout **Stena** and **Stena Drilling** is no exception. In 2017, Stena Drilling's innovation process was restructured in order to harness ideas and innovations from employees more effectively. So far, there have been over 100 more suggestions than in the previous year, an increase of 48 percent. Innovations that have been put into practice include the installation of a safety net around the gearbox that drives the catwalk machine on board the rigs, which is a system for handling the drill pipes between the drill tower and the storage deck. The net reduces the risk of falling objects in an accident.



Last Minute Risk Assessments (LMRA) is a process used by **Stena Line** to change the attitude and behaviour of employees, thereby avoiding accidents. Statistics show that about 80 percent of all accidents occur due to dangerous behaviour, in other words, something being done in an unsafe way, which leads to an accident. By training employees and increasing their understanding of risks at the workplace, accidents can be reduced.



PROACTIVE WORK REDUCES ACCIDENTS

For more than ten years, **Northern Marine Group** has worked in accordance with a process called Behaviour Based Safety (BBS), which is a proactive way of analysing and preventing work-related incidents and accidents. Employees report potential safety risks that they see in their daily work. Each reported event can be seen as a potential incident or accident that has been avoided. In 2017, 9,924 events were reported in the BBS system, an increase of 11.3 percent from 2016.

11.3%

MORE EVENTS
REPORTED IN 2017



FUTURE-PROOFING INFORMATION

Digitalisation is something that will have a major impact on Stena's operations in the future. To prepare the business, **Stena Bulk** has a dedicated team working to ensure that the company is able to change in pace with the external world. In spring 2017, a project was conducted with MIT Sloan to evaluate the impact that Blockchain may have on tanker shipping. Blockchain is a technique for managing different types of transactions, such as financial transactions or contracts. All information associated with a particular transaction is arranged as a chain, with each link in the chain being part of the transaction's entirety. With all the links together, this gives good traceability on what and who does what within the transaction. For tanker shipping, this could mean a safer and more efficient business process. Stena Bulk is working further on Blockchain with partners.

*In 2017, **Stena Line** introduced the **Stop the Job** policy, which encourages employees to stop dangerous work situations before accidents occur. Stop the Job has only been used a few times during the year.*

TRAINING FOR INCREASED INFORMATION SECURITY

The importance of information security is increasing in today's society and **Stena** is continuously working to improve this. In 2017, the organisation has been exposed to several attacks both in the form of false invoices and attacks on the company's business systems. The vast majority of attacks have been warded off thanks to good security systems and routines. An e-learning on information security has been designed for employees. By the end of 2017, 80 percent of all office employees had completed it.

COOPERATION CREATES SAFE AREAS

Safe living areas are high on the agenda for **Stena Property** and the company works in cooperation with local players such as the police, the Swedish Church, mosques and non-profit associations. Together they carry out activities to make whole areas safe, including areas outside Stena Property's portfolio. These include everything from evening and night walks to creating meeting places with different activities for children and young people. During the year, safety projects in Tynnered in Göteborg and Lindängen and Hermodsäl in Malmö have attracted wide interest.





EMPLOYEES

COORDINATED
LEADERSHIP PROGRAMME

In 2017, **Stena Line** introduced a new leadership programme – Our Way Forward. The purpose of the programme is to create a common leadership platform for all regions. The programme focuses on Stena Line's vision, strategy, values and the behaviour that characterises a leader within Stena Line. By the end of the year, 300 leaders had completed training, which has been very appreciated by the participants.

The Stena Leadership Programme (SLP) and GROW Leadership Programme have been important tools for developing focused leadership and innovative ways of working within Stena. A total of 158 individuals have participated in SLP and 147 people in GROW. During 2018, both programmes will continue with new participants.

INCREASED BUSINESS BENEFITS FROM
NEW TECHNOLOGY

Digital technology is currently developing at an exponential rate, which means that learning must take place at an ever-faster pace to keep up with developments and future-proof **Stena**. Digital transformation includes new technology, new business models and new ways of working. In 2017, Stena Digital Transformation was launched in order to focus on digital transformation for Stena. The work is carried out in a network format with most companies within Stena together with external experts. During the year, both pilot projects and inspirational events were conducted in order to spread as much light as possible on the business benefits that new technology may create.

Some examples of focus areas for 2018:

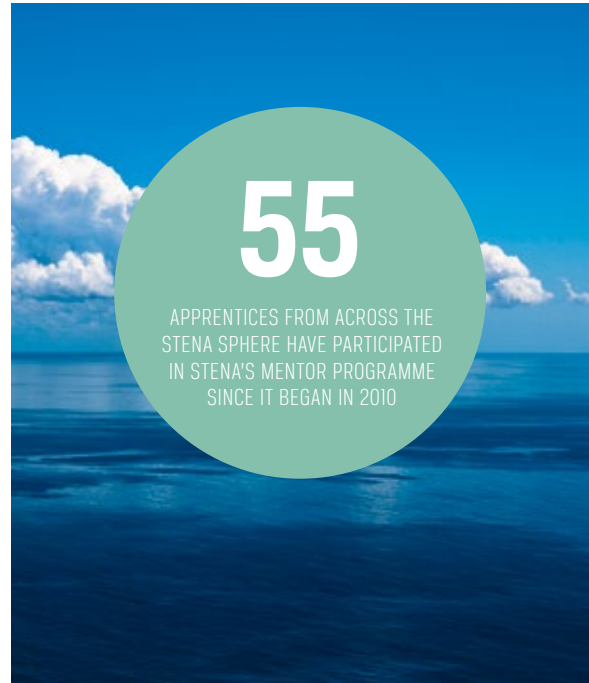
- **BLOCKCHAIN** – Explore new business opportunities with an open transaction system for value.
- **AI OCH CHATBOTS** – Artificial Intelligence creates new ways to develop the business and new ways to communicate with customers using virtual assistants or chatbots. Both **Stena Line** and **Stena Property** have started to develop virtual customer services called Stina and Hom-e.
- **AUGUMENTED REALITY (AR) OCH VIRTUAL REALITY (VR)** – a new technology that can visualise offerings to customers, simplify management and facilitate remote maintenance and open up brand new training opportunities.





REVERSE MENTORSHIP PROGRAMME DEVELOPS MANAGERS

A reverse mentorship programme called Stena TurnTable was conducted during 2017. Ten managers from the different business areas were each assigned a mentor. The mentors were all young entrepreneurs with experience in different types of start-up companies. The mentorship programme was initiated by **Stena's** department for People and Organisational Excellence and has received a very positive response from the participants.



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 (with 5 being the top rating and 1 the bottom).

Stena Group excl. Stena Line	2013	2015	2017
Performance appraisal (% of staff)	85	91	90
Stena Voice results	4.47	4.52	4.44
Departments with over 4.0 in Stena Voice	91	94	86
Stena Voice response rate, %	99	99	97

Stena Line	2014	2015	2017
Performance appraisal (% of staff)	71	71	70
Stena Voice results	4.09	4.12	4.17
Departments with over 4.0 in Stena Voice	65	70	75
Stena Voice response rate, %	93	94	88



COMMUNITY



DEVELOPMENT OF SUSTAINABLE RESIDENTIAL AND WORKPLACE ENVIRONMENTS

Relationship Management (Relationsförvaltning®) is **Stena Property's** concept for developing sustainable residential and workplace environments where people are happy and stay longer. Through a large number of collaborations and activities, safe, stable and comfortable living environments are created. The focus is on children and young people and different initiatives in the areas of school, work and meaningful leisure. The work is trust-building and creates a higher degree of involvement in the area, which strengthens the areas and ensures long-term vision.

One important commitment is to offer summer jobs for at least 300 young people every summer. In addition to this the company offers a large number of internships and cooperates with other partner companies to encourage them to do the same.

During the year Stena Property in Malmö won the Diversity Hero of the Year award, in the Ethnicity category, presented by Diversity Index. Stena Property was given the award for "A valuable contribution, genuine and fruitful work in diversity". The assessment is based on criteria such as innovation, courage and commitment, as well as impact. Stena Property was praised in particular for working for several years to become a more inclusive employer by incorporating diversity perspectives into all areas of the business.

INITIATIVES FOR LOCAL COMMUNITY DEVELOPMENT

Northern Marine Group, headquartered in Glasgow in Scotland, is strongly committed to various initiatives in the local communities where it operates, including the Philippines, where a large proportion of its employed seafarers come from. Since 1988, the Northern Marine Group has run a cadet programme for education and training of future seafarers. The company offers sponsorship and support to a limited number of less privileged young adults in the Philippines to enable them to achieve a rewarding career as an officer.

MAJOR COMMITMENT TO HOSPITAL SHIP

Stena Line's first support campaign to increase awareness of Mercy Ships' charity work was held in September and October. For two months, customers on Stena Line's 39 different ships were able to add SEK 2 extra for their coffee or tea that would go towards Mercy Ships' work, which brought in donations of SEK 61,807. This corresponds to the cost of running an operating theatre for two weeks on the hospital ship *Africa Mercy*. A further step in the cooperation was taken in autumn when Stena Line and Mercy Ships launched a volunteer programme, which gives Stena Line's employees the opportunity to apply and share their skills and knowledge onboard *Africa Mercy*.



JOINT EFFORTS FOR SUSTAINABLE SHIPPING

In June 2017, **Stena** was one of thirteen leading enterprises to sign an agreement at IMO's head office in London. The participants have entered into a global alliance to move shipping towards a sustainable future, within the framework of a collaboration called the Global Industry Alliance, GIA. Stena holds the chairmanship of this alliance. The parties to the agreement have undertaken to contribute financially and with expertise, working together to identify and produce new solutions to common obstacles in order to achieve energy-efficient maritime transport.



COOPERATION THAT REDUCES CORRUPTION

Stena Bulk has been a member of the Maritime Anti-Corruption Network (MACN) since 2016. The network currently consists of over 90 actors from the maritime industry, and provides a platform for sharing experiences, developing tools and spreading a common culture of integrity in the industry. The vision of the MACN is a maritime industry free of corruption that enables fair trade to the benefit of society at large. During the year, Stena Bulk has produced posters that have been sent to all ships together with an information letter to the captains. The purpose is to strengthen the resolve of the captains in refusing facilitations payments demanded by customs officials for letting the vessels through various inspections. The posters should be clearly visible when the customs officers come on board.

THE AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT TO THE GENERAL MEETING OF STENA AB, CORPORATE IDENTITY NUMBER 556001-0802

ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for the statutory sustainability report on pages 1–29, and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 Auditor's report on the statutory sustainability report. This means that our

examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A statutory sustainability report has been prepared.

Gothenburg 25 April 2018

Peter Clemedtson
Authorized Public Accountant

Johan Rippe
Authorized Public Accountant

Care Innovation Performance



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Solberg

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